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# Greece and EDA: The Centrality of Domestic Considerations<sup>1</sup>

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**Greece and EDA:**

**The Centrality of Domestic Considerations**

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## Summary

*This paper deals with Greece's engagement with the European Defence Agency (EDA). Greece has been an important EU member state (MS) in setting up EDA. Indeed, its pro-integration stance on defence matters, at large, and EDA, in particular, can be traced back to its set of external security threats, and its belief that EU institutions and mechanisms can provide a protection layer against these threats. The chairing of important European preparatory groups (POLARM), and the Presidency of the Council provided normative agenda-setting procedures to uphold this objective and assume a pace-setter role in creating EDA. Significantly, Greece's national interest evolved as EDA assumed operational status. Purely external security considerations were coupled with domestic economic and political considerations, such as the protection of its defence industrial base, and disproving widely-held assumptions about political corruption in relation to defence procurement. This paper considers Greece's engagement in EDA by tracing the MS's position in the major EDA activities.*

## Keywords:

*EU defence integration, small EU states, defence Agencies*

# Greece and EDA: The Centrality of Domestic Considerations

by Nikolaos Karampekios

## Introduction

Creating European institutions and mechanisms that deal with defence and armaments issues has been mostly looked upon from the perspective of large EU MS, namely UK, France and Germany (e.g. Keohane, 2004; Jordan and Williams, 2004; Biscop, 2012). Their aspirations, trade-offs and objectives have been well-documented and provide a useful analytic tool for scholars to engage with integration in the EU defence sector. Yet, academic literature has not examined smaller MS' involvement in the same process. While the leverage exhibited by smaller states in the EU has been theorised namely in a Nordic context (Thorhallsson and Wivel, 2006; Steinmetz and Wivel, 2010), very few research has been conducted on the small states' position in EU defence initiatives. With the exception of Molis (2006), and Archer (2010) dealing with smaller states' position in relation to the coming about of the European Security and Defence Policy, as well as their contribution in peace operations, the field has been underdeveloped. Specifically for the scope of this paper, no scholarly research has been put forward concerning 'small' states and EDA. This paper opts for a first take on this academic gap by examining the case of such a smaller MS, that of Greece. Greece presents an interesting case to examine for a number of reasons. A MS categorizable in the junior category in terms of economic output and population size, yet due to its geopolitical position (and friction with neighbouring countries) has developed a quite substantial military-related capacity. Reverse to its status as a small state in civilian matters the country has embarked since the 1950's on military spending which is substantially higher than EU average (Dokos and Kollias, 2013: fig. 1). This great-like capability (as exhibited through the number of its armed forces) of an otherwise small MS makes the case for tracing Greece's involvement in the specific episode of EU military integration, that of EDA.

Thus, the primary research question of this paper is the following: on which grounds can so big a contribution by a small MS in the setting up and the day-to-day operation of EDA be explained? Providing for an answer, I will be arguing that Greece's affirmative stance towards the establishment of EDA is compatible with the country's objective towards a deeper EU military integration. Yet, while Greece's support for EDA has remained unwavered, the interests for this have evolved. The set of interests during the formation of EDA have been complemented by another set, reflecting domestic political and economic considerations. What started as a projection of Greece's external security issues via EU institutions encapsulated pressing domestic issues.

The contribution of this paper is to show how a small/medium country, Greece, managed due to correct timing and handling of ceremonial venues, such as chairing POLARM, and the EU Presidency, to set the pace on the EU armaments policy, and in doing so to protect its own national interest.

A two-fold research methodology is employed. A review of qualitative and quantitative data (statements, decisions and press releases) from the European Commission (EC), and annual reports from EDA and the Hellenic Ministry of National Defence (MoD), and, secondly the conduct of a series of interviews with senior Greek armaments officials who participated in the establishment of EDA, were employed by EDA, and handled its relations on behalf of Greece.

Part 1 addresses the theoretical deliberations of the paper. Europeanizing in matters of national security is a sensitive issue that the EU is still in a process of addressing. Greece, a supporter of pro-integration in defence matters, stands as a specific case study of how this defence-related Europeanization served its own national interests. Part 2 explores specific instances of the Greek involvement in the creation of EDA and addresses its contribution in fusing diverging views on such an armaments agency. In addition, it traces Greece's activation in specific mechanisms of EDA's operational framework. Part 3 explains these instances and places them into a larger framework of Greece's national objectives.

## 1. Theoretical Considerations

This paper stands on two theoretical premises: i) the *europeanization* process, and ii) member states' (MS') disinclination to shed control to European authorities on domains that are considered to be of national importance. The Europeanization process entails the states' acceptance of the EU influence in national affairs, even to the point of (re)-defining national identities within a European context (Ladrech, 2010; Featherstone and Radaeli, 2003; Olsen, 2002; Knill, 2001). Europeanization is defined as "the emergence and development at the European level of distinct structures of governance" (Cowles et al 2001: 1) signalling a co-evolution between the EU and the national level. Yet, equally true, it is "a process by which domestic policy areas become increasingly subject to European policy-making" (Boerzel 1999: 574).

The Europeanization process has been well documented and shown to have explicatory power in many EU policy areas, yet the classical dimension for preserving the "national interest" has not been diminished (Hyde-Price, 2007, 2006; Guzzini, 2004). Either because not all MS are prepared to view their national interest through EU lenses, or the EU lenses do not allow for a compatible view, there have been instances where certain MS exhibit a behaviour countering the *europeanization* process. This is more so in our context, since maintaining defence capabilities has been a nationally defined practice, enshrined in EU legislation (article 346 TFEU, formerly 296 TEC).

Preserving the national interest in view of the tide of *europeanization* comes in many ways. In some cases, preserving this is taken directly at the expense of the *europeanization* process (the UK, for example, views the Eurozone as against its established interests, and has halted the process in this area). Commonly associated with great powers and the need to protect vested interests, preserving the national interest can be manifested by excluding oneself from agreements, and influencing the agreements to match one's national objectives (Neumann and Gstohl 2004: 2). In the case of smaller states<sup>2</sup> and their interests' *vis-a-vis* the *europeanization* process, two trends are evident. Either they have been at the core of the EU (Benelux countries, Denmark, Greece and Portugal)<sup>3</sup>, or selectively integrate on a case-by-case basis (Norway, Switzerland). Taking cue from the first group of small states, they transfer aspects of national authority to international institutions either on cost-benefit calculations (Waltz, 1979: 106), or due to the realization that a small state's leader "can never acting alone..., make a significant impact on the system" (Keohane, 1969: 296). As a result, small states *europeanise* as the most appropriate way to safeguard their national interest. Echoing Walt's realist assertion, MS agree to band-wagon as the most reasonable route they can take in an uncertain international system (1987).

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<sup>2</sup> Deciding upon the size of a member country, that is characterizing it as small or big (and great) is an issue highly complex and contentious. In the words of Thorhallson and Wivel, it depends on "population size, potential or actual influence on the integration process and its institutions, or how the states in question view their own role and influence in the EU" (2006: 653). To indicate the difficulty of the issue, suffice to mention that in our case, Greece, a small-to-medium EU state exhibited traits of a big (/great) state arguing in favor of (and initiating) the creation of EDA. While difficult, it is not entirely paradoxical if one takes into account that Greece did *in fact* exhibit these traits in defence and military matters, having one of the highest defence spending-to-GDP ratios in the EU (see below).

<sup>3</sup> Not excluding the enlargements in 1995, and 2004, these countries, while latecomers, also integrated to all EU institutions.

At this point, we break lines with the (neo)-realist approach, not only because it has struggled to explain the continuous path of EU integration outside the context of a superpower rivalry (Waltz, 1979: 71), but also because neo-realism does not expect small MS to exercise any influence in EU policy making. Band-wagoning may present itself as a viable option in matters of low priority, yet in matters of high national importance not defending the national interest cannot be carried on indefinitely. Given the pace of Europeanization, as measured by the volumes of binding legislation, no MS, however small, would agree to remain part of it if it would be unable to shape policies in favor of its own interest. That is, “smallness” as an attribute responsible for reducing a MS’ behavior to that of a simple follower holds little water in EU context (Vogel, 1983: 57).

A range of scholars have argued against it, and provided concrete evidence in favor of encompassing more variables than “size” or “power” for explaining EU policy outcomes (Thorhallson and Wivel, 2006; Magnette and Nicolaidis, 2006; Panke, 2008). The knowledge of bureaucratic mechanisms, the ability to “ride the waves” during the formation of alliances, and also the ability to make the case convincingly about legitimate/“just” causes are parameters valued in lengthy, multilateral and regular meetings, such as the EU ones. While relevant theorizing has taken place in a Nordic context (Tiilikainen, 2006; Bengtsson *et al.*, 2004), the case of Cyprus bears evidence in how accession provided for a better negotiating position compared to its prior position (Koukoudakis, 2011: 19). By taking Cyprus in, the EU not only opted for a specific way to solve the domestic problem (i.e. any way non-vetoed by the Cypriots), but has altered the security calculations to Cyprus national interest.

A specific element in favour of europeanising on behalf of the MS is the institutional and legal regulatory system. The rule of law, the credibility of the EU institutional process, and the ability to raise support for one’s cause stand as real operational frameworks in which to pursue one’s interest. In the words of Thorhallson and Wivel “the regulation of interstate relations through EU rules and institutions radically modif[ied] small states’ traditional security problems” (2006: 651). While Kelstrup’s argument is partially valid that “small countries cannot be in command of power resources sufficient to pursue dominant power politics” (1993: 162), and face structural disadvantages (limited voting and bargaining power), it appears that their power lies in numbers. In the EU context, they can exert influence in the agenda setting and policy formulation process (Magnette and Nicolaidis, 2006) by promoting institutionalized co-ordination on a regional basis or/and by formulating strategic partnerships with bigger states (Panke, 2008). The range of issues affected by the *Europeanization* process and the number of MS increases the likelihood of alliance-formation, especially when MS “sell” their cause as the cause of larger countries. However, since alliance-building is an inherently risky and costly business, the when and how small MS choose to defend their causes is important. Presenting their cause as a consequence of prior EU-wide political decisions, and exploiting official and ceremonial venues, such as the Presidency of the European Council and the Foreign Affairs Council are very helpful opportunities at that. While mentioned in the handbook of the Council Presidency Secretariat that “the Presidency should, by definition, be neutral and not unilateral”, the Presidency holds significant weight that can be exerted towards one direction or the other (Council, 2011a). According to Bengtsson *et al.* the latter venues present opportunities into “translating the normative power [*these venues hold*] [...] to launch and promote novel policy ideas” (2004: 314).

## 2. Greek Activities in EDA

Greece activities in EDA can be roughly divided into two periods: a) during (and prior to) the EDA's formative years, and b) during its day-to-day operation. In this part, I will first focus on the episodes directly linked to the creation of EDA. Then, I will examine the Greek activities during EDA's day-to-day operation.

### 2.1. *Making EDA Happen*

Despite article 346 TFEU (ex 296) and the exclusion of armaments from the European integration process, the EU developed a limited competence in the field (Schmitt, 2003: 30). This happened because armaments matters trespassed in a series of EU domains, such as the internal market (Commission, 1997). An ad hoc formal forum for discussions on armaments within the EU Council had been the European Armaments Policy Council Working Group (POLARM). Set up in 1995, POLARM reported to the Committee of Permanent Representatives (COREPER) (1996).

POLARM's results were meagre due to a lack of interest and consensus between MS, especially in matters of industrial base and equipment market (Schmitt, 2003: 31). This inertia was considered problematic as developments were taking place in other EU fields, such as the EU enlargement, a stricter approach in MS's budgets due to EMU, and the emergence of a new security environment. These developments provided the impetus for escaping inaction during the term of the Greek Presidency in 2003 (January-June). Indeed, in the orientation document setting the objectives of the Greek Presidency, a "hands-on" approach is clearly selected over a reality that is considered "unsatisfactory" (Greek Presidency Orientation Document, 2003: 4). Within only a few months, the Greek chair of POLARM managed to bridge MS's differences for the first time since POLARM's inception and put forward three resolutions to be adopted by the Council on (a) standardisation, (b) restructuring challenges in the EU armaments sector and (c) security of supply (Schmitt, 2003: 31). While making no concrete commitments, these resolutions are important since they addressed for the first time a number of core armaments issues. Issues of standardization, security of supply and defence industrial base still (2013) loom large in EU policy and take a large portion of EDA's mandate. In addition, during the preparation, drafting and pushing for the adoption of these resolutions, POLARM members started developing a common (i.e. European) rationale in dealing with armaments cooperation (interview with senior Greek armaments official).<sup>4</sup>

POLARM's "intensive" work (Whitney, 2005) was made evident during the June 2003 Thessaloniki Presidency Conclusions of the Greek Presidency which gave birth to today's defence agency. Short of naming the agency, the Greek Presidency declared the need to establish an EU Agency in the fields of "defence capabilities development, research, acquisition and armaments" by 2004, that was agreed by EU Heads of State (Council, 2003a: 19). This cascaded to the creation of the "Ad Hoc Preparation Group" to develop the Agency's aims, functions and organization (Council, 2003b). More importantly,

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<sup>4</sup> In addition to EDA, the Greek Presidency in POLARM was pivotal for the initiation of another very significant discussion/shift in EU policy. The introduction of security/defence as an EU R&D priority was being discussed in POLARM under the rubric of "EU Cooperation Programme for Advanced Research and Technology" (E.P.A.S.E.RE.TE) (Council, 2002).



the Agency Establishment Team (AET) tackled thornier issues, such as the composition of the Steering Board and the legal and financial status of the Agency (Council, 2003c: 14; Council, 2004a). Upon the latter's "well-prepared" report (Council, 2004b), the Council decided upon the establishment of the "European Defence Agency" (Council, 2004c).

In tracing Greece's activation towards the creation EDA, two set of processes are worth taking note of. One relates to the various policy-making mechanisms in which Greek personnel (civilian, military) was involved in early on. Starting with POLARM's Greek chair to the members of the AET, Greek personnel established a presence in all these mechanisms.<sup>5</sup> Seeking to promote the creation of an armaments agency, their contribution was instrumental for building consensus between members with diverging views on the topic. Reminiscent of the POLARM's prior stalemate, POLARM's Greek chair acted as a bridge and communicator between these views and formed a consensus (interview with senior Greek armaments official). Nowhere is this more obvious than in the AET's discussions on the staffing and funding of EDA. Faced with the possibility of a failure due to diverging opinions between France and the UK on the structure (super-structure vs. network structure), the staffing (community civil servants vs. national experts), and the budget (multi-year budget vs. yearly renewals) the Greek experts capitalizing on the personal relations with the respective national experts as well as their role in drafting the Thessaloniki Presidency Conclusions pressed for a common ground (interview with senior Greek armaments official).

The second layer upon which to trace the Greek activation relates to a changing geopolitical environment, best reflected in the Iraq war dispute between the EU and the US. Greece was presented with an opportunity to shape the future agenda due to its 2003 Presidency by putting forward ways to cope with these geopolitical changes (Priorities of the Greek Presidency, 2003). The divergences of opinion on the matter between MS was a major issue to be tackled by the Greek Presidency, and shaped the creation of EDA in more than one ways. The risk of isolation from Europe's transatlantic partner, the diverging opinions between MS, especially the new-entrants' overt pro-US stance as seen from old-timers, and a staunch Europe-wide popular reaction to the war presented an explosive mix at the hands of the Greek Presidency. More to our point, this rift revealed a severe capabilities gap. Whatever the US intentions, EU was unable to enforce its views since it lacked basic elements of a capabilities structure. Thus, the Greek Presidency had to cope with two challenges: a) providing a converging view of the Iraq crisis through consensus-building, and b) dealing with the structural deficiencies leading to such a rupture, in a manner that reflected the neutrality and relational impartiality of the Presidency-holder (Council, 2011). Careful not to be considered as taking sides, and building upon the work of POLARM, the Greek Presidency pressed forward with the decision to establish an armaments agency. This was something that was viewed complacently both by countries such and France, traditionally in favor of closer EU cooperation, and the more skeptical UK. While differences in the objectives remained (as the previous discussion on AET indicated) both groups - wary of the sharp disagreements caused by the Iraq war - were eager to find

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<sup>5</sup> It is important to note that while all MS were allowed to participate in these mechanisms, on average the population of national experts never exceeded the number ten. In the Greek case, those involved were career diplomats actively engaged in EU affairs, having a deep understanding of EU bureaucratic procedures. In addition, they were later on employed in EDA, in other positions in European institutions, and/or continued in the upper echelons of the Greek bureaucratic structure (MoD, MFA). This active line of bureaucratic "intelligence" has been a major strength of Greece in that these experts embody to a high degree the "institutional memory" that succeeding Greek governments have made use of. This pool of experts provided the overwhelming majority for the paper's interviews.

common ground on the capabilities gap. The Greek Presidency, pressing upon the need to fill this gap, carefully maneuvered in establishing an armaments agency and won all-around support. It is important to note that while each group of MS had been considering the creation of such an agency on different grounds (i.e. either building a capabilities arsenal in order to project EU's will abroad, or better tune-in with the US) the Greek Presidency managed to please both (Tigner, 2003). I will now move to examine the Greek activities during EDA's day-to-day operation.

## ***2.2. Greece and EDA day-to-day Operations***

The Council's Joint Action on the establishment of EDA (2004) constitutes the framework of EDA's activities. To 'put flesh' on the Action, a set of mechanisms and measures have been put in place. The remaining of this section will deal with the engagement of Greece, as a participating Member State (pMS), in the drafting and operation of these mechanisms.

### **Security of Supply (SoS)**

A way of strengthening mutual trust between the pMS as well as supporting the European defence industrial and technological base, SoS promotes the provision of the necessary means of logistical support, spares, parts, etc. between pMS (EDA, 2006a).

While brief (four articles), SoS was considered critical by the Greek side because it referred to the provision of logistical support to any pMS coming under conditions of 'pressing operational urgency'. Accordingly, the pMS shall take all necessary measures to assist and dispatch the soonest to the requesting MS defence material and available reserves (*ibid*, articles 1, 3 & 4). While SoS does not oblige pMS to provide assistance, the Greek position was strongly in favour of such a written insertion and lobbied hard for the introduction of this optional clause (interview with senior Greek armaments official). Importantly, while aware of the non-obliging character of SoS, Greece's stance was formulated based on the important European historical trait of an ever-closer EU integrative sequence. Based on this sequence, today's non-obligatory character will sometime in the future become obligatory, and as such Greece had to secure its position.

### **Security of Information between Subscribing Member States**

Security of Information Between Subscribing Member States (Sol) explains the terms for the protection and exchange of sensitive information and mutual revelation by pMS (EDA, 2006b). Appended to the Sol are the Common Minimum Standards on Industrial Security, setting the technical details and terminologies governing the relevant negotiations (EDA, 2006c).

The Greek side, rather than focusing on the technical details that define the mode of exchange, focused on limiting Sol between pMS. Disqualifying from the process of information exchange all third countries was the central tenet of the Greek approach in Sol (interview with senior Greek armaments official). Arguing in favour of EDA's exclusive EU-27 countries character, this negotiating line was convincing to other pMS, and became a criterion for the setting-up of relations between EDA and third countries that requested participation in it.

### Code of Conduct on Offsets

The Code of Conduct on Offsets (CCO) is a central element towards the realization of a single European defence technological and industrial base (DTIB). Offset benefits is a tool towards strengthening the industrial base of the buyer country by obliging the seller to provide technology and know-how. Yet, this industrial practice witnessed excesses with significant economic surcharges and absence of technological and industrial surplus-value. The activation of EDA towards the direction of the drafting of CCO constitutes partially the European response to these excesses. (EDA, 2010).<sup>6</sup> Yet, while counter-balancing the negative aspects of offsets, the CCO had to be pragmatic, to the extent that it was recognized that this industrial tool constitutes a standard industrial practice, not going to cease to be used in the foreseeable future (EDA, 2011: 2).

Greece, early on, was in favour of the drafting of such a Code. Having significant experience in the field - albeit with significant negative political externalities - the country was highly supportive of the setting of a framework that would place greater limitations to this industrial practice and would correct the market distortions usually associated with it (interview with senior Greek armaments official). To this end, Greece quite keenly affirmed its commitment to EDA to proceed with a full disclosure of all offset obligations as part of its own renewed national defence offset policy.

### Code of Best Practice in the Supply Chain

The Code of Best Practice in the Supply Chain (CoBPSC) (EDA, 2006d) aims at creating conditions of increased competition and equal opportunities for all the providers of defence equipment. CoBPSC constitutes a central element of the Code of Conduct on Defence Procurement (EDA, 2005). CoBPSC channels the supply chain towards the promotion of a synergetic behaviour among all providers, aiming for transparency and competition at the contractor's and subcontractor's level. The central tool for this is the Electronic Bulletin Board on Defence Contract Opportunities (EBB), a digital platform where announcements regarding requests for the acquisition of defence equipment are posted.

The Greek side was in favour of separating the function and structure of EBB in two sub-fields. The first one, EBB 1 (government-to-industry) involved the capacity of pMS to publicize the specifications and the national defence contracts, thereby opening their internal markets towards the direction of a single market for defence equipment. The second one, EBB 2 (industry-to-industry), involved the ability of the prime contractor to assign subcontracting work on the basis of the most competitive techno-economic offer, rather than on the basis of geographical proximity. The Greek side, aware that such a break-up would benefit the Greek industries seeking to activate as (sub)-contractors, favoured this breaking (interview with senior Greek armaments official). While pMS with a large defence industrial base were opposing this, since it negatively affected opportunities for the domestic subcontracting industrial base, building on the EU tradition of free market the proposal was accepted and now stands as a standard operational procedure in EDA.

## ***2.3. EDA and Non-EU countries. The Case of Turkey***

A question emanating from the overlapping between armament agencies outside the EU

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<sup>6</sup> To be read in conjunction with: European Union 2009, Directive 2009/81/EC, and Amending Directives 2004/17/EC and 2004/18/EC

such as WEAG/WEU and OCCAR, and EDA has been if and how to admit those countries participating in the former into the latter (EDA, 2005; Defence News 2009). A special case for Greece has been Turkey. As a country that is not an EU member but was a member of WEAG, Turkey began attempts to enter the new organization as soon as the first signs of the absorption of WEAG by EDA appeared. Parallel to Turkey, Norway - sharing the same non-EU status -, initiated similar procedures. In 2005, negotiations between EDA and Turkey and Norway began by signing a Memorandum of Understanding (MoU), setting the collaboration procedures between EDA and third countries. It should be noted that this MoU was not to be signed between EDA and each country separately, but by both countries together. Following an intense diplomatic background, a number of countries (Cyprus, Malta) declined to sign it (interview with senior Greek armaments official). Due to the unanimity necessary for decision-making, negotiations were nullified (Council, 2004c, article 25; 2011b, article 24).

Attempts to incorporate Turkey and Norway intensified after this rejection. One of the reasons that rendered such an attempt pressing was the high-quality Norwegian DTIB, which had completed several research programs in the framework of WEAG, a fact that would improve the overall standing of EDA. In 2006, Greece - faced with this reality - adopted an approach pursuing the delinking of the common signing of the MoU by Turkey and Norway. Now, the negotiating basis was the fulfilment of the relevant "administrative arrangements" [*ibid*, art. 25, par. 1, point (c)], one of which addressed, broadly defined, "security matters". Building on this, and the existing Sol agreement, Greece focused on the information exchange security protocols in issues of defence industry and R&D programs (interview with senior Greek armaments official). While Norway was following a similar methodology for the protection of sensitive data in its own national transactions, in the case of Turkey the methodology was deemed incompatible. The Greek side stressed the particular loophole and the consequences for MS by the unwanted diffusion of industrial and technological data in a potential collaboration with the Turkish side (interview with senior Greek armaments official). The particular argument was considered convincing, and it led to the signing of the administrative arrangement by Norway and not by Turkey. This situation continues up to now, with Turkey not participating in EDA.

### 3. Explaining the Greek Position

In providing for an explanatory framework for the instances of Greek activation in the creation of EDA, and its activities,<sup>7</sup> I first turn to two sets of problems that acted as incentives for initiating and sustaining such activation. It is wrong to consider EDA as (solely) an instrument of political centrality since it is affecting a number of issues (technological, industrial and economic) having significance for both pMS and the EU. Setting up EDA was part of a wider EU activist approach to armaments issues. The establishment of an EU defence equipment market (Commission, 2003), and the drafting of the new constitutional Treaty indicated EU's willingness to address defence-related domains. Indeed, the existence of agreements to step in these domains became a leading argument on behalf of the Greek side to pursue its case for an armaments agency. The existence of prior EU-wide decisions to create such an agency became *legitimizing* cards on the hands of the Greek Presidency to shed off accusations of instigating institutional change in the EU *ab initio*.

Treating the "national interest" of Greece in EDA in terms of providing solely for external security considerations is insufficient. The range of implications by EU policies and mechanisms necessitates a two-fold explanatory argument, one focusing on traditional security considerations, and another treating a range of internal considerations, such as allegations of corruption - and at large, the credibility of the political elites - and defence industrial viability.

On the traditional security considerations, it should be noted that the regional competition to Turkey has been the foremost Greek security concern. Joining the EU in 1981, itself a strategic decision for a return to political normality, and a modernization of economic and industrial affairs, has been theorized as a decision reflecting these kinds of security considerations (Valinakis, 1994). The Greek establishment realized EU's significance as a potential deterrent against Turkish claims, and found it accommodating to align its own priorities of political stability and economic prosperity in the region to an EU-centered ideational framework focusing on long-term engagement and cooperation with third countries (Couloumbis and Ifandis, 2003). While the mix of policies towards Turkey is an issue that varies according to Greek and EU priorities, for the purposes of this paper suffice it to say that the Greek position is that Turkey, lured by the political stability and economic prosperity of the EU, will shed off its revisionist claims in attempting to join ranks. When this happens, Greece will have no objection to Turkey participating in the EU. Until then, Greece blocks any Turkish attempts to join EU institutions. In this paper, it was demonstrated that Greece set the pace for the creation of an EU armaments agency as a deterrent to Turkish claims. Greece, judging that Turkey has not shed off its revisionist claims, blocked it from forming part of EDA and has excluded it from sharing sensitive information. In addition, Greece, well aware of the evolutionary character of EU

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<sup>7</sup> A fifth initiative that deserves attention is the EDA-Commission "Regional Smart Specialization" initiative for the defence sector. Recognizing the sector's economic value and potential for cross-breeding with civilian technologies, this initiative seeks to identify geographical regions in the EU holding promising defence-related industrial capacity that would be eligible for receiving EU structural funds (EDA, 2013). Yet, as of time of writing deliberations between relevant Greek ministries (MoD, Ministry of Development) are still under way for proposing a Greek-specific smart specialization initiative (interview with senior Greek armaments official, June 2013; author communication with Ministry of Development, June 2013).

integration, has been managing its moves in advance. This is most evident in the case of SoS which does not oblige pMS to assist any country facing a crisis. Yet, the assumption by the Greek establishment that this non-binding character may be revisited during a later stage can explain the intensity with which they tried to secure a nominal commitment.

Accomplishing this national interest took many forms that would make this more “sellable” to Greece’s EU partners, and connect it with issues that the latter could relate to easier. While Turkey is perceived to be the main Greek foe, this is not the case with other EU countries which do not perceive Turkey in a conflictual manner. Indeed, for other EU MS aspirations for closer defence and military integration provided the rationale for setting EDA, and a means to provide for the capabilities to support the ESDP. Projecting EU’s stature in military matters was a central tenet for French and German policy (Eurocorrespondent, 2009), and the Greek defence establishment chose to publicize its support for EDA through an existing capabilities gap between EU and the US and the need to bridge it (Europolitics, 2003).

Carefully navigating during the rift caused by the Iraq war, Greece capitalized on the capabilities gap. While some MS wanted this gap bridged in order to better project EU’s will abroad, and others wanted the same out of fear of losing operational compatibility with the US, it is true that all MS were in favor of the creation of an armaments agency.

If this appears to be a proxy way of achieving one’s end, Greece had legitimate causes in choosing this path. Greece raised support for an armaments agency not only because domestic elites view the *Europeanization* process as offering protection against Turkey (Dionyssis and Passas, 2004), but because in the topic of defence spending and capabilities Greece is not a small EU country. Echoing the theoretical difficulty in framing a country as small or big, Greece in matters of defence expenditure has been a consistent major spender. Greece has been spending on military affairs (as % of GDP) more than big countries such as France and the UK, and is second only to the US (SIPRI, 2012: table 4.10). It is exactly this background that *legitimized* the presence of Greek national experts in all policy-making mechanisms prior to the creation of EDA, and gave their opinion disproportionate weight. Greece, thus, pursued its national interest, interchangeably seen as countering Turkey and being part of the EU nucleus, employing a “pace-setter” mentality in matters of EU defence institutions. Aligning with aspirations of big EU powers who wished to further integrate in the specific domain,<sup>8</sup> Greece took advantage of the EU-US rupture due to the Iraq war and pressed on its own dual interests: i) spear-heading closer EU military integration (as the next episode of EU integration), and ii) building up a deterrent arsenal to Turkey. Exploiting the normative power of big ceremonial venues, such as hosting the 2003 Presidency of the European Council coupled with the “aura” of a big defence spender, Greece pace-set the creation of EDA.

The second explanatory framework in which to address the Greek rationale in EDA is more “fuzzy” in the sense that it is of domestic nature, and touches upon a number of political and economic parameters. Contrary to a specific point of departure, e.g. Turkey, and it wanting to be part of the EU, the second framework has been responsive, and indeed shaped by the specific EDA policies. The more EDA activated through technical legislative action, the more Greek positions became elaborate, reflecting domestically-related strands of national interest on the very same positions the EDA policies sought to regulate. Such an explanatory framework is the issue of offset benefits. A long standing industrial practice in

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<sup>8</sup> The same pace-setter mentality can be observed in introducing security/defence as an EU R&D priority. As indicated in footnote 3 the Greek Presidency in 2003 taking cue from the Greek chair of POLARM was directly aiming for the starting the debate on funding defence R&D (Europolitics, 2003).

Greece became the launching ground of accusations of corruption, misspending and low yield in terms of industrial and technological capacity. While the question of yield never became the subject of a rigorous analysis (thus, the beneficial or not character in the domestic DTIB remains unknown), the question of corruption had significant evidence upon which to hold grip. With one former Minister of Defence was sent to prison, and numerous cases of legal trials on related misconduct pending, the political rhetoric and legislation chose to completely miss out on the (if any) advantageous characteristics and instead follow upon an almost puritan rejection of this industrial tool. It is in this political context that Greece was fully supportive of EDA's attempts to monitor and control obligations stemming from offset benefits. Promoting transparency and transferring authority on controlling offsets from national ministries to EDA were clear attempts to disengage from a sinful past and rebuild the image of the country. Indeed, Greece favoured posting national tenders under €500.000 on EBB. And, while the proposal was dismissed, Greece unilaterally has taken the initiative to post in EBB its own national tenders with a budget above €233.000.<sup>9</sup> The Greek domestic political scene during the second half of the first decade of the 21<sup>st</sup> century witnessed the revelation of several significant cases of public money-squandering from improper practices of offset management in defence procurement, leading to the discrediting of the international image of the country. Therefore, it was deemed necessary to attempt to rebuild that image through the adoption of policies that control the particular industrial practice and promote transparency.

Yet, the above clearly conflicted with another domestic priority, that of preserving the domestic DTIB. For reasons not analyzed here, the domestic DTIB has been dependent on offset benefits for economic sustainability and industrial performance. Thus, the Greek position to diminish the practice of offsets missed on this economic and industrial reality. Indeed, it indicates the one-sided manner upon which Greece chose to project its argumentation on the future of offset benefits in EDA. Best put in the recent question by a Greek PM on the exact value of the unexecuted offset obligations, and its potential to levy the financial strains experienced by the domestic defence industrial base (Michelakis, 2013), Greece in EDA consistently chose to raise the flag on its anti-corruption campaign rather than ensuring the viability of the domestic DTIB.

A more balanced stance was taken in relation to CoBPSC. Greece sought to enhance the standing of its DTIB by disentangling geographical proximity as the main criterion for issuing (sub)-contracting work. Fair to assume - even if difficult to verify - that this issue was backed by the majority of MS. In addition, the EU legislation to enable free market activation (i.e. Commission's defence package), played towards the benefit of small arms producing MS (such as Greece) which wanted to boost the chances of their respective DTIB getting sub-contracting work. According to the Greek MoD, being part of defence industrial consortia not only protects "the security of the [domestic] supply chain" but more importantly brings life to the "domestic technological and industrial base" (Venizelos, 2010).

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<sup>9</sup> Domestic legislators' eagerness to shed-off accusations of cover-up abolished altogether defence offsets from any defence contracting (article 105, Hellenic Republic Legislation 2971/2011). Moreover, the Greek side harmonized the provisions of domestic legislation with the clauses of Directive 2009/81/EC (Hellenic Republic Legislation 3978/2011).

## 4. Conclusion

The purpose of this paper was to record Greece's activation towards the creation of EDA as well as during its operation until 2013. When discussing about MS, their objectives, and their influence on the EU policy process, one has to take into consideration the MS' national interest. In addition, the leverage a small/medium MS, such as Greece, would have in shaping EU defence institutions was shown. And while the degree of leverage is a matter of debate, Greece, in this case, making use of a number of parameters (defence spending, ceremonial venues) pushed forward its own "national interest". The ever continuous *européanization* process, which touches upon defence cooperation, the existing European frameworks, such as POLARM, and the numerous pieces of EU legislation, have been building blocks for the next episode of EU defence integration to take hold.

Greece, as a long standing EU MS, had a convincing argumentation to present in order to spear-head this episode. Firstly, the very substantial sums spent on defence give the country a "big" country-status and help legitimize its involvement in the field. Secondly, chairing normative venues, such as POLARM, and (mainly) the EU Presidency presented opportunities to make a convincing case of an European interest. As such, those MS traditionally prone to building such an agency immediately partnered, whereas others, more sceptical, had to consider the argumentation. Indeed, closer defence integration has been welcomed not only by those MS which have long sought a more coherent EU foreign policy. More to that it fits Greece's own national interests. That is, Greece's external security threats are tackled more efficiently through EU defence integration, than solely by Greece's own power. Greece's engagement towards the creation of EDA served two interests: a narrow one, that is protecting against external threats, and a wider one on European armaments cooperation. The Iraq war and the overlapping with the Greek Presidency helped pushed forward this duality of objectives by revealing a severe capabilities gap. Yet, during EDA's operation, a different set of Greek national interests to be protected/projected came to the fore. More introvert, reflecting domestic economic and political issues, these interests became prime reasons for activating inside EDA. Given the extraordinary circumstances Greece is currently experiencing (indicated through economic malaise, and increased political corruption) a rather mixed and conflicting set of argumentation has been projected inside EDA from Greece. The need to cast off the image of a corrupt country dominated all other industrial and economic realities, such as the fact that the domestic DTIB is completely dependent on offset benefits, and the latter's termination risked the sustainability of the former.



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