

Shipbuilding in Greece, Defence Sector Overview

Greece, with one of the longest coastlines in Europe and a vital geopolitical position at the crossroads of the Eastern Mediterranean, has always relied on a strong naval presence. The domestic shipbuilding industry plays a crucial role in supporting the Hellenic Navy and strengthening national security. Over the decades, this sector has been both a strategic asset and a reflection of the broader challenges facing Greek industrial policy.

The backbone of Greece's defence shipbuilding lies in three main shipyards: Hellenic Shipyards S.A. in Skaramangas, Elefsis Shipyards, and ONEX Neorion Shipyards in Syros. Each has played a significant role in naval construction and maintenance but has also faced unique difficulties.

Hellenic Shipyards S.A. in Skaramangas is one of the largest shipyards in the Eastern Mediterranean. Historically, it has constructed and maintained submarines, frigates, and other major naval vessels for the Hellenic Navy. However, the shipyard has faced prolonged ownership disputes, issues with EU state aid regulations, and chronic underinvestment, which have hindered its full operational potential.

Elefsis Shipyards is another major player, known for building fast attack craft, landing ships, and other military vessels. Recently, the shipyard has undergone a restructuring process with the involvement of ONEX Shipyards, aiming to revive its production capabilities. There is active discussion about Elefsis playing a role in the co-production of future naval platforms, such as the planned Hellenic corvettes.

ONEX Neorion Shipyards in Syros represents a more recent success story. Through privatization and foreign investment, this shipyard has been revitalized and now provides repair and maintenance services, including support for the U.S. Navy's 6th Fleet. With growing international partnerships, ONEX Neorion is positioning itself as a candidate for participation in future frigate and corvette programs.

In recent years, there have been several major developments that have reshaped the landscape of Greece's defence shipbuilding industry. One of the most significant is the agreement with France's Naval Group for the procurement of Belh@rra-class frigates. This deal includes provisions for industrial participation, which could involve Greek shipyards in support and potential production activities, creating important opportunities for domestic industry. Another notable development is the deepening cooperation between Greece and the United States. ONEX, in collaboration with the U.S. International Development Finance Corporation (DFC), has initiated major investments to modernize Greek shipyards, thereby reinforcing NATO's southern flank and enhancing Greece's role as a defence hub in the Eastern Mediterranean.

Furthermore, Hellenic Navy's modernization plan, targeting completion by 2030. The initiative seeks to address years of delay in upgrading larger ships, primarily frigates, and focuses on standardization, modularity, and sustainability. The strategy includes acquiring new vessels, upgrading existing ones, and constructing ships locally. Even major

programs form the core: FDI frigates, new corvettes, Constellation-class frigates, Hydra-class upgrades, Fast Attack Craft (FACM), new Submarines and upgrade of the existing ones and coastal patrol boats. The FDI program is progressing well, introducing advanced ASTER 30 missiles and new UAVs. Greece plans to acquire 3+1 corvettes, aiming for local shipyard involvement. The Constellation-class initiative, through Foreign Military Sales (FMS), envisions eventual domestic production and regional export potential.

The Hydra-class modernization will extend the frigates' life by 15 years. FACMs, especially the Roussen-class, are set for a mid-life upgrade, while new FACMs will replace aging vessels. The patrol boat program includes upgrades to Island-class ships and new Protector-class vessels, with modern sensors and weaponry. These projects are driven by evolving regional threats and geopolitical dynamics, aiming to enhance Hellenic Navy interoperability with allies and ensure long-term maritime defense capabilities.

Despite these positive developments, the Greek defence shipbuilding sector still faces significant challenges. Chronic underinvestment and years of state neglect have weakened infrastructure and limited innovation. Legal and bureaucratic complications, particularly related to ownership and EU competition rules, continue to hamper the full activation of strategic shipyards like Skaramangas. Additionally, a significant portion of the skilled workforce has either retired or emigrated during the prolonged periods of inactivity, leading to a shortage of expertise that could hinder future production timelines. Perhaps most critically, the lack of a unified national strategy for the defence industrial base has led to fragmented efforts and missed opportunities for long-term development. Greece stands at a crossroads. There is a clear opportunity to turn the domestic shipbuilding sector into a pillar of national and regional defence capability. This can be achieved by developing strategic industrial partnerships with global defence leaders such as Naval Group, Lockheed Martin, and Fincantieri. These collaborations can transfer know-how, open new markets, and accelerate the modernization of Greek facilities.

In parallel, the creation of defence and maritime innovation clusters—linking universities, research centres, and industry—can ensure long-term technological competitiveness. Investment in new areas, such as unmanned naval systems and smart naval infrastructure, would position Greece at the forefront of emerging defence technologies.

Participation in EU defence initiatives, particularly the European Defence Fund (EDF) and Permanent Structured Cooperation (PESCO) projects, can provide both funding and political support to modernize the naval sector and integrate it into Europe's broader security architecture. Greek defence shipbuilding has the potential to be a cornerstone of national sovereignty, economic resilience, and regional influence. After years of stagnation, there is now a "window of opportunity" driven by geopolitical shifts, international partnerships, and renewed strategic interest from both allies and private investors. To capitalize on this moment, Greece must implement a coordinated national strategy that supports innovation, industrial capacity, and skilled labour. With the right vision and execution, Greece could emerge not just as a user of advanced naval systems, but as a producer and regional leader in maritime defence manufacturing and support.