



OSW

THE PATCHWORK DEFENCE UNION

SHIFTS IN THE EU'S
SECURITY POLICY FOLLOWING
THE RUSSIAN INVASION OF UKRAINE

Łukasz Maślanka

NUMBER 90
WARSAW
MARCH 2025

THE PATCHWORK DEFENCE UNION
SHIFTS IN THE EU'S
SECURITY POLICY FOLLOWING
THE RUSSIAN INVASION OF UKRAINE

Łukasz Maślanka

© Copyright by Centre for Eastern Studies

CONTENT EDITOR

Justyna Gotkowska

EDITOR

Tomasz Strzelczyk

CO-OPERATION

Katarzyna Kazimierska, Matylda Skibińska

TRANSLATION

Ilona Duchnowicz

CO-OPERATION

Nicholas Furnival

GRAPHIC DESIGN

OSW

DTP

Wojciech Mańkowski

PHOTOGRAPH ON COVER

SAJE / Shutterstock.com



Centre for Eastern Studies
ul. Koszykowa 6a, 00-564 Warsaw, Poland
tel.: (+48) 22 525 80 00, info@osw.waw.pl
www.osw.waw.pl

ISBN 978-83-68327-19-9

Contents

MAIN POINTS | 5

INTRODUCTION | 8

I. ACHIEVEMENTS OF 2019–2024:

THE STRATEGIC COMPASS AND INSTRUMENTS TO SUPPORT THE DEFENCE INDUSTRY | 10

1. The Strategic Compass and the Versailles declaration | 11
2. Military support for Ukraine | 14
3. Efforts to support the defence industry | 16

II. DEVELOPMENTS FOLLOWING THE 2024 ELECTIONS: A NEW CHAPTER IN EU SECURITY POLICY? | 24

1. New/old ambitions of the commission president:
towards a European Defence Union | 25
2. The Baltic duo | 27

III. WHAT NEXT WITH THE EU'S EXPEDITIONARY CAPABILITIES? | 30

1. Rapid reaction capacities | 31
2. Missions and operations | 31
3. Funding | 33

IV. PROSPECTS OF SUPPORT FOR THE EUROPEAN DEFENCE INDUSTRY | 35

1. Problems with funds | 35
2. Buy European | 38
3. Inclusiveness of support programmes | 40

V. THE FUTURE OF EU-NATO RELATIONS | 42

1. The EU as NATO's economic backbone | **43**
2. The risk of capability duplication | **46**

MAIN POINTS

- Russia's full-scale invasion of Ukraine in February 2022 created political conditions which provided an impulse for the development of EU security and defence policy initiatives. Member states provided significant military assistance to Kyiv, making innovative use of Common Security and Defence Policy (CSDP) mechanisms. These mechanisms, originally designed to organise and finance foreign missions and operations, mainly in the EU's southern neighbourhood, include instruments such as the European Peace Facility (EPF). At the same time, the rapid replenishment of military capability gaps among European NATO members and the strengthening of the EU's defence industry production capacity were a key priority.
- The creation of the office of the Commissioner for Defence and Space, who will be responsible for continuing the EU's financial support for the European Defence Technological and Industrial Base (EDTIB), is essential to ensure the further development of security and defence policy in the upcoming EU institutional cycle (2025–2029). This move reflects the growing importance of defence industrial policy within the European Commission's agenda and the ambitions of President Ursula von der Leyen to expand the commission's competencies into areas typically reserved for member states and the EU Council.
- The appointment of former Lithuanian Prime Minister Andrius Kubilius as Commissioner for Defence and former Estonian Prime Minister Kaja Kallas as EU High Representative for Foreign Affairs and Security Policy indicates that the EU is aware of the scale of the threat posed by Russia. This shift was also reflected in the White Paper on the future of European defence, published in March 2025, and the upcoming update of the EU security strategy – the Strategic Compass.

- The current EU leadership configuration (von der Leyen–Kallas–Kubilius) creates more favourable conditions for strengthening cooperation between the EU and NATO than before. The version of the ‘European Defence Union’ concept promoted by the commission’s President primarily envisions EU support for member states in implementing NATO’s defence and capability plans, as well as jointly executing key projects for Europe’s defence against the Russian threat, such as military mobility and air defence. However, voices within European political parties and some member states continue to call for the EU’s security policy to evolve towards a military alliance. President Donald Trump’s confrontational approach towards the organisation could lend greater weight to these proposals.
- Limited funding presents the primary obstacle to further developing EU security policy instruments. This has led to discussions on significantly increasing resources in the next Multiannual Financial Framework (MFF) and creating a special mechanism worth up to €500 billion to address the most urgent short- and medium-term needs (2025–2035). These include continued military support for Ukraine and closing capability gaps in the member states’ armed forces. The additional financial support mechanisms for the development of military capabilities (the ReArm Europe package), presented by the European Commission in March 2025 as part of the so-called White Paper on the Future of European Defence, include the SAFE (Security Action for Europe) joint loan instrument, amounting to €150 billion. Overcoming political resistance and convincing the countries most reluctant to the commission’s proposals will serve as a litmus test of their genuine political will to strengthen collective security in the face of the threat of conventional military aggression on EU territory.
- The security challenges stemming from Russia’s invasion of Ukraine have somewhat overshadowed the previous CSDP priority – crisis management. At present, there is little reason to believe that member

states will be more inclined to use the new Rapid Deployment Capacity (RDC) than they were with the previous EU Battlegroups. Closer EU-NATO cooperation would be advisable to ensure the coordinated management of both the rapid response forces of both organisations, integrating the critical capabilities of all allies.

- A more inclusive approach to the EU defence industry support programmes – ensuring access for companies from countries with less developed industrial potential but significant needs, particularly those on the eastern flank – will play a key role in securing the support of the member states and the public when it comes to further security and defence policy development. Additionally, the CSDP must be adapted to the deteriorating security situation in the EU's eastern neighbourhood. In this context, closer EU-NATO cooperation should be explored to prevent the duplication of forces, as well as command, planning and intelligence structures. It is also essential to assess how existing CSDP instruments – missions, operations and the European Peace Facility (EPF) – could be used more effectively to serve EU security interests in Eastern Europe and the South Caucasus.

INTRODUCTION

Brexit, Donald Trump's first presidency in 2017–2021, and Russia's full-scale invasion of Ukraine in 2022 all prompted the EU to expand its security policy tools.

A key development in this regard was the transformation of support for the European Defence Technological and Industrial Base (EDTIB) between 2019 and 2024. At the start of the previous institutional cycle, the EU's sole mechanisms were those restricted to supporting the defence industry at the research and development stage. By its conclusion, it had introduced a full range of instruments to finance and promote cooperation in the production, procurement, operation and disposal of defence products. While these steps are politically significant, their actual impact on the sector's future remains limited due to insufficient funding.

The situation is even more complex in the realm of the Common Security and Defence Policy (CSDP), which remains under the direct control of member states and is coordinated by the EU High Representative for Foreign Affairs and Security Policy. The development of the CSDP was meant to be guided by the EU Strategic Compass, published in March 2022. While the document acknowledged the increasingly challenging geopolitical environment, shaped by Russia's growing aggression and China's assertiveness, it still focused primarily on crisis response tools aimed at countering terrorist threats, mainly in the EU's southern neighbourhood. It was Russia's full-scale invasion of Ukraine and the urgent need to provide military assistance to Kyiv that ultimately forced changes to be made in the CSDP. This explains the unexpected evolution of the European Peace Facility, established in 2021, as well as the impressive scale of the EU's training mission for Ukrainian soldiers (EUMAM Ukraine).

In the new institutional cycle, the EU may continue these efforts, symbolised by the creation of the office of the Commissioner for Defence and attempts to establish a common market for defence products. Member

states agreeing to make substantial additional investments in this sector even before the new Multiannual Financial Framework begins in 2028 would be a key indicator of the success of EU defence industry support initiatives. This would help expand and stabilise military assistance to Ukraine while addressing capability gaps in the armed forces of the European NATO members. Increasing defence spending in the next budget cycle could also encourage member states to pursue major armament projects within EU programmes, especially in light of the unpredictability of Trump's policies towards Europe and the uncertainty surrounding how the Russia-Ukraine war will develop.

I. ACHIEVEMENTS OF 2019–2024: THE STRATEGIC COMPASS AND INSTRUMENTS TO SUPPORT THE DEFENCE INDUSTRY

There has been a transformation underway in EU security policy for over a decade. The first major political push to strengthen the bloc's role in this area came with the destabilisation of its southern neighbourhood following the Arab Spring and the war in Syria (since 2011). Another turning point was Russia's illegal annexation of Crimea and the war in Donbas (since 2014). In 2016, the EU published its Global Strategy (EUGS), which set out key priorities defining its security and defence ambitions,¹ later endorsed by the European Council.

Political obstacles to the development of a European security policy were partially removed by Brexit, as the UK had previously blocked initiatives of this kind. Furthermore, Donald Trump's presidency provided additional impetus for advocates of a stronger EU security role. Since 2016, the expansion of EU security and defence policy tools has been accompanied by rhetorical efforts from certain member states – most notably France under Emmanuel Macron, in power since 2017 – aimed at advancing the concept of 'Europe as a power'. This vision seeks to enhance the EU's ability to act independently in its immediate neighbourhood and reduce its reliance on the United States. Paris has skilfully leveraged the concept of strategic autonomy (which has appeared in EU documents since 2013) in order to promote this agenda.²

¹ Responding to external conflicts and crises, building partners' capacities, and protecting the EU and its citizens. 'A Global Strategy for the European Union's Foreign and Security Policy. Shared Vision, Common Action: A Stronger Europe', European External Action Service, June 2016, eeas.europa.eu. See also: J. Gotkowska, *A European Defence Union? The EU's new instruments in the area of security and defence*, OSW, Warsaw 2019, osw.waw.pl, p. 9.

² Ł. Maślanka, 'A Crash Test: EU Strategic Autonomy in the Foreign Policy of France', *PISM Bulletin*, Polish Institute of International Affairs, no. 61, 23 March 2021, pism.pl.

The ambitions outlined in the EUGS were embraced by the European Commission formed after the 2019 European Parliament elections, led by Ursula von der Leyen. She introduced the term ‘geopolitical Commission’,³ signalling an intention to gradually extend the EC’s influence – using its regulatory competencies – into the realm of the Common Foreign and Security Policy (CFSP), which had thus far been reserved for member states. The defence industry emerged as a key area through which the commission could help shape EU security policy. The establishment of the Directorate-General for Defence Industry and Space (DG DEFIS) in 2021 was a significant institutional milestone; this was tasked with implementing support instruments in these fields. Until 2024, it operated under the authority of the Commissioner for the Internal Market, France’s Thierry Breton.

While the theoretical foundations and bureaucratic framework of Brussels’ security and defence actions took shape between 2016 and 2022, it was Russia’s full-scale invasion of Ukraine that significantly accelerated their implementation. The key documents defining the level of ambition in the CSDP include the Strategic Compass and the 2022 Versailles declaration. The most groundbreaking practical measures taken by the EU in this domain included the use of the EPF to reimburse member states for military aid to Kyiv and the scale of the EUMAM Ukraine training mission.

1. The Strategic Compass and the Versailles declaration

The ambitions of EU institutions and member states in the CSDP were most clearly expressed in the Strategic Compass, which was adopted and published in March 2022. Its objectives include:

- developing a shared assessment of the strategic environment, challenges and threats,

³ ‘Speech by President-elect von der Leyen in the European Parliament Plenary on the occasion of the presentation of her College of Commissioners and their programme’, European Commission, 27 November 2019, ec.europa.eu.

- enhancing the coherence and purpose of existing security and defence initiatives,
- identifying new approaches and means to ensuring the security of the union and its citizens,
- setting clear objectives and milestones to measure progress.⁴

The Strategic Compass meticulously listed the security threats facing the EU but did not establish a clear hierarchy among them, making it difficult to regard its assessments as fully coherent. Instead, it represents a compromise between the sensitivities and needs of different member states. Although it was published after Russia's full-scale invasion of Ukraine, it had been drafted and approved earlier. As a result, its key provisions and milestones primarily address issues that were central to the CSDP in previous years. These include crisis response, countering hybrid threats, developing planning and command structures – particularly the Military Planning and Conduct Capability (MPCC) – and the need to reform Permanent Structured Cooperation (PESCO). The document's 'commitments' are divided into four categories: Act, Secure, Invest and Partner.

The most prominent commitment, and the one most significant for the institutional interests of the European External Action Service (EEAS), was the pledge within the Act pillar to reform the EU's rapid reaction forces.⁵ Until then, these had been based on the EU Battlegroups (EUBG) concept. The proposed changes involved member states deploying two battalion-sized groups of 1,500 troops each, on a six-month rotational basis. The EUBGs were expected to operate for 30 days, with the possibility of extending their missions to 120 days. The new format, known as the Rapid Deployment Capacity (RDC), envisions a force of up to 5,000 troops

⁴ *A Strategic Compass for Security and Defence*, European External Action Service, 24 March 2022, eeas.europa.eu, p. 11.

⁵ Ł. Maślanka, 'The EU Rapid Deployment Capacity: political priorities and real needs', *OSW Commentary*, no. 567, 24 January 2024, osw.waw.pl.

based on a structure of modified EUBGs, equipped with additional support assets, such as air transport and electronic reconnaissance. This transformation aimed to encourage member states to use the RDC for missions such as evacuations or when launching stabilisation operations. The potentially greater operational utility of the RDC compared to previous formations, combined with regular joint exercises, was also intended to drive the development of EU planning and command structures.

The second key document in this context, the Versailles declaration, was announced by EU member states in March 2022.⁶ France, which held the presidency of the EU Council during the six-month period that saw the start of Russia's full-scale invasion of Ukraine, played a leading role in shaping its content. The attack prompted a firm response from the United States. While Washington announced limited arms deliveries to Kyiv, its primary focus was on reaffirming the inviolability of NATO treaty commitments to its members. The Biden administration's resolute stance, combined with the perceived failure of the policies of key European states' towards Russia – as well as their inability to foresee the invasion – led to calls to shift the focus away from strategic autonomy and instead prioritise strengthening NATO cohesion.⁷ The text of the Versailles declaration reflected the compromises stemming from the diverse perspectives within Europe on the new security landscape. It contained political commitments to enhancing 'European sovereignty' but was primarily a set of practical declarations in the areas of defence, energy, and the economy. In the defence sphere, these included:

- increasing military spending, including the share allocated to investments,

⁶ [The Versailles declaration, 10 and 11 March 2022](#), European Council, Council of the European Union, consilium.europa.eu.

⁷ A. Vohra, "Strategic Autonomy' Is a French Pipe Dream", Foreign Policy, 3 July 2023, foreignpolicy.com.

- creating new incentives for member states to launch joint defence projects and conduct collective procurement,
- investing in capabilities to carry out the full spectrum of missions and operations, including strategic support assets such as cyber-security and satellite-based communication systems,
- strengthening and developing the defence industry, including in the SME sector.

The EU was also expected to respond to threats more effectively by:

- protecting against hybrid operations and disinformation,
- improving cybersecurity and critical infrastructure,
- enhancing the security and defence aspect of the space industry,
- accelerating efforts to improve military mobility within the EU.

2. Military support for Ukraine

The key instrument in Brussels' decision to provide military aid to Ukraine turned out to be the European Peace Facility, established in March 2021 and mentioned in the Versailles declaration.⁸ Designed as an off-budget mechanism to support the military capabilities of EU partners and to finance the joint costs of EU foreign missions and operations, it is funded directly through member state contributions, proportionate to their GDP. In the early months of the Russian invasion, the EPF became the primary channel for the EU's military support to Kyiv. The breakthrough came with the decision to reimburse member states for the cost

⁸ Ł. Maślanka, 'An EU War Chest: the success and uncertain future of the European Peace Facility', *OSW Commentary*, no. 523, 10 July 2023, osw.waw.pl.

of arms deliveries to Ukraine. The EPF had not initially been intended for such extensive aid (including the transfer of lethal weapons), being rather focused on logistical equipment, personal gear for soldiers, and similar support for partner countries. The reimbursement mechanism – based on amounts determined by the EU Council to compensate states for arms and military equipment (AME) supplied to Ukraine – encouraged the rapid transfer of Soviet-era stockpiles from some countries, as Ukrainian forces could operate them without additional training.

However, the initial success of the instrument was soon hampered, primarily by the requirement for unanimous decisions on each new disbursement. Hungary exploited this to pressure both its EU partners and Ukraine. Additionally, the principle of solidarity underpinning the EPF began to generate discontent among its largest contributors, particularly Germany, which pushed through reforms that may undermine the facility's long-term financial viability.⁹ The outcome of negotiations on the future of the EPF could have broader implications. It may influence the distribution of competences within the EU, as the European Commission could use decision-making deadlocks to justify expanding its role in CSDP matters. It may also impact discussions on decision-making in the EU Council, potentially accelerating moves away from unanimity.

Alongside the EPF, the EUMAM Ukraine training mission, launched in November 2022 is the main method of military support for Kyiv provided by Brussels.¹⁰ It was established based on the existing model of EU training missions, which have often faced criticism (this is particularly true of those in Africa). Unlike its predecessors, EUMAM Ukraine is conducted on the territory of EU member states (mainly Poland and Germany) rather than in the beneficiary country. The participating states (24 in total) supply the soldiers' equipment, with funding coming from

⁹ *Idem*, 'A fragile compromise on the EU's additional aid for Ukraine', OSW, 19 March 2024, osw.waw.pl.

¹⁰ 'European Union Military Assistance Mission Ukraine', European External Action Service, January 2025, eeas.europa.eu.

the EPF. Training is provided at three levels: basic, advanced, and specialised. It covers medical assistance, defence against chemical, biological, radiological, and nuclear threats, demining, logistics and communication, and also equipment maintenance and repair. By the end of winter 2024/2025, it is expected that 75,000 soldiers will have been trained, making this the largest military mission ever conducted by the EU. Its continued effective operation, however, depends on resolving disputes over EPF funding.

3. Efforts to support the defence industry

Before 2016, the European Commission's efforts in this area were primarily regulatory, aimed at facilitating the internal trade in arms and military equipment manufactured within the EU and standardising procurement procedures.¹¹ However, member states often circumvented these regulations by invoking Article 346 of the Treaty on the Functioning of the European Union, which allows exemptions from standard procedures in matters of security and defence. As a result, the European defence industry remained highly fragmented and developed unevenly across different member states.

The first significant change came with the establishment of the European Defence Fund (EDF) in 2017. Initially introduced through the PADR and EDIDP pilot instruments, the fund was later allocated €8 billion from the EU budget for the 2021–2027 period to support multinational research and development projects and the development of defence technology prototypes.

¹¹ This was facilitated by [Directive 2009/81/EC](#) of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and [Directive 2009/43/EC](#) of 6 May 2009 on simplifying terms and conditions of transfers of defence-related products within the Community, eur-lex.europa.eu.

The Russian invasion of Ukraine in 2022, along with the need to provide military support to Kyiv and strengthen the military capabilities of EU member states, served as both a catalyst and a justification for creating additional mechanisms. The Versailles declaration included a recommendation for the European Commission to conduct an analysis of investment gaps in the defence sector by the end of May 2022 and to propose measures to address them. The guidelines outlined in the report identified industrial, investment and capability shortfalls¹² – caused by years of underfunding in the armed forces as well as stockpile depletion due to aid for Ukraine. These findings led to new regulations extending support for the defence industry beyond the research and development phase. Among them were the Act in Support of Ammunition Production (ASAP), the European Defence Industry Reinforcement through Common Procurement Act (EDIRPA), the European Defence Industrial Strategy (EDIS), and the European Defence Investment Programme (EDIP).

The first two programmes are short-term and have limited funding. This is due to the fact that the reform of EU defence policy, prompted by a sudden shift in the security environment, took place in the early years of the 2021–2027 EU budget cycle, which allocated very limited resources for these purposes. EDIP is also a short-term programme (2025–2027) but differs from the others in the broad scope of activities it funds. EDIS, on the other hand, is designed to provide a longer-term vision (ten years) and encourage member states to increase defence industry support in future Multiannual Financial Frameworks.

¹² 'Joint Communication to the European Parliament, the European Council, the Council, the European Social and Economic Committee and the Committee of the Regions on the Defence Investment Gaps Analysis and Ways Forward', European Commission, 18 May 2022, eur-lex.europa.eu.

Table. Support programmes for the European defence industry adopted or proposed by the European Commission in 2019–2024

Name	Minimum number of participants	Budget, funding conditions	Objective
Act in Support of Ammunition Production (ASAP)	1 (defence companies)	€500 million, reimbursement of 35–45% of costs	Removing technological and raw material barriers to increasing the production of 155 mm ammunition in the EU
European Defence Industry Reinforcement through Common Procurement Act (EDIRPA)	3 (states)	€310 million, reimbursement of 15–20% of procurement costs	Addressing critical equipment gaps in member states' armed forces, particularly those exacerbated by the transfer of military equipment to Ukraine, by co-financing additional costs arising from joint procurement
European Defence Investment Programme (EDIP)	3–4 (states or companies)	€1.5 billion, reimbursement of 25–100% of costs	Providing grants to companies undertaking joint efforts to strengthen production capacity, as well as to member states engaged in joint procurement via national procurement agencies, established consortia, or the European Defence Agency

Source: author's own analysis.

ASAP

ASAP was intended to remove the technological and raw material barriers to increasing the production of 155 mm ammunition in the EU. The need to address these obstacles arose from the military support which member states provided to Ukraine. At the start of the war, Kyiv's weekly demand for these shells exceeded the annual production capacity of European manufacturers. This, in turn, was a consequence of the limited orders placed by EU armed forces, which were reluctant to allocate additional funds for storing ammunition with an expiration date.

The regulation itself, adopted on 20 July 2023, was just one of three components of a joint plan by the European Commission and the High Representative.¹³ The key issue was the gap between the mechanism's far-reaching and ambitious goals – to remove investment barriers – and its limited budget of €500 million. It also failed to eliminate the fundamental obstacle: the reluctance of EU member states to drastically increase orders, which was essential to reassure manufacturers that there would be long-term demand and to thus ensure the economic viability of the investment. ASAP was based on the principle of covering only a portion (35–45%) of the costs of industry-planned projects, meaning it was designed to stimulate investment initiatives on the part of manufacturers. The mechanism primarily benefited companies willing to contribute significant amounts of their own funds, which explains the limited presence of Polish firms in the results of the procurement process announced in mid-March 2024.¹⁴

¹³ The first two measures aimed to encourage member states to transfer their ammunition stockpiles to Kyiv (one million rounds between March 2023 and March 2024) and to organise joint procurement through the European Defence Agency (EDA). The ambitious goals of the project's first phase were achieved with delays, partly due to disputes within the EU over the permissibility of purchasing ammunition from non-EU suppliers. The proposal for joint procurement received less support from member states than initially expected. Ł. Maślanka, 'ASAP: EU support for ammunition production in member states', *OSW Commentary*, no. 537, 6 September 2023, osw.waw.pl.

¹⁴ *ASAP Results Factsheet*, European Commission, 15 March 2024, defence-industry-space.ec.europa.eu.

EDIRPA

The regulation, adopted on 15 March 2024, provides for joint defence procurement involving at least three member states, with purchases made from European suppliers. Its aim is to counter excessive diversity in military equipment and promote the consolidation of the defence industry.¹⁵ The primary goal of the instrument is to fill critical capability gaps in the EU armed forces, particularly those resulting from the transfer of military equipment to Ukraine. It supports efforts in three key areas: ammunition, air defence, and the replacement of outdated equipment.¹⁶ To circumvent the EU budget restriction on funding military or defence-related expenditures (Article 41(2) TEU), EDIRPA does not envisage the financing of the direct purchase of equipment but instead covers administrative costs.¹⁷ As with ASAP, it is a one-off programme designed as a pilot and a transitional measure for future initiatives.

EDIS

The strategy, presented in a joint communication from the European Commission and the High Representative, outlines a vision for the development of the defence industry and support for the sector.¹⁸ According to the commission, the industry faces several challenges, including fragmentation, a lack of coordination in production and procurement (with only 18% of purchases made jointly in 2021), and the excessive reliance of

¹⁵ G. Schnitzler, 'EDIRPA/EDIP: Risks and opportunities of future joint procurement incentives for the European Defence Market', Ares Group #81, March 2023, iris-france.org.

¹⁶ 'EDIRPA | Procuring Together Defence Capabilities', European Commission, defence-industry-space.ec.europa.eu.

¹⁷ Art. 4.2: "The financial envelope referred to in paragraph 1 may be used for technical and administrative assistance for the implementation of the Instrument, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems".

¹⁸ 'A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry', European Commission, 5 March 2024, eur-lex.europa.eu.

member states on equipment manufactured outside the EU (78% of purchases in 2022–2023, although these figures are disputed¹⁹). Additionally, EU military spending remains significantly lower than that of the United States. In 2023, all EU member states combined allocated \$241 billion on defence, compared to \$704 billion by the US.²⁰ EDIS sets non-binding targets for joint procurement (40% by 2030) and prioritising European manufacturers (Buy European: 50% by 2030 and 60% by 2035).²¹

The strategy also states that the EU will seek to encourage the financial sector to take a more active role in supporting the defence industry. The European Investment Bank (EIB) has already taken steps to this effect. In May 2024, it provided small and medium-sized enterprises (SME) and startups in the security and defence sector with access to loans and updated the definitions of dual-use products and infrastructure. Previously, only projects generating more than 50% of their revenue from civilian applications were eligible for funding. The EIB's decision removed this threshold.²²

The document also envisions building partnerships, with particular emphasis on gradually integrating Ukraine into defence cooperation, including through programmes under EDIP. The enhancement of interoperability and interchangeability of military capabilities, though potentially controversial in terms of complementarity with NATO, is another key issue. The document highlights the excessive tendency of member states to specify requirements in procurement and certification processes to favour particular suppliers. According to the authors of EDIS, the standardisation agreements (STANAGs) established within NATO are

¹⁹ B. Schreer, 'Europe's defence procurement since 2022: a reassessment', The International Institute for Strategic Studies, 23 October 2024, [iiss.org](https://www.iiss.org).

²⁰ 'Defence Expenditure of NATO Countries (2014–2024)', NATO, 12 June 2024, [nato.int](https://www.nato.int).

²¹ E. Maślanka, 'The imperative of cooperation: the European Commission's strategy for the defence industry', OSW, 18 March 2024, [osw.waw.pl](https://www.osw.waw.pl).

²² 'EIB Board of Directors steps up support for Europe's security and defence industry and approves €4.5 billion in other financing', European Investment Bank, 8 May 2024, [eib.org](https://www.eib.org).

insufficient to address this issue. To complement them, the European Defence Agency is set to introduce the European Defence Standards Reference System (EDSTAR).²³

EDIP

EDIP is both the name of the draft regulation establishing the instruments outlined in EDIS and the main mechanism within it.²⁴ Other components include European Projects of Common Interest, the European Military Sales Mechanism, the Structure for European Armament Programme (SEAP), and the Fund to Accelerate defence Supply chains Transformation (FAST).

The purpose of EDIP is to provide grants to companies undertaking joint efforts to strengthen production capacity, as well as to member states engaging in joint procurement through national procurement agencies, established consortia, or the European Defence Agency (EDA). Access to the instrument is restricted to entities based in the EU or the European Economic Area. An exception is made for third-country enterprises that can certify the absence of restrictions on the use and export of their manufactured weaponry. The list of activities eligible for funding is extensive and includes procurement, expanding production capacity, maintaining production readiness (ever-warm facilities), manufacturing and marketing defence equipment, testing, certification, and joint use. The draft regulation also proposes a number of mechanisms aimed at promoting the knowledge of defence manufacturing in the EU, facilitating defence cooperation among member states (including the formation of consortia), and improving access to financing for small and medium-sized enterprises in the sector.

²³ 'European Defence Standardisation', European Defence Agency, eda.europe.eu.

²⁴ 'Proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')', European Commission, 5 March 2024, eur-lex.europa.eu.

EDIP also includes crisis-response measures, including a provision allowing the European Commission – at the request of a member state – to mandate a company fulfil a priority order. A similar regulation was initially proposed in the ASAP draft, but the EU Council rejected it over concerns of excessive interference by the European Commission in business operations. EDIP also introduces a body responsible for coordinating its implementation – the Defence Industrial Readiness Board. This board will consist of representatives from the commission, the High Representative for Foreign Affairs and Security Policy, the European Defence Agency (EDA), and also member and associated states.

EDIS and EDIP primarily serve as a strong political signal to member states, defence companies, and the banking sector. They also represent something of a ‘legacy’ of the 2019–2024 European Commission,²⁵ highlighting the priority given to defence production in response to an increasingly difficult and unpredictable international environment. However, the effectiveness of these new instruments will largely depend on the political will of the national governments and their ability to cooperate. The programme’s success could influence the funding of similar mechanisms in the next budget cycle.

²⁵ D. Fiott, ‘[The EU Defence Industrial Strategy: Some Preliminary Reflections](#)’, Daniel Fiott, 21 October 2023, danielfiott.com.

II. DEVELOPMENTS FOLLOWING THE 2024 ELECTIONS: A NEW CHAPTER IN EU SECURITY POLICY?

The European Parliament elections in June 2024 showed that the two dominant political groups – the centre-right European People’s Party (EPP) and the centre-left Socialists and Democrats (S&D) – continue to enjoy strong support, with the former gaining additional strength.²⁶ In contrast, the centrist Renew Europe and the Greens – the two smaller parties that are part of the pro-European mainstream in the Parliament – performed significantly worse. The composition of the new European Commission suggests that existing security and defence initiatives will be maintained, with a greater emphasis on adapting to the new security environment shaped by Russia’s invasion of Ukraine.

The increasing intensity of armed conflicts around the EU’s borders is one of the key arguments for expanding the competences of union’s institutions, particularly the Commission and Parliament, in security and defence matters. The push to extend these powers was reflected in the treaty reform proposal adopted by the European Parliament in November 2023²⁷ which had previously been debated as part of the Conference on the Future of Europe. This initiative, held between 2021 and 2022, was a specific consultation process between EU institutions and citizens, resulting in 49 final proposals that were often far more pro-European than the actual sentiments among EU residents – for example, the call for the creation of a European armed force.²⁸ The gap between the conference’s conclusions and public opinion in the EU was best illustrated by how quickly the treaty reform idea was dismissed as unrealistic due to

²⁶ G. Ivaldi, ‘EU elections: far-right parties surge, but less than had been expected’, *The Conversation*, 10 June 2024, theconversation.com.

²⁷ S. Kotanidis, ‘Parliament’s proposals to amend the Treaties’, European Parliament, November 2023, europarl.europa.eu.

²⁸ *Conference on the Future of Europe. Report on the Final Outcome*, European Union, May 2022, europarl.europa.eu.

opposition from some member states. This prompted the commission to explore ways to expand its competences and increase its influence over the EU's activities without treaty reforms. One example, as discussed in the previous chapter, is its push to strengthen the European defence industry.

1. New/old ambitions of the commission president: towards a European Defence Union

One of the key proposals in Ursula von der Leyen's political guidelines for the European Commission for 2024–2029²⁹ is the creation of a 'European Defence Union'. In short, this concept aims to create synergies between the Common Security and Defence Policy (the CSDP currently falls under the EU Council's authority) and the commission's initiatives supporting the defence industry. It is emphasised that the proposal is not a response to calls – mainly in the European Parliament – to establish a European army. In the document, the commission president explicitly states that “member states will always retain responsibility for their own troops”, while Brussels' role would be to coordinate and support efforts to enhance national military capabilities. The proposal to establish a 'common market for defence products' is a further development of pre-2024 initiatives in the defence industry. Von der Leyen acknowledges that the EU's fundamental challenge in addressing military threats is its significantly lower defence spending compared to its partners and rivals.³⁰

The primary goal of the European Defence Union is to reform the European Defence Fund (EDF) so that investments focus on 'critical' capabilities, such as satellite early warning, cybersecurity, and advanced air, land and naval combat systems. The joint arms procurement mechanisms

²⁹ U. von der Leyen, *Europe's Choice. Political Guidelines for the next European Commission 2024–2029*, European Commission, 18 July 2024, commission.europa.eu.

³⁰ “To put this into perspective, combined EU spending on defence from 1999 to 2021 increased by 20%. In that time, Russia's defence spending increased by almost 300% and China's by almost 600%”. *Ibidem*, p. 13.

outlined in EDIP (and previously in EDIRPA) are intended to encourage member states to cooperate and generate savings by ordering larger quantities of equipment and ammunition. The concept of European Union Defence Projects is also an important aspect of the initiative. Von der Leyen envisions the most important joint initiatives within the bloc – such as FCAS (a next-generation fighter jet) and MGCS (a tank) – as being developed under the “EU flag”.³¹ However, member states involved in these consortia are not particularly enthusiastic about the idea, as it would require them to adhere to EU procedures, open participation to other members, and to follow designated timelines for project implementation. In this case, EU funding has not been a sufficient incentive.

From Poland’s perspective, the concept of European Defence Projects of Common Interest, also included in EDIP, may be particularly relevant. These projects would cover initiatives such as an air defence shield – an objective pursued, for example, by Poland and Greece – or cyber defence. A carefully defined scope for such projects could potentially include the construction of fortifications along the EU’s borders with Russia and Belarus (Eastern Shield project).

A more far-reaching vision for European defence, as well as a more ambitious approach to the European Defence Union, is outlined in a policy paper published by the European People’s Party in October 2024.³² However, this should not be seen as the EC’s official position. Pro-European parties and factions in the European Parliament have historically tended to make demands that go beyond what member states are willing to accept. Nonetheless, the document is worth examining, as it proposes transforming the EU’s current CSDP instruments into shared military capabilities. The starting point would be a reformed RDC, which would gradually evolve into a ‘European Corps’ through increased engagement

³¹ *Ibidem*, p. 14.

³² ‘A Europe that protects and that stands for true peace: building a European Defence Union’, EPP Group, 7 October 2024, [eppgroup.eu](https://www.eppgroup.eu).

from member states. This force would be tasked with crisis response. The paper also calls for the reform of EU missions and operations, as well as an expansion of the EU's planning and command structures. Even more politically significant is the proposal formulated in the EPP defence manifesto to position the Commissioner for Defence as a bridge between the High Representative, the EU Council, and the EEAS on one side, and the European Commission on the other. Moreover, this role would take over some of the High Representative's competences, such as overseeing the European Defence Agency.

2. The Baltic duo

The establishment of a Commissioner for Defence was one of the key promises made by European Commission President Ursula von der Leyen as she sought a second term. The position was taken by former Lithuanian Prime Minister Andrius Kubilius from the EPP. He oversees the Directorate-General for Defence Industry and Space (DG DEFIS), which was established in 2021 and previously fell under the portfolio of the Commissioner for the Internal Market. This body has been responsible for preparing the EU's flagship defence industry support initiatives, including EDIS and EDIP.

The priorities and strategic direction of the new commissioner are defined by EDIS, while legislative work on EDIP is underway in the European Parliament and the EU Council. The Hungarian presidency was unable to secure a common position in the EU Council on EDIP, with the main point of contention being whether funding should cover the procurement of arms and military equipment partially produced outside the EU. Some member states, particularly France, opposed a provision allowing products with up to 35% non-European components to qualify for funding.³³

³³ 'EDIP partial agreement delayed further', Table Briefings, 6 December 2024, table. media.

Kubilius formally reports to Henna Virkkunen (Finland, EPP), Vice Executive President for Tech Sovereignty, Security, and Democracy. However, in matters related to building the European Defence Union, he cooperates with High Representative for Foreign Affairs and Security Policy and European Commission Vice President Kaja Kallas (Estonia, Renew). The roadmap for this initiative is the White Paper on the Future of European Defence, drafted under the leadership of Kallas and Kubilius. This document sets the level of Brussels' ambition within existing competences and propose new legislative measures, like the SAFE (Security Action for Europe) joint loan instrument, amounting to €150 billion.³⁴ Kallas will also be responsible for updating the EU's Strategic Compass, which is expected to be completed in 2025. The priority will be to develop a new threat analysis and identify "concrete ways to strengthen our level of ambition in the field of security and defence".³⁵

Both of these Baltic politicians view Russia's invasion of Ukraine and the need to continue supporting Kyiv as the most significant factors shaping the EU's security landscape. This raises expectations for a policy that is more directly focused on this threat – an approach primarily shared by states on NATO's and the EU's eastern flank. Since Kallas and Kubilius come from countries without significant domestic defence industries, they may favour policies that better support SMEs and defence firms which are undergoing transformation and seeking European partners. Enhancing cooperation with NATO and calibrating EU security ambitions to avoid duplication or conflict with the alliance's objectives will be another key issue. Kallas appears to advocate a clear division of responsibilities between NATO and the EU, to prevent competition and redundant structures. This would mean that the EU should not evolve into a military

³⁴ See *Joint White Paper for European Defence Readiness 2030* and *Proposal for a COUNCIL REGULATION establishing the Security Action for Europe (SAFE) through the reinforcement of European defence industry Instrument*, European Commission, 19 March 2025, defence-industry-space.ec.europa.eu.

³⁵ *Questionnaire to the Commissioner–Designate Kaja Kallas, High Representative for Foreign and Security Policy*, European Parliament, October 2024, hearings.elections.europa.eu.

alliance but instead focus on the political and economic dimensions of security and defence policy, particularly in areas such as sanctions and support for the defence industry.³⁶

Kubilius also does not appear to be seeking to usurp competences that belong to member states or the High Representative.³⁷ His most ambitious pledge is his commitment to securing political support for a Big Bang approach, i.e a substantial increase in funding for military aid to Ukraine, the European Defence Technological and Industrial Base, and joint defence projects.³⁸ According to Kubilius, approximately €500 billion is needed to address the combat capability gaps in EU member states. This figure had also previously been mentioned by the Commission President.³⁹

³⁶ 'Confirmation hearing of Kaja Kallas, Commissioner-designate, Foreign Affairs and Security Policy', European Parliament, 12 November 2024, multimedia.europarl.europa.eu.

³⁷ 'Confirmation hearing of Andrius Kubilius, Commissioner-designate, Defence and Space', European Parliament, 6 November 2024, multimedia.europarl.europa.eu.

³⁸ 'Andrius Kubilius. Keynote Speech At The Berlin Security Conference', ELP frakcija Europos Parlamente, 20 November 2024, elpnariai.lt.

³⁹ 'Opening remarks by President von der Leyen at the joint press conference with President Michel and Belgian President De Croo following the meeting of the European Council of 27 June 2024', European Commission, 28 June 2024, ec.europa.eu.

III. WHAT NEXT WITH THE EU'S EXPEDITIONARY CAPABILITIES?

The missions and operations launched or strengthened by the EU after 2022 are most often directly linked to its security or vital economic interests.⁴⁰ One of the Strategic Compass's flagship proposals – the creation of a new version of EU rapid response forces (RDC) – was presented in the latest edition of the Coordinated Annual Review on Defence (CARD) as a way to address “urgent operational needs”.⁴¹ Closer relations have also been built with key partners, such as the United Kingdom and Canada. However, the EU authorities and member states still struggle to find an effective way to act in the absence of unanimity, as demonstrated by the ongoing blockade of EPF funds and disputes over the mechanism's future.

While the Strategic Compass remains focused on the priorities of previous decades – primarily developing expeditionary capabilities – there is increasing support for enhancing those capacities to strengthen Europe's defensive efforts in the event of military aggression or hybrid threats.⁴² The annual review on the document's implementation, published in spring 2024, highlights progress in this area, including the reinforcement of the EU Single Intelligence Analysis Capacity (SIAC) within the EEAS, the strengthening of the EU Satellite Centre, and the establishment of Hybrid Rapid Response Teams.⁴³

⁴⁰ *Ibidem*, p. 11.

⁴¹ *Coordinated Annual Review on Defence. Report 2024*, European Defence Agency, eda.europe.eu, p. 1.

⁴² F. Bryjka, 'Tracing the Development of EU Capabilities to Counter Hybrid Threats', *PISM Strategic File*, no. 9 (117), 1 August 2022, pism.pl.

⁴³ *Annual Progress Report on the Implementation of the Strategic Compass for Security and Defence*, European External Action Service, March 2024, eeas.europa.eu.

1. Rapid reaction capacities

The Rapid Deployment Capacity (RDC), operational since January 2025, is unlikely to bring a breakthrough in the EU's ability to project force in its neighbourhood. The reluctance to deploy the previous version of the EU Battlegroups in combat was largely political, stemming either from a lack of consensus among member states over the launch of joint operations and sharing the costs or due to concerns over the readiness of these units. As a result, national forces operating within coalitions of the willing were generally preferred. Although the RDC has already undergone two training exercises – one in Spain in autumn 2023 and another a year later in northern Germany – and the EEAS has declared its readiness for three operational scenarios (evacuation, the initial phase of a stabilisation mission in a hostile environment and military support for humanitarian aid),⁴⁴ member states are likely to remain sceptical about using this instrument. The most lasting outcome of the RDC's development may be the doubling of personnel at the Military Planning and Conduct Capability (MPCC) and its enhancement with more advanced technical capabilities, such as improved communication systems. The RDC will also serve as a convenient justification for further proposals to expand EU-led military forces. The most rational – yet politically challenging – approach would be to align EU and NATO efforts in deploying rapid response forces. At the same time, it remains essential to emphasise the need to avoid duplicating structures and initiatives between these two organisations.

2. Missions and operations

The evolving international situation will continue to trigger modifications in EU military missions and operations. The coups in Sahel states have led to the termination or effective suspension of key EU initiatives

⁴⁴ *Ibidem*, p. 12.

in the region, such as the EUTM Mali training mission⁴⁵ and the EUMPM Niger partnership mission.⁴⁶ Meanwhile, Russia's invasion of Ukraine has turned the training of Ukrainian defenders under EUMAM Ukraine into the largest military operation in the organisation's history – albeit one conducted on EU territory. A potential ceasefire in Ukraine could lead to parts of the training effort being relocated to Ukrainian territory, but such plans would likely face resistance. Even today, for example, Hungary is blocking the launch of a military advisory mission in Kyiv.⁴⁷ Brussels may increasingly turn to civilian missions, particularly in countries where the EU's presence is valued for its advisory role in state reform or as an observer, as seen in Armenia⁴⁸ and Moldova.⁴⁹

Protecting the freedom of navigation and seabed infrastructure is becoming an increasingly pressing issue. In response to these threats, the EU launched the EUNAVFOR Aspides operation in February 2024 to restore and maintain maritime security in the Red Sea and the Persian Gulf amid attacks by Iran-backed Yemeni Houthi militants.⁵⁰ However, Aspides faces similar challenges to its predecessors – such as EUNAVFOR MED Irini, which monitors the arms embargo on Libya and aims to curb illegal migration to the EU, and EUNAVFOR Atalanta, an anti-piracy mission off the coast of Somalia. The main obstacles remain the limited consensus on mission objectives and the use of force. Russia's destabilising actions in the Baltic Sea, which threaten NATO members' infrastructure, will also require creative EU engagement. However, most countries in the

⁴⁵ 'End of mandate EUTM Mali', European External Action Service, 17 May 2024, eeas.europa.eu.

⁴⁶ 'EUMPM Niger: Council decides not to extend the mandate of the mission', European Council, Council of the European Union, 27 May 2024, consilium.europa.eu.

⁴⁷ O. Pavliuk, Y. Kizilov, 'EU plans to send military advisers to Ukraine - Hungarian Foreign Minister', *Ukrainska Pravda*, 2 October 2024, pravda.com.ua.

⁴⁸ S. Ghazanchyan, 'EU considers extending the deployment of Monitoring Mission in Armenia', *Public Radio of Armenia*, 10 January 2025, en.armradio.am.

⁴⁹ A. Koziół, J. Pieńkowski, 'EU Starts New Partnership Mission and Continues Support for Moldova's Security', *PISM Bulletin*, no. 77, 21 June 2023, pism.pl.

⁵⁰ 'Security and freedom of navigation in the Red Sea: Council launches EUNAVFOR ASPIDES', European Council, Council of the European Union, 19 February 2024, consilium.europa.eu.

region would prefer military operations to be conducted under NATO's flag, with Brussels contributing to their costs.

3. Funding

Funding EU missions and operations is a complex process. It is primarily based on direct contributions from participating countries – whether for missions, operations, or maintaining a battlegroup on standby – following the ‘costs lie where they fall’ principle. Civilian missions are financed through the EU budget, with €2.3 billion allocated for the 2021–2027 period. However, discussions are ongoing regarding the funding of multinational military missions and operations, as greater financial support could encourage more member states to participate. Since 2021, common costs – including part of the expenses for RDC exercises – have been covered by the EPF. A gradual reinterpretation of treaty provisions that prohibit the use of the EU budget for military initiatives could eventually lead to more funds being allocated directly from this fund. The definition of common costs itself is also a point of contention, as it covers only 5–10% of the total expenses of missions and operations, meaning that the overwhelming financial burden falls on the countries involved.

Challenges in funding the CSDP reflect a broader reluctance among some net contributors to increase the EU budget and align with broader efforts to curb its expenditures. Another key factor influencing the positions of member states – particularly those bordering Russia and Belarus – is the perception that missions and operations do not sufficiently align with their security interests. The EU's response to Russia's full-scale invasion of Ukraine – primarily the use of the EPF for military support to Kyiv and the launch of EUMAM Ukraine – offered an opportunity to change this dynamic. However, after initial enthusiasm, old disputes resurfaced.

Southern European EU member states have come to realise that financing military aid to Ukraine through the EPF undermines their own security priorities, while the so-called ‘frugal states’ prefer to support Kyiv

through bilateral cooperation. At the same time, the number of countries questioning the need for continued military deliveries to Ukraine is growing and includes Hungary, Slovakia and potentially Austria. While Brussels may decide to increase support for the defence industry and address military capability gaps within the EU, a significant rise in funding for missions and operations remains unlikely for now.

Externally, member states present a united front in their threat assessments, as reflected in the Strategic Compass. However, individual governments interpret these threats differently and set their own priorities accordingly. It is likely that actions deemed truly essential – such as rapid response initiatives or maritime operations – will continue to be conducted within coalitions of the willing, leaving the status of EU missions and operations largely unchanged. The EPF is also expected to gradually lose its role as the primary mechanism for covering the costs of military aid to Kyiv, as this will need to be restructured into a new format.

IV. PROSPECTS OF SUPPORT FOR THE EUROPEAN DEFENCE INDUSTRY

While the expansion of tools supporting the European defence sector is the most tangible achievement of the EU authorities in security policy within the 2019–2024 timeframe, efforts to further develop these tools and increase their effectiveness face significant challenges.

Firstly, it remains uncertain whether member states will agree to expand funding for these instruments to a level that would have a real impact on the growth of the defence industry and help it meet larger orders. Governments in many member states are still debating whether increased defence spending should come at the expense of social benefits or higher national debt. This is further complicated by discussions on the sources of funding for EU initiatives in this sector. Secondly, negotiations over each new support programme consistently raise controversies regarding access to funds when cooperating with third-country entities or using non-EU components. Thirdly, the results of funding allocations so far suggest a preference for directing resources to companies from the EU's largest member states, which have the most developed defence industries. If the goal of these initiatives is to adapt the sector to a deteriorating geopolitical environment and the growing needs of member states' armed forces, programme selection criteria will need to better reflect the requirements of the defence sector in countries particularly threatened by Russian activity – provided that they themselves invest in their military capabilities.

1. Problems with funds

Limited funding for existing programmes and the EDIP, which is set to run from 2025 to 2027, is constraining the ambitions of the EU institutions to advance the EDTIB support agenda and to thus gain influence over EU defence policy. Furthermore, the downward trend in military spending from 1990 to 2014, followed by a slow and insufficient increase

up to 2022, has led to the chronic underfunding of member states' armed forces and restricted EDTIB's production capacity. The industry remains dependent on small-scale orders for national militaries and export contracts. While the European Commission's aspirations from 2019 to 2024 were largely focused on identifying ways for the EU to bear the costs of defence industry development, its objectives for 2024-2029 go much further. They now include funding efforts to address military capability gaps and finance defence-related projects such as a European air defence shield and fortifications along the border with Russia (Eastern Shield).

Industrial policy will need to continue drawing from the EU budget, which renders it crucial to negotiate adequate funding in the next Multiannual Financial Framework for a new programme to support European defence companies, which will replace existing initiatives, including the EDIP planned for 2025-2027 (€1.5 billion). Meanwhile, filling member states' capability gaps and maintaining military aid to Ukraine require identifying short-, medium-, and long-term funding sources - especially given that the new US administration may be less willing to finance such efforts. This need is becoming increasingly pressing, as the use of the EPF for these purposes is facing growing obstacles. The additional financial support mechanisms for the development of military capabilities (the ReArm Europe package), presented by the European Commission in March 2025 as part of the so-called White Paper on the Future of European Defence, include the SAFE (Security Action for Europe) joint loan instrument, amounting to €150 billion as well as the utilisation of money from unused EU funds, such as the regional development fund, or the cohesion fund. The proposal for joint loans is a difficult and rather conservative compromise, aiming to reconcile the demands of those countries advocating for the issuance of common debt for defence purposes (France, Poland, Italy) with those of the frugal states (Germany, the Netherlands). Other ideas discussed by experts include:

- a separate EU ‘defence budget’, funded by member state contributions proportional to their GDP (similar to the EPF),⁵¹
- the issuance of joint military bonds, based on the precedent set by the post-pandemic recovery plan,⁵²
- new taxes, levies or fees.

The objective is to mobilise a substantial sum – up to €800 billion by 2030. These funds would be used to meet Ukraine’s long-term defence needs, close military capability gaps among member states, and to implement pan-European defence projects, such as an air defence shield. A potential defence budget would allow sceptical member states to opt out of participation. While the absence of neutral countries such as Austria, or of Hungary and Slovakia, would not pose a major obstacle, Germany’s potential refusal – driven by a reluctance towards additional financial transfers – could jeopardise the entire initiative. Moreover, even if political consensus were reached, the largest net contributors to the EU budget would likely seek to protect their own investment interests, which may not always align with the needs of the eastern flank. Nevertheless, allocating such an enormous sum to defence would in itself send a powerful deterrent signal to the EU’s rivals, particularly Moscow, especially given uncertainty over future US policies. It could also accelerate key security initiatives, including long-range strike capabilities, missile defence, and fortifications along the EU’s border with Russia and Belarus.

Some member states have also argued that increased military spending should be considered a justification for slowing down deficit reduction. In December 2023, EU finance ministers reached a compromise on reforming the Stability and Growth Pact. While fiscal discipline rules

⁵¹ P. Haroche, ‘[With Trump back, it’s time for a European defence budget](#)’, Euractiv, 20 November 2024, euractiv.com.

⁵² L. Scazzieri, S. Tordoir, ‘[European common debt: Is defence different?](#)’, Centre for European Reform, 5 November 2024, cer.eu.

were set to be reinstated after their suspension of a few years due to the COVID-19 pandemic, defence spending was, for the first time, recognised as an investment that could justify a slower reduction of deficits for countries under the excessive deficit procedure. Given the agreement's vague wording, the European Commission could interpret it with a great degree of flexibility.⁵³ It was only after the first moves by Donald Trump's administration – suggesting a potential reduction in US military involvement in Europe – that the Commission President proposed an 'escape clause' within the Stability and Growth Pact. This provision would allow increased military investment without triggering the excessive deficit procedure.⁵⁴ As of the time of writing, it remains unclear whether this clause would be general or country-specific, and how much discretion the commission would retain in applying it.⁵⁵

2. Buy European

For some member states – particularly those with well-developed defence industries, such as France – EU support for the sector serves as a way to encourage other countries to procure arms and military equipment produced within the EU, thereby limiting the competitive advantages of manufacturers from other continents, especially the United States. This explains the push for the narrowest possible definition of the European Defence Technological and Industrial Base to restrict access to EU funds for products from non-EU firms or those containing a high proportion of non-EU components. The European Commission supports this approach, as reflected in the EDIS objectives to intensify the joint procurement of

⁵³ *Presidency compromise text on Commission Proposal for a COUNCIL REGULATION amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure – General approach*, European Council, Council of the European Union, 8 December 2023, [consilium.europa.eu](https://www.consilium.europa.eu).

⁵⁴ 'Munich Security Conference 2025: President von der Leyen calls for a "more pragmatic, more focused, more determined Europe"', European Commission, 16 February 2025, ec.europa.eu.

⁵⁵ T. Møller-Nielsen, "We haven't heard anything": Von der Leyen's defence spending scheme bewilders diplomats', Euractiv, 18 February 2025, [euractiv.com](https://www.euractiv.com).

European arms and military equipment and increase member states' orders from EU manufacturers. Beyond the goal of strengthening the European defence sector, the ability to exercise full control over weapon systems, particularly in terms of export licenses, is another key argument. The case of military aid to Ukraine illustrates the potential for third-party producers to block equipment transfers to allies (as seen with Swiss-made ammunition) or to impose strict usage restrictions, as in the case of Storm Shadow cruise missiles and US-imposed limits on striking targets inside Russia.

Opponents of an overly restrictive definition of EDTIB argue that, given the tense international situation, capability gaps must be addressed as quickly as possible. European manufacturers cannot match their American or Asian competitors in delivering large quantities of weapons on short notice. The high cost of defence equipment produced in Western Europe is another important factor. There are also arguments in favour of prioritising the transatlantic alliance and maximising interoperability with the US armed forces. Some even advocate for a 'transatlantic defence technological and industrial base', an idea strongly opposed by the most protectionist EU countries. Moreover, some of the military equipment urgently needed by European armies – such as modern tanks – only exists in Europe at the planning stage, as with the MGCS project. This leaves member states with two choices: either restrict their purchases and wait for European systems to become available, as France has opted to do, or procure from non-European manufacturers, as Poland and Romania have done. Finally, some economists warn against the risks of excessive protectionism in the European defence sector. The use of foreign-made components is standard practice in modern industry and significantly reduces costs. Strict protectionist measures – such as excluding defence manufacturers which use non-EU components from EU funding – could slow scientific and technological progress and reduce the overall quality of European military equipment.

Negotiations on this issue are currently underway as part of the EDIP regulation. Proposals include setting a maximum threshold for non-EU components in products eligible for funding, a measure opposed by countries that advocate for cooperation with partners from the US and Asia. Meanwhile, the need to attract foreign defence investment and technology to the EU remains a rarely discussed aspect of the debate.

3. Inclusiveness of support programmes

According to data covering the period up to 2022, funding from the EDF – the support programme for the EDTIB with the largest budget to date – primarily went to companies from France, Italy, Germany and Spain. Together with the Nordic countries, Belgium, and the Netherlands, they absorbed 80% of the grants.⁵⁶ The level of EU funding used by Polish research centres and defence companies to support the EDTIB remains unsatisfactory. The total amount of grants allocated to them cannot be determined from publicly available sources, except for the PADR programme, where Poland received approximately 3% of available funds, and ASAP, where its share was only 0.4%. Under the EDF, Polish entities typically participate in projects with lower funding or as part of large consortia with dozens of partners.⁵⁷

The fact that only €2 million out of the €500 million ASAP programme was allocated to Poland sparked public controversy, as political expectations and the needs of the Polish Armed Forces were significantly higher. The EDIRPA programme was also a disappointment for Poland. This country submitted the Piorun man-portable air defence system, which had proven highly effective in Ukraine. Lithuania, Latvia, and Norway joined Poland in a joint procurement bid for the system. However,

⁵⁶ *European Defence Fund*, Open Security Data Europe, opensecuritydata.eu. See also *Value for Money? Denmark's Participation in the European Defence Fund (EDF)*, Terma, May 2024, terma.com.

⁵⁷ J. Gotkowska, Ł. Maślanka, 'Nowa Komisja Europejska, nowe ambicje zbrojeniowe', Rzeczpospolita, 31 October 2024, rp.pl.

despite scoring only slightly lower than France's Mistral very short-range missile system, the entire €60 million in funding for this category was awarded to the French system. Among short- and medium-range air defence systems, Germany's IRIS-T system received funding.

The projects selected under the EDIRPA programme illustrate a clear trend: funding is allocated not to the states most in need due to external threats but rather to those with the largest defence industries. In the long run, this could create a political problem for the European Commission, as countries that do not see these programmes serving their security interests may become less willing to support new EDTIB initiatives or to allocate additional funding for them. This method of fund distribution also discourages new member states from aligning with the commission's policy of prioritising the European defence industry.

It would therefore be beneficial to recalibrate funding to support the joint (and potentially national) procurement of capabilities identified by NATO as deficient. This should include systems already planned under national military modernisation programmes and those essential for implementing the NATO's regional defence plans. Key areas include air defence systems, electronic warfare capabilities, and unmanned systems. Additionally, the member states that invest the most in security and are geographically closest to sources of threat should receive additional points in funding competitions.

The latter would be particularly difficult to implement. Granting priority to countries under the greatest threat of Russia's aggressive policies and those with the highest defence spending relative to GDP could provoke resistance from the current major beneficiaries of EDTIB support – especially if funding for these programmes were to increase significantly.

V. THE FUTURE OF EU-NATO RELATIONS

Although formalised cooperation between the EU and NATO dates back to the early 2000s, it gained greater significance after Russia's annexation of Crimea and the outbreak of war in the Donbas. The framework of this cooperation is determined by three joint declarations (dated 2016, 2018 and 2023) and is referenced in both the strategic documents of both organisations – the EU's Strategic Compass and NATO's Strategic Concept. A major development in this context was the accession of two previously non-aligned EU countries, Sweden and Finland, to NATO in response to Russia's full-scale invasion of Ukraine. As a result, 23 EU member states are now part of the alliance, which currently has 32 members.

The EU's Strategic Compass designates NATO as a key actor for Euro-Atlantic security and calls for political dialogue and cooperation in intelligence sharing, crisis management operations, capability development, military mobility, maritime security and countering hybrid threats. Closer ties should be reflected in regular meetings – including at the level of permanent representatives to both organisations – and joint exercises.⁵⁸ Meanwhile, NATO's Strategic Concept (2022) refers to the EU as a “unique and essential” partner, highlighting their shared values and “complementary, coherent, and mutually reinforcing” roles in supporting international peace and security.⁵⁹

Despite assurances from the NATO and EU leaderships on the need for cooperation, these commitments have yet to translate into daily practice. One tangible outcome of their repeated pledges is the so-called ‘structured dialogue’ between the two organisations.⁶⁰ However, its conclusions are not binding, largely due to opposition from certain states – Turkey within NATO, and Cyprus, occasionally alongside France, within

⁵⁸ *A Strategic Compass for Security and Defence*, op. cit., p. 11.

⁵⁹ *NATO 2022 Strategic Concept*, NATO, 29 June 2022, nato.int.

⁶⁰ It covers issues related to military mobility, resilience, new technologies, climate, defence, the defence and space industries, and cybersecurity.

the EU. NATO also remains sceptical about the EU's plans to expand its own command structures and establish certification mechanisms for arms and military equipment.

The prevailing rhetorical consensus in recent years, framing EU defence efforts as the 'European pillar of NATO', masks numerous unresolved disputes over specific issues. Ongoing EU debates on funding defence projects and the arms industry, along with the appointment of Baltic representatives as Commissioner for Defence and High Representative for Foreign Affairs and Security Policy, offer hope for a clearer division of competences between the two organisations, which could potentially ease future tensions. However, obstacles to a more harmonious coexistence could arise from challenges in relations with Donald Trump's administration in the US and attempts by some EU member states to use these tensions to push forward the 'sovereign Europe' agenda.

1. The EU as NATO's economic backbone

Enhancing the military capabilities of European countries is in the shared interest of the allies on both sides of the Atlantic. From Washington's perspective, it encourages the Europeans to take greater responsibility for their own security, allowing the US to focus on other challenges. In this context, the EU and its support policies for the EDTIB serve as a useful tool for the allies, helping them move closer to NATO's capability development goals. Against this backdrop, the European Commission President's political guidelines, which stress close cooperation with NATO in identifying European Projects of Common Interest (those eligible for funding under EDIP and a special off-budget fund that EU institutions aim to establish within the current MFF) should be seen as a step forwards.⁶¹ Von der Leyen specifically mentions air defence systems and cybersecurity initiatives. The selection of projects of this kind could be

⁶¹ U. von der Leyen, *Europe's Choice. Political Guidelines for the next European Commission 2024-2029*, op. cit., p. 14.

discussed at a structured NATO-EU dialogue meeting and formalised through an agreement.

However, the financial incentives for implementing these projects under the EU framework remain insufficient. As a result, some key initiatives for European military-technical capabilities – such as FCAS, MGCS, or the European long-range strike capability initiative – are likely to remain inter-state projects. To ensure alignment between EU security policy and NATO objectives, the EU should not only co-fund the production, procurement, and operation of specific defence products, but also continue and expand its support for critical NATO-related infrastructure projects, such as military mobility. Additionally, it should back efforts by the allies bordering Russia and Belarus to strengthen their defensive capabilities along the eastern frontier.

Another issue that could impact relations between NATO and the EU is the potential expansion of EU support mechanisms to include a transatlantic defence industrial base. This would allow American and British (or even Asian) companies manufacturing in the EU and supplying equipment to the member states' armed forces to benefit from funding. The Russian invasion of Ukraine, the need to meet NATO requirements, and the appointment of strongly transatlantic-orientated politicians to top EU positions should all favour such proposals. However, Trump's confrontational trade policy towards the EU and the protectionist stance of some member states could hinder their realisation.

A further area where the EU supports NATO's collective defence tasks is military mobility.⁶² The 2021–2027 MFF allocated €1.69 billion for this purpose, distributed through three competitive funding rounds supporting 95 projects across 21 countries to enhance dual-use transport infrastructure. Following Russia's invasion of Ukraine, the European Commission

⁶² *Military Mobility*, European External Action Service, March 2024, eeas.europa.eu.

introduced the Military Mobility Action Plan 2.0 (2022–2026)⁶³ expanding the range of initiatives to be implemented. However, despite this broader scope, funding increased only slightly – by approximately €50 million – mostly through reallocations from other programmes. The document also includes measures which are cost-free for the EU, such as simplifying transport procedures within member states. Another objective is to improve communication and coordination between the EU and NATO through regular staff-level consultations. The Strategic Compass also calls for joint military mobility exercises between the two organisations.⁶⁴

Countering hybrid threats is another declared area of cooperation. According to the Strategic Compass, EU member states are working to develop response mechanisms to actions of this kind directed against them, known as the EU Hybrid Toolbox. One of these tools is the EU Hybrid Rapid Response Team, established in 2024, which resembles NATO’s Counter Hybrid Support Teams (CHST)⁶⁵ operational since 2018. The EU has also replicated other NATO structures in this domain – for example, the EU Hybrid Fusion Cell performs functions similar to NATO’s Hybrid Analysis Branch within the Joint Intelligence and Security Division.⁶⁶ Despite these overlaps, cooperation between the two organisations in this field has been relatively smooth. Unlike NATO, the EU has the authority to impose sanctions on states and entities engaged in harmful hybrid activities. As a military alliance, NATO, on the other hand, can decide to launch preventive military operations (such as in response to threats to maritime infrastructure or along the border between an ally and a hostile state) or to deploy advisory teams.

⁶³ *Action plan on military mobility 2.0*, European Commission, 10 November 2022, defence-industry-space.ec.europa.eu.

⁶⁴ *A Strategic Compass for Security and Defence*, *op. cit.*, p. 54.

⁶⁵ F. Bryjka, ‘Tracing the Development of EU Capabilities to Counter Hybrid Threats’, *op. cit.*

⁶⁶ P. Szymański, ‘Towards greater resilience: NATO and the EU on hybrid threats’, *OSW Commentary*, no. 328, 24 April 2020, osw.waw.pl.

2. The risk of capability duplication

The EU should also cooperate more closely with NATO in deploying joint capabilities, particularly in the development and operation of the Rapid Deployment Capacity. The governments of many EU member states prioritise their engagement in NATO due to its role in collective defence, while allocating additional resources specifically for the EU is often technically unfeasible.

Close cooperation with NATO in establishing a European rapid response capability within the alliance's new Allied Reaction Force (ARF) would be an alternative to the EU independently implementing the RDC. This approach would help avoid the duplication of structures and resolve the issue of resource allocation. By integrating the RDC as part of Europe's contribution to the ARF, the initiative would align with transatlantic commitments to developing a European pillar of NATO. The use of NATO capabilities – particularly in strategic planning – for EU operations is already provided for under the Berlin Plus agreement of 2002.

The expansion of EU command structures also raises concerns – not only due to the risk of duplicating national and NATO command systems but also because of the limited number of adequately trained officers available to staff both. The implementation of the Strategic Compass currently envisions a significant increase in personnel at the Military Planning and Conduct Capability (MPCC) and greater involvement in costly annual exercises. However, it would be advisable to maintain the MPCC's role as a planning and operational command unit for the EU's external missions and operations (overseeing the deployment of the RDC in a limited number of scenarios) rather than transforming it into a full-fledged military headquarters, as some member states are calling for. Provisions limiting the ambitions for expanding EU intervention capabilities and partially aligning them with NATO's efforts in this area could be included in the Strategic Compass update in 2025. However, this approach may face resistance from EU institutions and certain European political groupings eager to enhance the EU's independent military role.