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ReArming Europe: What is the current state of affairs?

With the aim to build up deterrence and defence forces adapted to new global realities, defence spending in EU member states has doubled since 2022. This European Policy Analysis takes stock of the current rearmament efforts with a focus on the EU's financial and political role. A key takeaway is the need to adapt decision-making to the security challenge facing Europe.

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Table of Contents

Summary

Defence spending in EU member states has doubled since the Russian large-scale invasion of Ukraine in 2022, with much of the money being invested in the production of defence materiel. The aim is to produce the so-called 'critical military capabilities' needed to build up deterrence and defence forces adjusted to the new threat and to a potential reduction of American conventional forces in Europe.

But will investments produce the required capabilities or risk being scattered inefficiently instead? It is still early to pass a firm judgement on the matter, but it is safe to say that political decision-making and defence planning are not up to the urgency of the task. It is difficult to imagine a homogeneous and centralized function that can steer financial resources toward prioritized capabilities, but changes to the current state of affairs are needed.

This European Policy Analysis focuses on the EU's role, both financially and politically, in the overall effort. A total of 150 billion euros are going to be spent on joint procurement until 2030 through the SAFE regulation, setting the pattern for the EU's next long-term budget. Driving and inhibiting forces marking rearmament are identified and the political discussion on institutional realignment is reflected.

About the author

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The opinions expressed in this publication are those of the author.

1. Introduction

The ambition of Europe in taking on greater responsibility for its own security, including that of Ukraine, has set off a massive European rearmament. While progressing, it is an uneven process, marred by inefficiencies. Much of that is to be expected, but attempts to introduce more efficiency are urgent in view of a security situation marked by regional war in Europe and the need to make up for a potential reduction in American conventional forces.

The EU-specific financial contribution amounts to about a third of the total defence investments made by member states, with the rest being spent nationally or through bilateral and multilateral cooperation. The EU contribution consists primarily of resources allocated in the current long-term Multiannual Financial Framework (MFF) budget of some 10 billion euros, now largely spent, the 1.5 billion euros of the European Defence Industrial Programme (EDIP) regulation, meant to bridge the gap to the next MFF (2028–2035), and the Security Action for Europe (SAFE) regulation of 150 billion euros, allowing member states to borrow against the security of the EU budget. It should be noted in this context that 60 billion euros out of the 90 billion euro EU loan approved for Ukraine could be spent on defence materiel.

The goal is to contribute to the closing of the so-called 'critical military capability gaps', as identified by NATO and replicated by the EU. Much of the EU effort is aimed at attenuating the fragmentation of the European defence industry through common research, development, and procurement, thereby incentivizing investments and the ramping up of production capacity, currently the main constraint on European rearmament.

'Much of the EU effort is aimed at attenuating the fragmentation of the European defence industry …'

While it is too early to assess the effect of European rearmament in terms of output, i.e. the production of critical military capabilities, some reflections can be made about the driving and inhibiting forces marking the European rearmament effort. The EU's role will be the focus of this analysis, based in part on interviews at EU institutions and national EU representations in Brussels.[1]

2. Security drivers

The Russian invasion of eastern Ukraine in 2014 prompted an increase in defence spending, making Europe in 2017 the fastest-growing region in the world in terms of defence spending. However, it was the large-scale Russian invasion of Ukraine in 2022 that spurred the massive increase in spending by member states from 218 billion euros in 2021 to 392 billion euros in 2025. Germany stands out with 95 billion euros, accounting for a quarter of all European defence-spending growth and making it the fourth global spender.

The overall trend was reinforced by American demands for NATO members to devote 5% of GDP to defence (3.5% for core military capabilities and 1.5% for resilience, infrastructure and innovation) by 2035 as a precondition for continued US engagement in NATO. The linkage has been there since the inception of the Alliance, standing at 3% of GDP in the mid 80s. Fulfilling the promise to spend 5% on defence by 2035 will require an additional 288 billion euros a year.

In terms of the overall consequences for European economies, the spending spree is likely to have an initial stimulating effect, reducing the levels of unemployment, including in Germany, which was caused by the crisis in the auto industry. It will, however, also crowd out investments in other sectors of societal need and put pressure on indebted economies.

[1] Semi-structured background interviews were conducted in November 2025. The author is deeply grateful to civil servants who took the time to share their knowledge and information.

The surge in European defence spending cannot measure the transformation of the Russian economy into a war economy, with 7.3% of Russian GDP and 40% of its budget spent on defence in 2025. However, that is neither desirable nor realistic at this point in time. A militarized economy may in a shorter time perspective churn out more defence materiel, but it comes at the cost of suffocating other parts of the economy and causing long-term damage to its health. The Russian society and economy that will emerge from the war is likely to weigh heavily on Russia's future.

3. More money than production capacity

A major impediment in the short term is that the sums allocated exceed production capacity, including bottlenecks, and access to skilled labour. This holds true for Europe but also for the US – for example, in the production of essential defence materiel such as the Patriot missile. In the longer term, current investments should ramp up production capacity as investors are provided with assurance regarding long-term public financing of defence, thereby encouraging them to take on more risks.

'A major impediment in the short term is that the sums allocated exceed production capacity ...'

In the short term, the fact that there is more money than production capacity means that the former may be chasing bad projects and result in increased prices. The EU's experience from the Covid pandemic has influenced its current efforts to stimulate common procurement as a way of reducing the risk of member states competing for the same limited resources. This is also a way of aggregating demand and creating economies of scale that can contribute to increased production. The monitoring of security of supply also forms part of the practice. The institutional innovations gained from the Covid pandemic resonate throughout the EU's defence investments, from the 800 million euros disbursed through the Act in Support of Ammunition Production (ASAP) and the European Defence Industry Reinforcement through common Procurement Act (EDIRPA) in support of Ukraine, to the Commission's White Paper for European Defence Readiness 2030 and ReArm Europe Plan/ Readiness 2030 launched in 2025. SAFE forms part of the Plan, with the rest of the amount corresponding to potential defence investments made possible by relaxed budget rules and the use of cohesion funds.

The allocation of public money through the EU as a means of drawing in more public and private money is a well-established EU practice that has also proven its worth for defence. The 800 million euros invested in EDIRPA and ASAP stimulated some 12 billion euros of public and private investment and contributed to the ramping up of the European artillery grenade production capacity from the pre-war level of some 100,000 grenades a year to the current two million. While this is just one of the prioritized military capability goals, albeit key for Ukraine, it is hoped that SAFE will have a similar effect of meeting other capability goals. This is a matter to which we shall turn in the following.

4. Broad capability gaps and short timelines

According to the EU's Defence Readiness Roadmap 2030, the goal of increased investment is to ensure:

> ... that Europe has the full spectrum capabilities needed to deter any aggression and to defend its borders by land, air and sea, as well as its networks and assets in cyber and outer space.

The proposed way of doing so is to close the so-called 'critical capability gaps', as identified by NATO and based on operational planning for territorial defence, replicated by the EU White Paper for European Defence Readiness 2030:

> Air and missile defence, artillery systems, ammunitions and missiles, drones and counter-drone systems, military mobility, AI, quantum, cyber & electronic warfare, strategic enablers and critical infrastructure protection.

Before continuing, it should be noted that military capabilities alone do not equal complete deterrence and defence forces. Personnel to field ground forces, in short supply, and command and control structures are examples of other essential components, but they are outside the remit of this study, which focuses on the EU's contribution.

'... military capabilities alone do not equal complete deterrence and defence forces.'

Observers in Brussels point to several impediments to an efficient realization of the goals stated above – one being that capabilities are too broadly defined, another that a more realistic time frame would be 2035 rather than 2030, the year when SAFE is set to expire. Financial resources beyond 2030 remain uncertain as negotiations for the next MFF (2028–2034) have just started. Roughly half of the 125 billion euros earmarked for resilience and security, and the defence industry and space, in the Commission's proposal for a European Competitiveness Fund (ECF) can be related to defence proper.

This analysis initially stated that it is difficult to assess actual output, since we are at an early stage of the process. The 5% spending goal for NATO was established in 2025, the year in which regional defence plans related to the build-up of territorial defence were established. The actual disbursal of SAFE's 150 billion euros requires the green light from the European Council in March 2026. The average delivery times after procurement have been calculated as three years, meaning that procurement must occur in the next two years if the 2030 goal is to be achieved.

Attempts at assessing output have been made by various research institutes, one noting progress and reaching the somewhat optimistic conclusion that traditional systems can be filled, but modernization and access to strategic enablers such as space, all-domain intelligence, surveillance and reconnaissance assets will be essential.

The critical military capabilities identified by NATO correspond to the need to build up territorial defence but do not fully reflect demands to replace American conventional capabilities in case some of them are removed from Europe, or as stated in the new American National Defense Strategy: Restoring Peace through Strength for a New Golden Age for America, issued by the Department of War (DoW):

> Russia will remain a persistent but manageable threat to NATO's eastern members for the foreseeable future ... Europe taking primary responsibility for its own conventional defense is the answer to the security threats it faces ...
>
> The Department will therefore incentivize and enable NATO allies to take primary responsibility for Europe's conventional defense with critical but more limited U.S. support. Central to this effort, DoW will work closely with our allies to ensure that they deliver on the defense spending pledge that they made at the Hague Summit. We will also seek to leverage NATO processes in support of these goals, while also working to expand transatlantic defense industrial cooperation and reduce defense trade barriers in order to maximize our collective ability to produce forces required to achieve U.S. and allied defense objectives.

Several studies have assessed the demands and the European ability to meet them. The magnitude of the effort would obviously depend on the time for transition given by the Americans. This section started out by stating that the short-term problem is less production capacity than money, but that the situation is expected to ease over time as investments are coming through. It should, however, be underlined that even with a benign American approach to a transition in terms of timelines and conditions, the replacement of US conventional capabilities assigned to the Euro-Atlantic theatre, a potential if less likely scenario, will require massive investments sustained over time, or one trillion dollars over a decade, according to the assessment of the International Institute of Strategic Studies (IISS).

5. A fragmented defence industry?

Overcoming the fragmented European defence industry and reinforcing the so-called 'EU Defence, Technological and Industrial Base (EDTIB)' is a long-term EU goal and was one of the reasons for creating, in 2004, the intergovernmental European Defence Agency (EDA), which was tasked in 2024 with being a demand aggregator. Mario Draghi, in his report, described the defence landscape as:

> … populated by national players operating in relatively small domestic markets, thereby impeding the creation of scale, leading to the lack of standardisation and interoperability of the equipment.

Draghi's diagnosis is widely shared but also questioned both from analytical and political angles. The 'Defence Industrial Outlook 2025' report published by the Swedish Defence Research Agency (FOI) argues that the picture of fragmentation is more nuanced than often assumed:

'… the picture of fragmentation is more nuanced than often assumed.'

> Some equipment categories are highly integrated, with multinational European systems being widespread in all air categories, for example. In other categories, such as main battle tanks, the trend is one of convergence towards single-nation European systems … There is the expected split between small and large European countries, with the larger countries more often developing their own equipment, and with the stocks of large countries often driving integration at the macro scale … fragmentation today is often attributed to legacy systems and varying national requirements, rather than purely current industrial conditions, including present production capacity.

The analysis highlights the general need for better data underpinning policy prescriptions for rearmament and proposes a change in methodology:

> In all, it may in the future be more appropriate to focus on production capacity and the number of current and planned production lines and capacities in the various segments (land, maritime, and air) explored in this report, rather than solely on existing material stocks, in order to better assess the degree of fragmentation and integration within Europe … An important question … is the extent to which integration in terms of equipment models matters compared to *standardisation*. Across all domains, there are gains to be made from straightforward interoperability even if different countries procure different equipment.

While most governments favour cooperation in principle, the case is often made for the need to secure sovereign control over core functions of nation states, including the security of supply, the wish to secure business opportunities, and the potential negative effects of too much consolidation leading to a lack of competition. A lack of trust in the efficiency of coordination is sometimes evoked, based on the experience of cumbersome processes, delayed deliveries or, simply, the difficulty of harmonizing conflicting national interests – as proven, for example, by the difficulty of France and Germany joining forces in producing the next generation of fighter aircraft, the Future Combat Air System (FCAS).

6. SAFE – an instrument for overcoming fragmentation

After having noted some critical remarks regarding the state and cause of fragmentation, as well as the need and ways to overcome it, we shall now turn to the EU's effort to do exactly that.

The EU has tried for a long time to stimulate defence cooperation through projects such as Permanent Structured Cooperation (PESCO), including for research and development with the help of the European Defence Fund (EDF), a part of MFF. It is hoped that the SAFE regulation, encompassing 150 billion euros, will further contribute to increasing cooperation by conditioning access to SAFE to the joint applications of at least two member states. The goal is set to increase the current level of joint procurement from 19% to 40% by 2027.

The Commission created a Special Group to coordinate with national representatives, the European External Action Service (EEAS) and the EDA. Civil servants from the Directorate General Defence, Industry and Space (DG DEFIS) have toured applying member states in an effort to get them to coordinate their demands into larger and more cohesive projects. A leaner procurement process and Value Added Tax (VAT) exemption provide additional incentives.

'The EU has tried for a long time to stimulate defence cooperation ...'

The buy-in has been rapid, causing Commission President Ursula von der Leyen to float the idea of replicating the programme. SAFE attracted countries benefitting from lower borrowing costs than they would otherwise have obtained on the financial market. Applicants submitted plans indicating products to buy and countries to cooperate with, as well as evidence of how the procurement would strengthen EDTIB and ensure security of supply. Acquisitions could be used nationally or given to Ukraine. By 31 January, DG DEFIS had approved plans submitted by 12 member states. Among the main beneficiaries were Poland, Romania, Hungary, France, Italy, Bulgaria, Lithuania and Latvia. A Council decision on the matter is expected in March.

7. Institutional frictions

DG DEFIS officials underline that the Commission does not do operational planning but limits its role to focusing investment on a more efficient manner of procuring materiel necessary for closing critical capability caps. However, the way of doing so ignites familiar tensions between the Commission and some member states, particularly those with a sizeable defence industry, whose order books are filled and which are therefore less prone to submit defence industrial interests to community discipline.

The Commission had been asked by the European Council in June 2025 to present a roadmap for the implementation of the White Paper for European Defence Readiness 2030 and did so at the October 2025 meeting of the European Council in the form of the Defence Readiness Roadmap 2030 ('Roadmap' hereafter). The closing of the priority capability gaps quoted earlier in this report is central to this. In addition, the Roadmap suggests the launching of four flagship projects: the European Drone Defence Initiative, the Eastern Flank Watch, the European Air Shield and the European Space Shield.

Member states remaining outside SAFE, such as Germany and Sweden, enjoying favourable access to financial markets and sharing a reluctance toward common EU debt have nevertheless manifested interest in joining and leading capability coalitions formed to cover the shortfalls, as called for in the Roadmap. After some initial squabbling between the

Commission and member states regarding the leadership for the capability coalitions, it was secured by the latter. The Netherlands leads the European Drone Initiative and Germany the European Air Shield, similarly to a project launched previously in NATO. Concrete projects are expected to be proposed during the first half of 2026.

The Roadmap initially ran into some objections, focusing, on the one hand, on the feasibility of some of the proposed flagships, and on the other on the role of the Commission. Germany, France and Hungary were among the critical member states. A French official pointedly noted that 'countries are organizing themselves intergovernmentally and through the NATO process'.

General objections were aired regarding the perceived 'fancy public framing' by the Commission of supposedly unrealistic projects such as the 'Drone Wall'. Observers note that it is impossible to distinguish between missiles, drones and air defence, which are all part of an integrated system. Another difficulty is the need to coordinate among many different authorities, both military and civilian. No member state has yet managed to produce a drone-proof system. Officials at DG DEFIS note defensively that the Council had asked the Commission for a roadmap and should not be surprised that one was presented. And while the construction of defence against drones is a complicated task, the need is there and should be addressed.

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Poland and the Baltic states – all frontline states – favoured the proposal and came back in view of the December European Council 2025 in the form of the 'Eastern Flank Summit' held in Helsinki, featuring Finland, Sweden, Poland, Estonia, Latvia, Lithuania, Romania and Bulgaria. In a joint declaration, they stated their support for the Roadmap and in particular the proposed 'Eastern Flank Watch' flagship. Council conclusions from the December European Council welcome defence initiatives such as the Roadmap and the Eastern Flank Summit.

8. An enhanced role for the Commission

One specific aspect of the Roadmap drew the ire of some member states – the proposed role for the Commission in collecting data on the EU's defence industrial capacity in the priority capability areas from member states, in the preparation of an Annual Defence Readiness Report to be presented to the yearly October European Council. It was suggested that the Report, building on the classified overview of member states' capabilities and objectives carried out by the EU Military Staff (EUMS), would provide an update on progress across key indicators identified as:

> EU27 defence industry contribution to EU GDP percentage; share of workers in EU27 defence industry, including new jobs created annually; share of new or expanded defence production facilities, the implementation of EU programmes support to innovation in defence, the number of defence related patents registered in the EU, the number of start-ups created and the number of unicorns in the defence sector ... Commission ... (will) ... present an overview of the industrial capacity ramp up needed to ensure reliable supply for the agreed capability areas – starting by mid-2026.

To some member states, this represented a 'power grab' by the Commission, incompatible with the Treaties. This proposition was adamantly rejected by Commission officials, arguing that they were acting solely in the security interests of member states.

A process towards a further integration of defence data is also evident in NATO in the form of its Defence Industrial Production Board (DPAP), in which allies will share information on requirements, defence industrial plans, legislative changes and production rates. Joint procurement is also promoted in NATO, but without possessing the financial incentive and regulatory power of the EU for doing so.

The suggested Annual Defence Readiness Report itself represented a watered-down version of the 'defence semester' proposed by von der Leyen in her State of the Union address in September 2025. Later, in internal Commission deliberations, it was deemed to be too intrusive on member states. In the end, the EDA was given prime responsibility for elaborating the Report, albeit in cooperation with the Commission and the High Representative/Vice President (HR/VP). For some observers in Brussels, this means that the Report is likely to be less demanding and efficient, reflecting the interest of some member states with a strong position in the EDA.

While it is too early to assess the efficiency of the EU-specific defence investments in improved capabilities, an issue to which we shall soon return, it is safe to state that the role of the Commission in doing so is growing, building on the accumulated experience of crisis management from Covid to the large-scale Russian invasion of Ukraine. Common to several of the defence initiatives is the use of Article 122 TFEU, which allows for the introduction of qualitative majority voting (QMV) and excludes the Parliament. Article 173 TFEU provides the legal basis for EU industrial policy and thereby the EDF. This enables defence cooperation to steer clear of the 'morass' of unanimity, as an observer in the Commission puts it.

In accordance with the European Defence Industrial Strategy (EDIS) launched in 2023, the Commission can act as a central purchasing power for member states through the Structures for European Armaments Programme (SEAP) mechanism, thereby enjoying VAT exemption. A European Defence Industrial Readiness Board is proposed, acting as a joint programming and procurement function. The Board is chaired by the Commission and consists of member states and associated countries, with Ukraine being singled out as a central and prioritized member of the EU's defence programmes. Building on the EU's New Industrial Strategy launched in 2020, European Defence Projects of Common Interest (EDPCI) can be identified, benefitting from relaxed state aid rules. Many of EDIS's proposals were enshrined in the EDIP regulation, enacted in 2026, setting the pattern for the next MFF.

9. Producing and buying European – a reinforced trend

'The combination of more supranational elements and the proliferation of asymmetric multilateral formations reflect the EU's ability to adjust to extraordinary internal and external pressures.'

As noted above, defence cooperation includes a growing web of supranational elements. They do, however, coexist with expanding frameworks for cooperation with non-EU members in asymmetric formations and internal formations aimed at circumventing obstructing members or allowing for structured cooperation. The combination of more supranational elements and the proliferation of asymmetric multilateral formations reflect the EU's ability to adjust to extraordinary internal and external pressures. It also raises the question, however, of how much flexibility the EU can manage.

Inside the EU fence we find member states, plus countries of the European Free Trade Association that are members of the European Economic Area ('EEA EFTA States') and Ukraine, that have direct and non-conditional access to EU funds. Ukraine produces about 60% of its defence materiel and is perceived as an innovative hub for Europe as a whole. Third countries can participate if they sign a Security and Defence Partnership with the EU and an administrative arrangement defining terms and conditions. Canada, South Korea, Türkiye and the UK have all signed partnership agreements. Canada concluded a deal with the EU in December 2025, while negotiations with the UK, the most potent potential participant, initially stalled over the requested entry fee; however, negotiations resumed in February 2026 and were expected to be concluded in view of the upcoming EU–UK summit.

The value of third country components of the final product must not exceed 35% according to the SAFE regulation – another impediment to UK participation. For products under category two of the regulation, the so-called 'design authority' must reside in, or be transferred to, the EU – a condition that precludes US participation due to US ITAR export regulations. According to sources at DG DEFIS, the US has not stated any interest in joining SAFE. It was expected that the regulation would incentivize foreign direct investments (FDI) in Europe, with international arms producers wanting to locate production inside the EU area.

'The value of third country components of the final product must not exceed 35% according to the SAFE regulation ...'

East European nations had traditionally procured US defence materiel in the hope that this would reinforce the US security commitment to their country. Shortly after the full-scale Russian intervention in Ukraine, most of the European defence materiel was procured from non-European manufacturers in the US, South Korea, Israel and Brazil, all harbouring larger stocks than the Europeans and readily available off the shelves.

However, the SAFE regulation reinforced a trend already under way towards 'buying European', as 53% of European procurement between 2022 and 2024 was allocated to European firms, 36% to US equipment and the rest to other countries, including South Korea, Israel and Brazil. The US share mainly reflected the dominance of the US aerospace industry and the lack of a European alternative to the F-35 Joint Strike Fighter. The European trend was expected to be further reinforced with increased defence expenditure and the ramping up of defence industrial capacity.

We have discussed the conditions for third countries in accessing financial resources allocated through the MFF, or as beneficiaries of loans mobilized against the security of the EU budget. However, another process of importance for this matter is the review of the Public Procurement Directive, mentioned in the Roadmap as part of the stated ambition to create a genuine EU-wide market for defence equipment. The revision forms part of the Commission's 'Industrial Accelerator Act', which prioritizes European production in public contracts for defence, digital and industrial sectors. Perceived by some member states as a necessary defensive move against predatory competition from China and the US, and a way of promoting onshoring, others pushed back against what they interpreted as protectionist moves against non-European partners.

10. A disjointed and inefficient defence planning process

Rebuilding deterrence and defence in Europe in response to Russian aggression is a daunting task. Doing so while simultaneously replacing US conventional forces adds another layer of complexity. The definition of the magnitude of the threat and the time frame given to replace American conventional capabilities is therefore a moving target in need of constant adjustments. Calibrating the required defence capabilities accordingly is a challenge for defence planners.

Before continuing, a brief background to the nature of defence planning should be given. Defence planning is used for different purposes: 1) to undertake force planning, i.e. to translate scenarios into requirements in terms of necessary resources. Force planning will inform: 2) plans for the conduct of military operations, often called operational planning and 3) decisions on cost-effective procurement of defence materiel.[2]

NATO has the prime responsibility for operational planning and defines the military capabilities needed to sustain it. The EU conducts operational planning for external crisis management operations, corresponding to the so-called 'Petersberg tasks' as defined in the Treaty of the European Union (TEU), and emulates NATO definitions of critical military capabilities as a baseline for procuring defence materiel. However, new layers of defence planning have been introduced, with many EU members participating in the coalition of the willing that is prepared to provide security guarantees for Ukraine.

'... new layers of defence planning have been introduced, with many EU members participating in the coalition of the willing that is prepared to provide security guarantees for Ukraine.'

The French Operational Headquarters (OHQ) Mont Valérian constitutes the OHQ for coordination and planning, complemented by bilateral US command and control, currently used in order to assist Ukraine with strategic intelligence and essential in case security guarantees for Ukraine are activated in the future. The EU's training mission EUMAM Ukraine, which fields 82,000 Ukrainian soldiers, has been coordinated by the EU's Military Planning and Conduct Capability (MPCC) and implemented by German and Polish command and control structures. Furthermore, EUMS has recently been given the green light to plan for 'the day after' a potential Ukraine peace agreement, which may lead to the redeployment of its training mission inside Ukraine.

These developments, parallel to traditional operational planning for territorial defence carried out by NATO, with the EU in a supporting role for defence material, have blurred the division of labour between the entities. The statement by Commission officials earlier in this text that DG DEFIS does not do operational planning but provides indirect support may be true for DG DEFIS but does not capture the full role of the EU. The emergence of hybrid threats, erasing the distinction between internal and external security, has added to the picture. So has the call for operationalizing the two solidarity clauses, Article 42 (7) TEU, covering armed attack, and Article 222 TFEU, for terrorism and natural catastrophes, in the so-called Niinistö Report 'Safer Together. Strengthening Europe's Civilian and Military Preparedness and Readiness'. Much of the substance of the report was later integrated into the EU Preparedness Union Strategy.

The need to operationalize Article 42 (7) TEU was further underlined by Commissioner President Ursula von der Leyen and Chancellor Friedrich Merz at the Munich Security Conference in February 2026, now in view of a changing relationship to the US but also against the promise to grant Ukraine membership in the EU.

Returning to the traditional division of labour between NATO and the EU, it is also important to note important differences in terms of methodology. Defence planning in NATO is intergovernmental in nature. Discipline is exercised through peer pressure in the context of the NATO Defence Planning Process (NDPP) and, ultimately, the conviction that showing solidarity is a prerequisite for getting some back in case of need. As mentioned earlier, defence planning in the EU is primarily carried out in support of defence acquisition meant to close military gaps. Discipline is promoted through financial incentives, although the extent to which SAFE will enable focused investments in critical capability gaps,

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2 Engberg, Katarina, 'The EU and Military Operations: A Comparative Analysis', Routledge, 2013.

themselves broadly defined, is unclear. This applies not only to investments made through the EU but to the general European rearmament effort. Or, as stated in an analysis by the Kiel Institute of World Economy (IFW) and Bruegel:

> … translating funding into concrete capabilities, and doing so with a systematic, forward-looking strategic, and operational plan, will be a real challenge.

As described earlier in this report, some member states have baulked at the Commission's attempt to introduce more discipline through the gathering of production data, although the trend in both the EU and NATO seems to favour this. Added to this picture should be the fact that national procurement processes are often marked by bureaucracy and the well-known phenomenon of 'gold plating', i.e. expanding rules and regulations beyond the necessary.

This section does not aim to exhaust the topic of defence planning, but rather to highlight examples of inefficiencies and energy leaks that characterize the current rearmament effort. No wonder, then, that calls for more executive power resonate in current debates on ways to improve efficiency.

11. Concluding remarks

'… calls for more executive power resonate in current debates on ways to improve efficiency.'

This text has analysed different components of inefficiency in the current rearmament of Europe: insufficient production capacity, a lack of firm data both regarding the state of fragmentation of the industry and actual output, institutional squabbling, a disjointed defence planning process and inefficient procurement processes.

Ultimately, the main constraint on European rearmament may, however, reside in the political inability to make focused and high-stake decisions over time, involving both costs and risks. Or, as stated in a study by the IISS:

> Europe's current procurement drive will likely result not only in improved inventories, but also in European procurement systems and defence industries being in a better position to deal with a crisis by the end of the decade. Significant improvement, however, will require sustained high-level political focus to properly embed change throughout organisations. Without this long-term support, European governments will fail to exploit their newly increased budgets to their fullest potential.

While this holds true for the overall rearmament effort, some remarks should be made regarding the EU. Continuous frictions between member states and the Commission hamper the evolution of a disciplined process more conducive to the urgency of the task. The balance of power underpinning European institutions cannot be replaced by a homogeneous structure, but institutional realignment seems necessary.

The point was underlined at the EDA's Annual Conference in Brussels held in late January 2026, or in the words of a prominent representative of the defence industry:

> We all agree on the objectives and ambitions, but the elephant in the room is still governance, structure and mandate … To succeed with such important projects it's important to take swift coordinating decisions on the highest political level … if the EU … (is) … serious about advancing defence integration – including through a competitive fund under the bloc's long-term budget, the Multiannual Financial Framework – new decision-making mechanisms would be unavoidable … national sovereignty continued to dominate defence policy and complicate collective action at EU level.

HR/VP Kaja Kallas evoked the experience of transforming Justice and Home Affairs (JHA) over time from a strictly member state competence to a communitarian one. She noticed that the EDA received a strong push at the December European Council, but added that the EDA needs to lead, not just facilitate; to act, not just advise. Calls for member states to step up to the authority they have requested were made.

The Commissioner for Defence and Space, Andrius Kubilius, has suggested the creation of a European Security Council (ESC), proposed by Angela Merkel and Emmanuel Macron in 2017, as a way of overcoming inefficiencies, while underlining that member states are leading, with the Commission in a supporting role. An ESC may not be the answer to introducing more efficient political decision-making, but the proposal highlights the need to adjust decision-making to the security challenge facing Europe.

Common among the proposals to enhance the EU's executive power is the call for defence ministers to meet more often and to play a central role, not only in matters related to defence materiel but in general strategic defence issues. Defence ministers continue to be subject to meetings of the Foreign Affairs Council (FAC), and their meetings in the format of the EDA's Steering Board are often swift 20-minute affairs at the end of ministerial meetings.

'... the proposal highlights the need to adjust decision-making to the security challenge facing Europe.'

The EU is under enormous pressure to become both more strategic and executive while preserving its democratic legitimacy. In the words of Commissioner President Ursula von der Leyen, the decisions made in the coming years will define Europe's destiny and global position for the next 50 years.

The jury is still out on the EU's ability to do so.