AFMUN

EUROPE PARLIAMENT

UNDER SECRETARY GENERAL
Yasemin Raithel

UNDER SECRETARY GENERAL
Mustafa Akca

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Letter from Under-Secretaries General

Honorable Members of the European Parliament, We, Yasemin Raithel and Mustafa Akca, welcome you to the European Parliament at AFMUN’26 as your Under-Secretaries General.

The European Parliament offers a procedural dynamic that is fundamentally different from traditional UN simulations. In this room, your primary responsibility is not to a single national government, but to your assigned political group and the European electorate it represents. Success in this committee requires balancing party discipline with national priorities, forming workable cross-party coalitions, and drafting legislation that can secure a clear majority on the floor.

We put this study guide together to establish the institutional framework, legal basis, and core points of contention surrounding our agenda. You should treat this document strictly as a starting point. The quality of our debate will depend directly on your independent research, your understanding of EU decision-making mechanisms, and your ability to bring concrete policy solutions to the floor.

If you have any questions regarding your research or committee preparations before the conference, feel free to reach out to us directly. We wish you an effective preparation period and look forward to the sessions ahead.

Sincerely,

Yasemin Raithel & Mustafa Akca

Under-Secretaries General responsible for the EUROPEAN PARLIAMENT

1. Introduction to the Committee: European Parliament

The European Parliament (EP) is the parliament of the European Union and one of the seven institutions of the EU. EU countries hold elections every five years to elect members of the European Parliament (MEPs). MEPs, along with the Council of the European Union (representing EU governments), amend and approve EU legislation. The Parliament and the Council also have to take decisions regarding the EU budget. The European Parliament also supervises other EU institutions, such as the European Commission. Members of Parliament also elect the President of the European Commission and play a key role in the scrutiny of Commissioners, as they are appointed through individual hearings. Later, they will decide whether to approve the College of Commissioners (how the 27 Commissioners are collectively referred to) through a vote of approval. To ensure transparency, the European Parliament collects a comprehensive set of statistics to track trends over time. They display current and historical data on national parties and political groups in the Parliament, such as the number of MEPs, the number of Member States, the number of political groups and parties, and the number of national delegations.[1]

The vast majority of EU legislation is adopted through the Ordinary Legislative Procedure (previously known as the "co-decision" procedure). This is the standard EU legislative decision-making process that gives equal weight to the European Parliament and the Council of the European Union (representing the EU Member States) with the Treaty of Lisbon.[2] It covers a wide range of areas including migration, energy, transportation, climate change, environment, consumer protection, and economic management. "Approval" is

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[1] "What Is the European Parliament? | News | European Parliament," *What Is the European Parliament?*, n.d., https://www.europarl.europa.eu/news/en/faq/18/what-is-the-european-parliament

[2] "Treaty of Lisbon," *Treaty of Lisbon*, n.d., https://www.europarl.europa.eu/about-parliament/en/in-the-past/the-parliament-and-the-treaties/treaty-of-lisbon

another decision-making procedure. This means that the Parliament's approval or consent is required for issues such as the accession of new EU member states and the EU's international trade agreements. The election of the European Commission occurs through the consensus procedure. The "consultation" method is applied in policy areas such as taxation, competition law, and the Common Foreign and Security Policy. *This method allows the Parliament to approve or reject a legislative proposal, as well as to propose amendments to it.* Although the Parliament's opinion is not binding on the Council, the Council must consult the Parliament and await its opinion before taking a decision. Otherwise, this would render the action unlawful and expose it to the risk of being annulled by the Court of Justice. Additionally, when the Council significantly amends a proposal, it must consult the Parliament again.[3]

Although it is within the Commission's authority to initiate new EU legislation, Parliament can take the initiative by requesting the Commission to submit a legislative proposal. When exercising the "legislative initiative," MPs may set a deadline for the proposal to be submitted. If the Commission rejects this, it must explain the reason. When adopting a new law, the Parliament and the Council may grant the Commission the authority to make minor additions or changes, such as technical annexes or updates; this authority may be exercised through delegated acts (which supplement or amend parts of the law) or implementing acts (which contain details on how the law is to be implemented). This way, the legislation can remain simple and up-to-date without the need for new negotiations.

MEPs may request the Commission to amend or withdraw implementation regulations if they come into force; however, the Commission has no legal obligation to do so.

[3] "What Is the European Parliament? | News | European Parliament."

Simplified OLP Description

1. The European Commission is submitting a legislative proposal to the European Parliament.
2. The European Parliament examines the Commission's proposal at first reading and may approve it without amendments or make amendments.
3. The Council may decide, upon initial review, to accept the Parliament's opinion; in this case, the legislative text is adopted, or it may amend the Parliament's opinion and send the proposal back to the Parliament for a second review.
4. The Parliament examines the Council's opinion and either approves the draft law, in which case it is enacted; rejects it, in which case the draft law does not come into effect and the entire process ends; or amends the proposal and sends it back to the Council for a second reading.
5. The Council examines the Parliament's second reading position and either approves all the Parliament's amendments, in which case the law is adopted, or does not approve all the amendments, which leads to the convening of a Conciliation Committee.
6. The Reconciliation Committee, consisting of an equal number of MPs and Council representatives, attempts to reach agreement on a common text. If an agreement cannot be reached, the legislative act does not enter into force and the procedure ends. If an agreement is reached on a common text, it is sent to the European Parliament and the Council for a third reading.
7. *Third Reading in the European Parliament and Council*
    a. In Parliament

    The European Parliament examines the common text and submits it for a vote in plenary session. It cannot change the wording of the common text. If it rejects it or takes no action on it, the bill is deemed not to have been adopted and the procedure ends. If approved by the Parliament and the Council, the law comes into force.

b. In Council

The Council reviews the common text. It cannot make changes to the text. If it rejects the text or takes no action on it, the law does not come into force and the procedure ends. If the text is approved and the Parliament also approves it, the law comes into force.[4]

[4] "Legislative Powers," *Legislative Powers*, n.d., https://www.europarl.europa.eu/about-parliament/en/parliaments-powers/legislative-powers

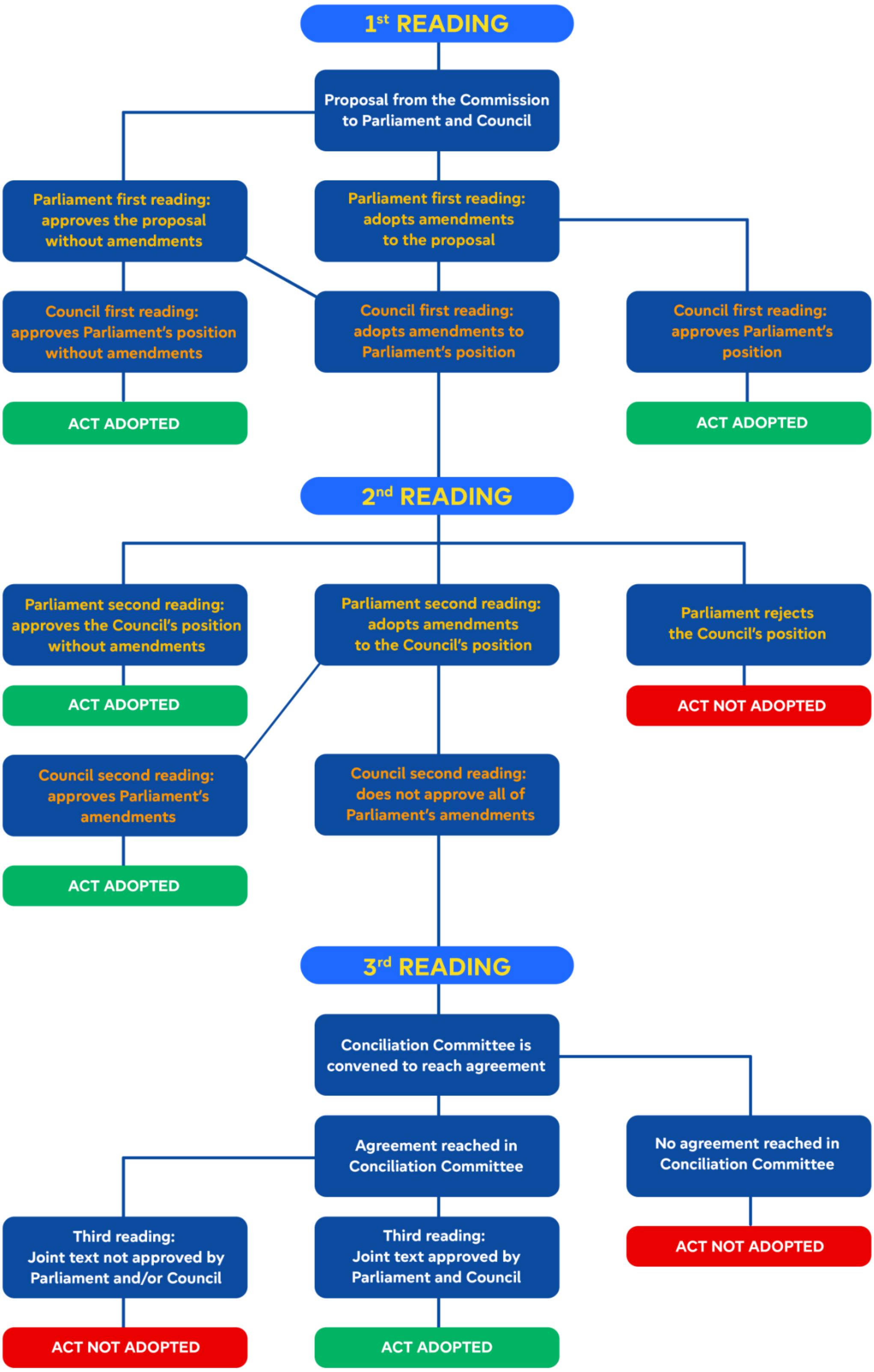

Figure 1. Draft of the Ordinary Legislative Procedure[5]

[5] "Ordinary Legislative Procedure | European Parliament," *OLP Diagram*, n.d., https://www.europarl.europa.eu/olp/en/ordinary-legislative-procedure/overview

2. Introduction to the Agenda Item: European Defence Technological and Industrial Base (EDTIB)

2.1. Background and Development of EDTIB

To achieve Europe's long-term strategic independence, which is our agenda item and the ultimate goal at the end of the conference, we will begin by examining in this section of our document what the ideal serving our purpose, namely EDTIB, is and how it evolved on a historical timeline.

When the European Defence Technological and Industrial Base (EDTIB) was approved by the management of the European Defence Agency and brought into the literature in May 2007, it was nothing more than a seed just planted, targeting Europe's defense industry independence, which was quite ambiguous, whose boundaries were not clearly defined, and which brought along many questions. Hence, this ambiguity at that time made it extremely difficult to even make a clear definition for the concept. Besides, European countries did not have an urgency such as thinking about the defense industry and investing in this field in the years when the idea first emerged; therefore, this vision could not go beyond an intention described as "without urgency and postponable" in the corner of minds.

Having not even experienced the 2008 crisis yet in those years, European countries were at the peak of economic prosperity and peace. They were gradually lowering defense spending; they were seeing the world as a utopian place where endless peace now dominated and armament became meaningless. Therefore, since this strategy plan put forward was by no means suitable for the conjuncture of the period, it was born dead and quietly continued its existence in the dusty corners of the union for many years without even needing a detailed definition.

Although this vision seemed to have been forgotten on the shelves for a long time, in the process passing between the years 2007 and 2013, from time to time some writers and politicians had defended that this ideal should not be cast aside and that it was essential to bring it to life, even with "baby steps" by clarifying it. For example, although France and Poland had efforts aimed at redirecting interest towards EDTIB during their respective EU Council presidencies in 2008 and 2011[6], these warnings continued to be ignored until the critical summit in December 2013. As soon as the 2013 summit approached and EDTIB started to be put back on the table, right at that time, it was revealed as a bitter reality that even the most basic concepts were not put into a framework. In the prepared reports, these deficiencies and criticisms had now begun to show themselves in the form of small sparks:

In the article she penned in July 2013 for the French Foundation for Strategic Research (Fondation pour la Recherche Stratégique), political scientist Hélène Masson criticized the emptiness and ambiguity of the EDTIB concept at that time with the following words:

"European Defence Technological and Industrial Base" (EDTIB)... a concept, an expression, a generic term repeated and hammered home for many years now without ever being defined and characterised. This lack of definition creates confusion and maintains incomprehension. Generalities and subjectivity then take precedence over knowledge of tangible facts and realities.

The D for "Defence" irrevocably ties the expression EDTIB to the political arena, linking it to potent concepts like sovereignty, autonomy and security.

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[6] Wilson, Benedrick. 2020. "In-Depth Analysis The EU's Defence Technological and Industrial Base." *Policy Department of European Parliament*, (January)

The E for “European” seems here to imply something that extends beyond the national framework, beyond the logic of borders and territory. Unfortunately, this is not at all the case. It is more of an objective to be achieved than a reality. In addition, this raises the question of the definition of the “European” nature of a company or an entity.

The EDTIB can be seen as a veritable sounding board for political, economic and industrial issues. The fact that “reinforcement of the European defence industry” has been placed on the European agenda opens a window of opportunity to define and reveal the different components of the EDTIB. Thus the European Council of December 2013 on the Common Security and Defence Policy (CSDP) represents a key step in elaborating concrete measures, capable of moving the issue beyond symbolism.[7]

Taking place in the light of these and similar criticisms, the December 2013 European Council Summit (Leaders' Summit), where heads of state directly addressed the defense industry after a long break, has been literally a turning point in terms of EDTIB and EU defense industry policy. At the end of the meeting, although the name of the concept on paper did not change, the way it was handled, its scope, and the EU's will for integration went through a radical turning point.

With the decisions taken at the summit, awareness of defense industry independence increased; EDTIB ceased to be the narrow target of EDA, which is a bureaucratic agency, and transformed into a strategic priority directly followed by the Council. It was registered that this vision was not just an economic internal market issue, but the main key to strategic autonomy and supply security for Europe to be able to carry out its own security operations. Although the work in the field along with these decisions was accelerated manifold compared to the pre-2013 period, the inadequacy of the ten-year effort spent and this momentum

[7] Masson, Hélène. 2013. “Defining the « European Defence Technological and Industrial Base »: Debates & Dilemmas (I).” *Fondation pour la Recherche Stratégique* note n° 23/13 (July).

provided against real crises was laid before the eyes of all of Europe with the rapidly melting ammunition stocks of Ukraine, which encountered the bitter face of war, when it completed its first year.[8]

Realizing this inadequacy and with industrial gaps emerging, the Commission, stepping on the gas, submitted the ASAP (Act in Support of Ammunition Production) plan in March 2023 and the EDIRPA (European Defence Industry Reinforcement through common Procurement Act) proposal in July 2023 to the approval of the Parliament and the Council. Both proposals were adopted and put into effect within two months with record speed. Thus, Europe had to take the concrete steps of its awakening in the defense industry together with the shock created by the war.

Following ASAP and EDIRPA, which are short-term crisis funds, seeing that these funds needed to acquire a permanent structure, EDIS (European Defence Industrial Strategy) and EDIP (European Defence Industry Programme), which are the continuation and complement of each other, were put into operation. Although these branches newly included in EDTIB are two very important tools to turn the vision into a long-term transformation, we will examine all these instruments more closely in the subsequent sections of the document.

[8] European Commision. 2022. “Joint communication: Defence investment gaps analysis and way forward.” (Brussels), May 18, 2022.

2.2. Scope and Objectives of the Strategic Autonomy Vision

When discussing the scope and objectives of EDTIB, in addition to what we mentioned in the previous section, another problem in the years when EDTIB was first put forward was the ambiguities regarding its scope and objectives. However, instead of beating around the bush by talking about the general framework in the previous section, we can say that these scope problems started to become clear after 2013 and almost all of them were settled into certain limits and definitions by 2024. Still, I believe it is useful to convey those ambiguous points of the 2007-2013 EDTIB by adding a piece from Hélène Masson's critical article here:

"The T for "Technological" and the I for "Industrial" refer more to the economic arena, more specifically to production structures, technological and industrial competences and know-how, innovative corporate behaviour, and links between the scientific and the industrial worlds.

The B for "Base" is a rather vague notion covering all players, companies (large groups, small and medium-sized companies), laboratories and public or private research centres. It raises the issue of the contours of the industrial sector and its segmentation, the existence or not of specificities of defence industrial activities, of synergies and complementarity between defence activities and civil activities. Until now, however, beyond the prime contractors, major integrators and equipment suppliers, knowledge of the subcontractor chain is a real grey area, with very little consolidated data and indicators."[9]

In the proposal published by the Commission in March 2024, we can see that question marks regarding the scope were resolved and the scope was stated as follows:

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[9] Masson, Hélène. 2013. "Defining the « European Defence Technological and Industrial Base »: Debates & Dilemmas (I)." *Fondation pour la Recherche Stratégique* note n° 23/13 (July)

"The Union's defence technological and industrial base today consists of a combination of a large set of prime contractors, with mid-caps and a large number of small and medium-sized enterprises (SMEs). Besides European leaders producing world-class advanced systems, mostly located in a handful of Member States, a no less crucial role is played by a wealth of smaller, but often critical platform manufacturers, equipment suppliers, consumables - such as ammunitions - producers, sub-suppliers, and niche producers, spread all across the EU. The Defence Joint Procurement Task Force industry mapping showed that prime manufacturers for the 46 most urgently needed items were located in 23 Member States. The EDTIB is competitive at global level, with an estimated annual turnover of EUR 70 billion and strong export volumes (more than EUR 28 billion in 2021). Overall, the EDTIB is estimated to employ around 500,000 people."[10]

When we look at the scope of the word "European", which is one of the important question marks, a striking detail catches the eye. The UK, which left the Union with Brexit, remained completely outside of EDTIB and became a third country. On the other hand, although Norway is not a member of the European Union, thanks to its agreements and integration with the European Defence Agency (EDA), it has been included as a supplier/producer in such joint ammunition procurement initiatives, and Norway has taken its place in the proposal alongside the European Union.

"Through this initiative, Member States have placed orders in the EU and Norway to procure additional artillery ammunition, including by using the framework contracts that the European Defence Agency negotiated on their behalf with the European defence industry."[11]

[10] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *A New European Defence Industrial Strategy: Achieving EU Readiness Through a Responsive and Resilient European Defence Industry*, Joint Communication JOIN(2024) 10 final (Brussels: March 5, 2024), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024JC0010.

[11] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *A New European Defence Industrial Strategy: Achieving EU Readiness Through a Responsive and Resilient European Defence Industry*, Joint Communication JOIN(2024) 10 final (Brussels: March 5, 2024), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024JC0010.

And as for the objectives of EDTIB;Any European country has three options for acquiring the defence equipment it needs: (1) establishing a domestic defence industrial capacity for developing and producing the products needed; (2) developing and procuring equipment in cooperation with European or other international partners; (3) importing off-the-shelf equipment from third countries.

Given the complexity and cost of most defence systems and equipment, no European country can afford to sustain a full-spectrum domestic defence industry alone, and although there are some European cooperative programmes, many countries in Europe regularly purchase significant proportions of their defence equipment off-the-shelf from non-European sources, most notably the US. Sometimes they do so even when there are viable and readily available European alternatives.

There are very good reasons for having a European defence technological and industrial base (EDTIB) capable of developing and producing the full spectrum of state-of-the-art defence capabilities:

It enables Europe to sustain the highly specialised skills and facilities required to provide our armed forces with the systems and equipment they need to fulfil their missions. The very existence of such assets in Europe enhances the credibility of Europe's armed forces, and thus also bolsters their deterrent effect.

It maximises security of supply for European armed forces, since European suppliers are not subject to the evolving foreign policy considerations of third states, whose permission is needed for any sale of military equipment to Europe. In times of crisis, heightened demand or disruption of international supply chains, the availability of a sufficient European industrial capacity allows the quick ramp-up of production, without undue dependence on the goodwill, capacity or prioritisation of others.

It allows European defence ministries and armed forces to have unambiguous, enduring and unfettered access to, control over, and system-level understanding of the equipment of their armed forces. This enables them to shape the designs precisely to address their specific requirements. It also ensures that Europeans have complete freedom to modify or upgrade key systems and incorporate domestically produced weapons, sensors, and other sub-systems, without having to obtain permission from a third country supplier or join a potentially lengthy upgrade queue.

It provides European armed forces with the freedom to operate their defence systems and equipment as they need and European governments with the freedom to export or transfer such capabilities, in full respect of applicable national and international law, to partners and allies abroad in line with their interests and values. This is in contrast to foreign-made products, which are often subject to operational and/or export restrictions by the producing country."[12]

3. Key Terms and Definitions

In the third section of our document, 'Key Terms and Definitions', which is designed to help you make sense of the technical jargon and the endless acronyms of European bureaucracy, you will frankly find definitions for perhaps more concepts than you might initially need. Therefore, you may prefer not to linger too long on this part during your first read. Instead, we suggest that as you encounter unfamiliar terms later in the text, you simply return to this section. Here, you will find not only the definitions of these words but also our deeper reflections on the concepts themselves.

[12] Aerospace, Security and Defence Industries Association of Europe (ASD), "Why Do We Need a European Defence Industry?", accessed July 31, 2026, https://www.asd-europe.org/our-industry/defence/why-do-we-need-a-european-defence-industry/.

Architects of Europe: According to the definition of Samuel B. H. Faure, whose name we will hear frequently, especially in this section of our document, "architects of Europe" are state and industry actors in countries such as France, Germany, or Poland who directly support joint initiatives and programs that go beyond national borders in favor of the European Defence Technological and Industrial Base (EDTIB)[13]. Although it is not a very specific and scope-defined qualification, it can become a widely used label for incentive purposes in the upcoming bright years awaited by the European industry, and it can be used particularly to express certain groups in the discussions in our committee.

Brokers of the Hegemon: Again, according to the conceptualizations in Samuel B. H. Faure's writings, "brokers of the hegemon" are state and industry actors who support the Transatlantic Defence Technological and Industrial Base (TDTIB) and US-centric procurement relations instead of intra-European joint development projects. These actors see procuring weapon systems directly through off-the-shelf procurement, as in the example of the F-35, as the most cost-effective method; thus, they aim to secure US military support and security guarantees while avoiding domestic/European technology development costs.[14] It can be used to refer to transatlantic-supporter countries in our committee.

Defence Industrial Trilemma: As explained in Maj. Balázs Taksás's analysis of the Hungarian defense industry,[15] the "Defence Industrial Trilemma" refers to the three

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[13] Samuel B. H. Faure, "Defining the 'European Defence Technological Industrial Base': The Emergence of a Transnational Field under Dependencies," *Global Europe*, December 2025, https://globaleuropejournal.org/2025/12/defining-the-european-defence-technological-industrial-base-the-emergence-of-a-transnational-field-under-dependencies/.

[14] Samuel B. H. Faure, "Defining the 'European Defence Technological Industrial Base': The Emergence of a Transnational Field under Dependencies," *Global Europe*, December 2025, https://globaleuropejournal.org/2025/12/defining-the-european-defence-technological-industrial-base-the-emergence-of-a-transnational-field-under-dependencies/.

[15] Balázs Taksás, "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Hungarian Case," Comment no. 105 (Armament Industry European Research Group [ARES

fundamental requirements and pillars expected to be met simultaneously from a defense industry: technological excellence, competitiveness, and security of supply. The report conceptualizes the struggle of countries and EDTIB to strengthen these three components simultaneously as a trilemma.

European Defence Capability Consortia (EDCC): Within the framework of the European Defence Investment Programme (EDIP) regulation, these are legal and institutional consortia formed by member states in order to jointly procure defense capabilities developed collaboratively within the EU. Joint procurements carried out within the body of EDCC benefit from VAT exemption and gain access to Union financial support in order to strengthen the EU defense industry.[16]

Ever-Warm Facilities: Refer to the reserve production capacities kept ready so that ammunition and other critical defense products can be quickly scaled up to mass production levels during times of crisis or sudden demand increases, while preserving operational flexibility during peacetime and the general competitiveness of EDTIB.

Within the scope of EDIP, the European Commission plans to expand the logic brought by ASAP (Ammunition Production) beyond ammunition and missiles, and to financially support the rapid conversion (repurposing) of civilian production lines to military production when necessary and the establishment of these warm facilities.

Group], IRIS, October 2024), https://www.iris-france.org/wp-content/uploads/2024/10/ARES_2024_10_105_EDTIB_Hungary_Comment-1.pdf.

[16] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *Defence Investment Gaps Analysis and Way Forward*, Joint Communication JOIN(2022) 24 final (Brussels: May 18, 2022), https://commission.europa.eu/system/files/2022-05/join_2022_24_2_en_act_part1_v3_1.pdf.

"FAST (Fund to Accelerate Defence Supply Chain Transformation)": A financial instrument proposed under the European Defence Industry Programme (EDIP) that aims to facilitate access to debt and/or equity financing for SMEs and small mid-caps that industrialize defense technologies, manufacture defense products, or plan to engage in these activities, thereby supporting the resilience and transformation of defense supply chains.[17]

"Heteronomy / Heteronomous Field": A theoretical concept that refers to the European defense cooperation field failing to autonomize through its own internal logic and remaining under the influence of external dependencies. This term depicts how "this transnational political-industrial field, which brings together state and industry actors working through European cooperation to develop and produce military or dual-use technologies for the arming of the state," remains dependent (heteronomous) on the determining influence of external political, military, and industrial dynamics by failing to build an autonomous structure due to member states or companies preferring their own national defense industries (NDTIB) or transatlantic relations (TDTIB). [18]

"Article 346 TFEU": A legal exemption article of the Treaty on the Functioning of the European Union (TFEU) that grants member states the privilege of preferring national solutions on industrial and security grounds, and which member states struggle to stop using

[17] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, "Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry," JOIN(2024) 10 final (Brussels, March 5, 2024).

[18] Samuel B. H. Faure, "Defining the “European Defence Technological Industrial Base”: The Emergence of a Transnational Field under Dependencies," GlobalEurope Journal, Issue 2 (December 2025), https://globaleuropejournal.org/2025/12/defining-the-european-defence-technological-industrial-base-the-emergence-of-a-transnational-field-under-dependencies/.

or radically limit the situations in which they resort to it instead of turning to joint/collective defense cooperation. [19]

"Methodological Nationalism": A reductionist analytical approach that, when examining transnational issues such as the defense industry and international military partnerships, takes exclusively national borders and inter-state relations as the unit of analysis, while ignoring the conflicts of interest among different actors within the same national context (public bureaucracy, political decision-makers, and private defense companies) and the flows of ideas, positions, or resources across borders. [20]

"NDTIB (National Defence Technological and Industrial Base)": A conceptual acronym that refers to the national defense industries and technological infrastructures established within their own borders by individual countries such as France, Germany, Poland, Italy, or Sweden, as opposed to multinational and transnational integration at the European level (EDTIB). Advocates of this structure argue that, despite ever-increasing development and production costs, the best way to safeguard national sovereignty is self-sufficient, autarkic arms production. According to the theoretical framework, EDTIB is not merely the simple sum of all NDTIBs, as certain member states and local companies can work against the strengthening of joint integration at the European level by favoring their own NDTIBs. [21]

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[19] Dr Benedict Wilkinson, "The EU's Defence Technological and Industrial Base," European Parliament, Directorate-General for External Policies, Policy Department (January 10, 2020).

[20] Samuel B. H. Faure, "Defining the "European Defence Technological Industrial Base": The Emergence of a Transnational Field under Dependencies," GlobalEurope Journal, Issue 2 (December 2025), https://globaleuropejournal.org/2025/12/defining-the-european-defence-technological-industrial-base-the-emergence-of-a-transnational-field-under-dependencies/.

[21] Samuel B. H. Faure, "Defining the "European Defence Technological Industrial Base": The Emergence of a Transnational Field under Dependencies," GlobalEurope Journal, Issue 2 (December 2025), https://globaleuropejournal.org/2025/12/defining-the-european-defence-technological-industrial-base-the-emergence-of-a-transnational-field-under-dependencies/.

"Off-the-Shelf Procurement": "A method in the defense industry of directly purchasing products already available on the market instead of developing new military equipment or systems from scratch through R&D processes. European countries (as in the examples of Belgium and Romania) resort to this method under time pressure, in cases of urgent operational requirements, budget constraints, or the absence of local industrial solutions. A very large portion of such off-the-shelf procurements is carried out from non-EU sources, particularly from the US; this situation can be preferred even when similar European alternatives exist, and in the long term, it weakens EDTIB integration and increases the risks of external dependency and market fragmentation."[22]

"Promoters of Sovereignty": State and industry actors who, rather than joint defense integration initiatives at the European level (EDTIB), primarily support the national defense technological and industrial base (NDTIB) of their own countries and prioritize preserving national defense sovereignty. [23]

"SEAP (Structure for European Armament Programme)": "A new legal framework proposed under the European Defence Industry Programme (EDIP) to facilitate and scale member states' cooperation in the field of defense equipment; working in full complementarity with the PESCO framework, enabling member states to jointly own the acquired equipment in the capacity of an international organization and thereby benefit from

[22] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, "Joint Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on the Defence Investment Gaps Analysis and Way Forward," JOIN(2022) 24 final (Brussels, May 18, 2022), 2.

[23] Samuel B. H. Faure, "Defining the "European Defence Technological Industrial Base": The Emergence of a Transnational Field under Dependencies," GlobalEurope Journal, Issue 2 (December 2025), https://globaleuropejournal.org/2025/12/defining-the-european-defence-technological-industrial-base-the-emergence-of-a-transnational-field-under-dependencies/.

a VAT exemption, and also allowing them to issue debt securities for the long-term financing of joint projects."[24]

"Security of Supply (SoS)": "A legal, operational, and industrial regime that aims to guarantee continuous and uninterrupted access to defense equipment and critical products at the European level; increases solidarity and efficiency among member states against supply bottlenecks that may arise during crises; and includes the prioritization and redirection of civil or dual-use components to the defense sector when necessary." [25]

"SMEs & Mid-Caps": Small and medium-sized enterprises and mid-caps that play a critical role in the lower tiers and innovation processes of defense industry supply chains, but face excessive entry costs during defense market access processes due to high information security standards, and struggle with much higher barriers to accessing debt or equity financing compared to firms in traditional sectors. To facilitate the participation of these actors in defense projects and support their growth phases, special financing and investment facilities are being developed at the European level under the FAST (Fund to Accelerate Defence Supply Chain Transformation) financial instrument, the EUDIS defense accelerator, and InvestEU.

"TDTIB (Transatlantic Defence Technological and Industrial Base)": "A concept that defines the United States-centered transatlantic military-industrial supply networks, defense

[24] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, "Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry," JOIN(2024) 10 final (Brussels, March 5, 2024), 12-14.

[25] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, "Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry," JOIN(2024) 10 final (Brussels, March 5, 2024), 21.

markets, and the entirety of industrial relations based on this alliance, as opposed to European defense industry integration (EDTIB). According to the theoretical framework, the favoring of their own national defense industries (NDTIB) or transatlantic partnerships (TDTIB) by certain EU member states and companies instead of supporting joint projects at the European level constitutes the primary external dependency factor preventing the autonomization of a transnational European defense field." [26]

4. Current Threats to European Security

4.1. Conventional Risks on the Eastern Border and the Russian Threat

The full-scale and unprovoked invasion launched by Russia against Ukraine on February 24, 2022, shattered the fundamental assumptions shaping the European security architecture in the post-Cold War era and created a radical turning point (Zeitenwende) declaring the return of high-intensity, symmetric conventional war to the continent. While this development revealed the invalidity of doctrines such as the peaceful integration of authoritarian powers with the West and the belief that peace on the continent is unshakeable, it forced European Union member states and NATO allies to move into an urgent state of military and industrial readiness. The primary strategic objective of Russian President Vladimir Putin is not necessarily to physically conquer the entire former Soviet geography, but rather to shake confidence in the collective security structure based on the joint defense of the North Atlantic Treaty, create divisions among allies, and tear apart the NATO alliance by pulling fragile states into Moscow's sphere of influence. Within the framework of this imperialist vision, Russia is preparing its state, economy, and society for a permanent state of war, continuously growing its defense budget and increasing its military production capacity

[26] Samuel B. H. Faure, "Defining the “European Defence Technological Industrial Base”: The Emergence of a Transnational Field under Dependencies," GlobalEurope Journal, Issue 2 (December 2025), https://globaleuropejournal.org/2025/12/defining-the-european-defence-technological-industrial-base-the-emergence-of-a-transnational-field-under-dependencies/.

even beyond the total production rate of the Western alliance; indeed, Russia's annual tank production currently reaches 1,000 to 1,500 units.

The conventional threats embodied on Europe's eastern flank, particularly on frontline countries such as the Baltic states, which lack geographical maneuver space and buffer zones, and Romania on the Black Sea flank, are evaluated through two main scenarios. The first and more likely near-term scenario is that Russia escalates gray-zone tactics such as sabotage, GPS jamming, airspace violations, and the instrumentalization of migration to seize a border region of symbolic importance, such as Narva on the Estonian border, through a covert operation via unmarked forces and local proxies. With such a limited territorial violation, Russia aims to create a fait accompli by exploiting potential delays or hesitations that NATO allies would experience in reaching a political consensus on giving a total collective defense (Article 5) reaction. The second and much more destructive but less likely scenario is that Russia physically isolates the Baltic states from the rest of Europe through a two-way mechanized offensive that would encircle and close that single land corridor between Poland and Lithuania, namely the Suwalki Gap, via Belarus and Kaliningrad.

Even in the event of the freezing of active conflicts in Ukraine or the establishment of a ceasefire, the renewal capacity of Russian military power constitutes one of the highest-priority risk parameters of the EDTIB. Military analysts state that, despite its heavy losses in Ukraine, Russia can rebuild the combat capacity to conduct a limited local incursion operation within two to three years after the cessation of the war, and a full-scale conventional assault force within seven to ten years. During this period, Russia maintains its capability to prevent NATO allies' access to the Baltic airspace and maritime domain thanks to the Anti-Access and Area Denial (A2/AD) umbrella it established with S-400 and S-300 air defense batteries, Bastion anti-ship missile systems, and advanced electronic warfare tools such as Krasukha-4 deployed in Kaliningrad and the Western Russia region. Therefore, consolidating deterrence across the continent is possible not only by increasing military expenditures, but also by coordinating critical national and collective capabilities such as integrated air and missile defense (IAMD), logistics sustainability, deep strike capabilities, and unmanned systems (drone wall) within the framework of the European budget (EDTIB) to develop the capacity (agency) to act independently in the event of a possible geopolitical priority shift by the United States.

4.2. Vulnerabilities in Defence Supply Chains

4.2.1. Production Capacity Deficiencies and Ammunition Shortage

The European Defence Technological and Industrial Base (EDTIB) has been sized according to peacetime conditions and budget cuts since the end of the Cold War, which has led to structural underfunding of military inventories. Member states preferred to collect a peace dividend by saving on defense spending for many years, and during this process, collective military stocks and operational capabilities shrank dramatically. This structural downsizing caused the defense industry to shift towards "just-in-time" production models and left it lacking flexible production lines that could be rapidly activated in times of crisis. The high-intensity conventional war that began with Russia's invasion of Ukraine has painfully brought to light this severe wear and tear and capacity insufficiencies within the EDTIB. In particular, the intensive military support provided to Ukraine has further depleted allies' already limited ammunition and equipment stocks. Consequently, faced with this sudden, massive, and unpredictable surge in demand, the European defense industry has faced serious structural constraints in achieving the production speed and volume required by conventional warfare.

The most critical and visible link of this production crisis has been the bottlenecks experienced in the supply of 155 mm artillery ammunition and missiles, thousands of which are consumed every day on the Ukrainian front. The European Commission's commitment to send 1 million shells to Ukraine hit raw material and component shortages at the very top (upstream) of the industry's production chain. Industrial analyses have revealed that the biggest obstacles in ammunition production stem not from the casting of shells, but from insufficiencies in the production capacity of propelling powder and high explosives such as TNT and nitrocellulose. For example, in Italy, although the nitrocellulose and explosive powder factories in Fontana Liri, the large-caliber shell facilities in Baiano, and the small-caliber cartridge facilities in Capua have the potential to increase production, they are in need of urgent modernization and financing support due to years of underinvestment. In Belgium, faced with insufficient ammunition stocks, the army was forced to establish 20-year long-term strategic partnerships with local producers such as FN Herstal and Nexter Arrowtech Belgium (KNDS) to scale national ammunition production capacity. The temporary ASAP (Act in Support of Ammunition Production) instrument, which allocated 514 million euros from the EU budget, aimed to increase emergency production capacity by directing 48 percent of its budget to propelling powder, 23 percent to explosives, and 18 percent to shell production in order to eliminate these bottlenecks. The permanent EDIP (European Defence Industry Programme), which will replace ASAP, intends to permanently solve these structural deficiencies by subsidizing the keeping of production lines warm (ever-warm facilities) even in peacetime and the rapid conversion of civil industrial lines to military production in times of crisis.

Another key factor undermining the production capacity of the European defense industry is the overly fragmented structure of the market along national borders and the resulting failure to benefit from economies of scale. Producers within the EDTIB mostly produce in limited volumes only for their own small national markets, which pushes unit production costs exorbitantly high. Reports by Bruegel and other experts document that the unit costs of European-made weapon systems are extremely high compared to high-volume mass-producing rivals such as the US, Russia, or South Korea. For instance, while the unit production cost of Germany's most modern main battle tank, the Leopard 2, reaches approximately 29 million euros, this figure corresponds to roughly 7 times the production cost of Russia's T-90 tank and 12 times the cost of China's Type 99A tank. Similarly, in the self-propelled howitzer segment, the unit prices of the German Panzerhaubitze 2000 or RCH-155 systems are much more expensive compared to South Korea's K9 Thunder howitzer, the American M109, or Russian 2S19 Msta-S howitzers, because instead of procuring a common and standard platform, European states over-specialize systems according to their own national military specifications (over-specification), which prevents industrial standardization and leads to logistical and operational confusion.

The most invisible yet deepest sensitivity restricting production capacity is the EDTIB's chronic dependence on non-Union third countries for critical raw materials, semi-finished materials, and electronic components. Supply chain analyses carried out by the JRC (Joint Research Centre) reveal that Europe is completely dependent on foreign sources for essential raw material inputs used in military equipment production, such as titanium, tantalum, borates, magnesium, molybdenum, and niobium, and that this market is largely dominated by China. Furthermore, there is a deep crisis in Electrical, Electronic, and Electro-mechanical (EEE) components and semiconductor chips that form the brain of modern missiles, rockets, and armored platforms. For instance, approximately 250 chips are integrated into a single American-made Javelin anti-tank missile, and the production of these special military chips is largely a monopoly of American firms such as Texas Instruments, Intel, and AMD. The European defense sector remains dependent across the Atlantic for these special microcontrollers and signal processors; and because chip procurement lead times have lengthened two to three times since the pandemic, European producers have to "wait in line" in the global market for critical defense components. These raw material bottlenecks and technological dependencies are among the biggest technical and geopolitical barriers preventing the EDTIB from rapidly increasing its own production volume in times of crisis.

4.2.2. Lack of Coordination Among Member States

One of the most chronic and difficult structural problems facing the European defense market is the tendency of member states to carry out defense planning and procurement decisions independently, disconnectedly, and uncoordinatedly from each other. When examining the historical process, national Ministries of Defense and military planning departments have turned into a traditional reflex to close in on themselves with minimal coordination with other member states and carry out defense procurements in an isolated manner. Despite the Coordinated Annual Review on Defence (CARD) mechanism put into effect in 2017 to determine common military needs at the European level, distrust and hesitation among member states regarding the sharing of information on military inventories and procurement plans have not been overcome. Indeed, instead of directly sharing their sensitive military planning and budget data with each other, member states only allow it to be pooled within the European Defence Agency (EDA), which limits transparency and real-time coordination in the field. This uncoordinated spending approach has led to falling far behind the benchmark committed by member states within the framework of PESCO and EDA to spend at least 35 percent of their equipment procurement budgets through joint projects. For example, although member states' defense investments showed an increase, the share of jointly made expenditures in 2020 dropped to a historical low of 11 percent, meaning 89 percent of budgets were spent entirely on a national basis. Similarly, even in 2021, when defense spending soared to 214 billion euros with Russia's invasion of Ukraine, the share allocated to common defense cooperation at the European level remained at only 18 percent. The annual bill of this market fragmentation stemming from the lack of coordination to European taxpayers and defense budgets is calculated in various official reports and European Parliament analyses as a massive financial loss between 25-26 billion euros and 100 billion euros.

The inability to define common military requirements and standards among member states leads to a massive system replication and waste of resources across Europe. When comparing United States and European Union inventories, it is seen that although the EU has approximately half the budget of the US, it uses a full six times more different weapon systems. Official data strikingly reveals how European armies and the industrial base are divided on a national basis instead of forming an integrated market: While the United States army conducts all its operations with a single (1) main battle tank model, the number of tank models actively used across Europe is 17; in the combat ship class, while the US uses 4 destroyer/frigate models, Europe has 29 different models; in the fighter jet segment, while there are 6 models in the US inventory, European armies have to coordinate 20 different models. This massive diversity undermines the ability of allies to achieve interoperability and interchangeability of systems in military operations. The root cause of this grave picture is that military planners of member states, instead of agreeing even on joint projects, impose overly specific technical demands (over-specification / over-customisation) on systems according to their own national military doctrines. This leads to the production of dozens of different sub-versions of jointly designed platforms in the process, thus causing R&D,

production, and maintenance-sustenance costs to rise exorbitantly and delivery schedules to slip by decades.

One of the most concrete and certified case studies of the operational deadlock created by this lack of coordination and industrial egos is the joint European Unmanned Aerial Vehicle project, the Eurodrone (MALE RPAS) program. This strategic project, launched jointly by Germany, France, Italy, and Spain through defense giants such as Airbus, Dassault, and Leonardo, has been paralyzed due to endless doctrinal debates of participating countries over military capabilities and the relentless industrial workshare wars they gave over which company in which country would produce each decided part. As a result of these endless debates, the project schedule was delayed by more than 5 full years and an additional financial burden of at least 50 percent was placed on the program's initial budget. Such bad experiences convince member states that "producing together" is much more costly, slow, and exhausting, driving them away from multinational partnerships and pushing them back into the philosophy of "national when possible, multinational when necessary."

Ultimately, the most fundamental psychological and political barrier behind member states avoiding joint defense spending is the deep "lack of trust" among states. The integration and specialization of the European defense market will inevitably lead to the concentration of some strategic production facilities in certain countries. However, since member states cannot fully trust that other allies will continue the shipment of spare parts and ammunition (security of supply) uninterrupted in the event of a possible crisis or war, they are reluctant to close down inefficient and small-scale production lines within their own borders. Narrow national and economic concerns such as creating labor, protecting local employment, and keeping technological secrets inside take precedence over the rational requirements of common European security, perpetuating the fragmented and inefficient structure of the EDTIB.

4.3. Dependence on External Security Umbrellas (US/NATO)

The security architecture of European Union member states has largely remained dependent on the conventional and nuclear deterrence umbrella provided by the United States (US) since the end of the Second World War. Although historic increases in defense budgets (Zeitenwende) have taken place across Europe following the war launched by Russia against Ukraine, the way these expenditures are made paradoxically deepens dependency on the US. European decision-makers under pressure to rapidly close urgent military capability gaps prefer to purchase ready-made American systems (off-the-shelf) instead of multinational European joint programs, which they view as time-consuming and complex. This situation pushes the development of a long-term and competitive European defense industrial base (EDTIB) into the background, creating new dependency relations that keep the continent militarily and industrially shackled to the other side of the Atlantic for decades. Indeed, the fact that approximately 80% of NATO's highest-level strategic capabilities and operational enablers are still provided directly by the US is the fundamental reason why Europe cannot produce an independent response to crises in its own neighborhood.

The most concrete and certified symbol of this chronic military-technological dependency is the F-35 fifth-generation fighter jet program, which currently dominates European airspace. Exactly 10 EU member states, namely Belgium, Czechia, Denmark, Finland, Germany, Greece, Italy, the Netherlands, Poland, and Romania, have entered into a commitment to procure approximately 480 F-35 aircraft from Washington. However, European operators purchasing these jets do not have the right of access to the jets' actual operating systems and software codes, which leaves them entirely subject to the mercy and legal control of the US regarding every cost item, operational area of use, and export potential of the aircraft toward third countries. This situation triggers a new process of "vassalisation" or auto-surrender in transatlantic relations, because European states, out of concern for protecting the security umbrella, fall into a diplomatic silence where they cannot speak out against policies undermining the European economy, such as the US Inflation Reduction Act (IRA) subsidizing its own domestic industry or commercial customs tariffs. Moreover, with Donald Trump's return to the White House, the reliability of US security guarantees has been seriously eroded; Washington's strategic orientations pushing Europe into the background in its national security priorities and signals that it could make allied sovereignties (as in the case of Greenland) a matter of negotiation have shaken transatlantic trust. In the event of a possible global crisis, for example a conflict breaking out in the Taiwan Strait, the fact that the US defense industry will shift all its priority production capacity to its own military needs leaves European states purchasing American systems face to face with a very serious risk of "waiting in line" and delivery delays.

This dependency spiral in military systems transforms into technical subjugation through unilateral and extraterritorial export control laws of the US, such as the International Traffic in Arms Regulations (ITAR). Any European military platform containing even the slightest American component or software cannot be exported to third countries without Washington's approval due to ITAR rules, which directly paralyzes the competitiveness of European manufacturers in the global market and restricts Europe's political autonomy. Seeing this legal blockade as a "Trojan Horse", the European Commission applies strict "design authority" conditions in next-generation EU financing mechanisms such as EDF, EDIP, and SAFE, making it mandatory for funded projects to be completely "ITAR-free" (free from American legal control). The future of the European defense industry (EDTIB) depends on the political courage that member states will show to go beyond American lobbies and transatlantic security reflexes, Europeanizing their own supply chains and developing self-sufficient sovereign military systems.

5. Existing EU Legislative and Policy Instruments

5.1. Act in Support of Ammunition Production (ASAP)

A short-term emergency regulation enacted as an immediate response to Russia's aggression against Ukraine, aimed at rapidly increasing the production capacity of artillery ammunition and ground-to-ground missiles across Europe and eliminating bottlenecks. The primary focus of ASAP is, on the one hand, to ensure the uninterrupted continuation of military ammunition aid to Ukraine, and on the other hand, to help member states rapidly replenish their own depleted national stocks.[27] Thanks to the financial incentives provided by this legal instrument, the EDTIB successfully increased its ammunition production capacity by 50% under crisis conditions. Indeed, the European defense industry has reached the threshold of producing 1 million artillery shells on an annual basis, and this capacity is targeted to be increased to 1.4 million by the end of 2024 and 2 million units by the end of 2025.[28] However, during the legislative process of ASAP, the European Commission's demand for the authority to prioritize orders for defense companies in extraordinary circumstances and its desire to mandate the sharing of sensitive commercial data regarding supply chains led to serious debates. Germany opposed these provisions, claiming that such intrusive regulatory instruments contradict national contract law and unjustifiably expand the Commission's jurisdiction. Similarly, Sweden and defense industry associations, while supporting aid to Ukraine, remained distant from formulations that made the sharing of trade

[27] European Commission and High Representative, "Joint Communication on a New European Defence Industrial Strategy," JOIN(2024) 10 final (Brussels, March 5, 2024), 6-7.

[28] Leonard Schütte, "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The German Case," ARES Group Commentary, No. 85 (September 2023), 4-5.

secrets and supply chain data with the Commission mandatory. Adopted in 2023, the ASAP regulation is a temporary emergency measure and is set to expire in 2025. [29]To prevent ASAP from being left in limbo at the end of this process and to make the support provided to the industry permanent, the European Union submitted the European Defence Industrial Strategy (EDIS) and its financial/legal instrument, the European Defence Industry Programme (EDIP) legislative proposals on March 5, 2024, which present a more structural and long-term vision. In this regard, EDIP structuralises the financial incentive logic of ASAP aimed at increasing the production capacity of the defence industry by expanding it in terms of both time and scope. When ASAP ends in 2025, the EDIP regulation will come into play, taking this support beyond just ammunition and missiles, making the conversion of civilian lines to military production (Ever-Warm Facilities) permanent, and ensuring the continuation with a broader permanent budget of 1.5 billion euros covering all critical defence products.

5.2. Joint Procurement Instrument (EDIRPA)

"EDIRPA (European Defence Industry Reinforcement through Common Procurement Act)": A short-term emergency financial instrument established to encourage member states to coordinate and close urgent and critical defense capability gaps in the wake of the war in Ukraine. Proposed by the European Commission with a budget of 500 million euros for a two-year implementation period (2022-2024), this instrument aimed to prevent member states from competing with each other during emergency stock replenishment processes, thereby driving up prices and preventing market fragmentation.[30] Under the EDIRPA regulation, benefiting from reimbursement support requires at least three member states to come together

[29]Calle Håkansson, "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Swedish Case," ARES Group Commentary, No. 92 (February 2024), 8-11.

[30] European Commission and High Representative of the Union for Foreign Affairs and Security Policy. "Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry." JOIN(2024) 10 final (Brussels, March 5, 2024), 6-8, 11-13.

and execute a joint procurement project. From the perspective of defense analysts, the preference for the word "common" instead of "joint" in the title of the instrument is not coincidental; this reveals that, given member states' current use of vastly different military systems, EDIRPA functions as a transition and testing ground for the harmonization of national priorities and military standards before moving to a fully integrated joint procurement level.[31]

The legislative process of EDIRPA witnessed very serious sovereignty and industrial interest conflicts among member states in Brussels. In particular, legal proposals limiting the cost of components procured from non-associated third countries in joint acquisitions to a maximum of 30 percent led to fierce debates; because while this 30 percent formulation aimed to directly prevent off-the-shelf procurement from outside, it also had to balance the flexibility demands of countries with global supply chain ties.[32] Indeed, Germany and certain Eastern European countries exerted pressure on Brussels to introduce flexible rules that would allow systems containing third-country components to be subsidized under EDIRPA so that urgent capability gaps could be closed rapidly. In Sweden, the parliamentary defense committee initially argued that the EDIRPA proposal interfered with national jurisdictions and was inconsistent with the subsidiarity principle, expressing its concerns. All these hurdles were overcome during Sweden's EU Presidency in 2023 when member states relaxed the strict criteria proposed by the Commission, and the regulation was officially adopted in the summer of 2023. One of the most concrete applications of this common procurement model in the field is the letter of intent signed under the EDIRPA framework by Belgium, together

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[31] Dr Benedict Wilkinson. "The EU’s Defence Technological and Industrial Base." European Parliament, Directorate-General for External Policies, Policy Department (January 10, 2020), 9.

[32] Leonard Schütte. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The German Case." ARES Group Commentary, No. 85 (September 2023), 4.

with Cyprus, Estonia, France, and Hungary, for the joint procurement of Mistral 3 short-range air defense missiles.[33]

Just like ASAP, EDIRPA is a temporary crisis response instrument, and its legal implementation period expires in 2025. In order to prevent any gaps that might arise in the defense industry upon the expiration of EDIRPA and to make these temporary measures permanent, the EU unveiled the European Defence Industrial Strategy (EDIS) and the European Defence Industry Programme (EDIP) draft regulation on March 5, 2024. The EDIP regulation perpetuates and expands EDIRPA's logic of directing member states toward common procurement. The permanent common procurement window to be established under EDIP commits to permanently subsidizing the complex cooperation costs of member states' purchases from European manufacturers within the EDTIB, thereby expanding EDIRPA's intervention scope, which was limited only to the most urgent and critical products, to cover all defense systems. Thus, European defense has been carried from EDIRPA's crisis-oriented emergency procurement regime to a structural preparation and permanent cooperation phase with EDIP.[34]

5.3. European Defence Industry Programme (EDIP)

Symbolizing the European Union's transition from temporary emergency measures to a more structural, systematic, and long-term defense industry preparation phase, the European Defence Industry Programme (EDIP) was proposed by the Commission and the High Representative on March 5, 2024, concurrently with a new defense strategy (EDIS). EDIP aims to make permanent the industrial gains provided by short-term financial crisis

[33] Swedish Parliament. "Försvarsutskottets utlåtande 2022/23:FöU2. Subsidiaritetsprövning av kommissionens förslag till förordning om inrättande av instrumentet för förstärkning av den europeiska försvarsindustrin genom gemensam upphandling." (Stockholm, 2022).

[34] Dr Alexander Mattelaer. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Belgian Case." ARES Group Commentary, No. 90 (December 2023), 6.

instruments whose legal durations expire in 2025, such as ASAP and EDIRPA, by expanding them in terms of both scope and time. Accordingly, the programme mobilizes a standalone financial package of 1.5 billion euros from the Union budget to cover the final period (2025-2027) of the EU's 2021-2027 Multiannual Financial Framework (MFF).[35] Defense analysts and European decision-makers state that this budget actually functions as a strategic bridge laying the groundwork for massive defense investments in the next long-term MFF period starting after 2028. The programme's primary objective is to reduce market fragmentation by encouraging member states to spend their increasing national defense budgets efficiently and collectively.

The financial pillar of EDIP offers a three-pronged support mechanism covering the entire production and life cycle of the European defense industry (EDTIB). First, expanding the EDIRPA model, the programme commits to subsidizing the complex cooperation and administrative coordination costs arising from joint procurement projects that member states will carry out from European manufacturers. Second, moving the incentive logic of the ASAP regulation to increase production capacity beyond the limit of ammunition, it directs resources toward all critical defense products and the establishment of ever-warm facilities that enable the conversion of civil production lines into military production. Third, EDIP provides repayable grants to close the commercialisation gap in the transition from the prototype phase to mass production for multinational R&D projects successfully completed within the European Defence Fund (EDF). Furthermore, a new financial instrument named FAST (Fund to Accelerate Defence Supply Chain Transformation) is being established within the programme to facilitate access to financing for SMEs and small mid-caps producing critical technologies in the lower tiers of defense supply chains.[36]

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[35] ARES Group. "What Future European Defence Technological and Industrial Base (EDTIB) Do We Want/Need? Seminar Report." (Brussels, March 7, 2024)

[36] European Commission. "First ever defence industrial strategy and a new defence industry programme to enhance Europe's readiness and security." Press Release IP/24/1321 (Brussels, March 5, 2024)

On the legal and institutional dimension, EDIP introduces highly radical innovations to the European defense cooperation architecture. Foremost among these is the SEAP (Structure for European Armament Programme) model, an institutional structure that facilitates member states developing joint weapons systems, procuring them, and jointly owning the acquired equipment in the capacity of an international organization. Multinational projects with SEAP status will permanently benefit from VAT exemptions, receive additional funding bonuses if member states reach an agreement on common export rules, and even be able to issue debt securities for multi-year programme financing. Additionally, EDIP designs a phased EU Security of Supply regime that grants Brussels the authority to mandate the prioritization of civil production lines during times of crisis and establishes an official governance body named the Defence Industrial Readiness Board, bringing together member states and the Commission to monitor supply chain bottlenecks.[37]

The preparation and presentation processes of the programme have witnessed fierce political struggles between Brussels' efforts to expand its jurisdiction and member states' reflexes to protect their national sovereignties. Countries with developed and export-oriented national defense industries (NDTIB), such as Germany and Sweden, exerted intense pressure to remove or dilute these provisions from the drafts, openly characterizing the Commission's attempts to mandate priority orders to companies or compulsorily collect sensitive commercial data during crises as a power grab.[38][39] Furthermore, the German Federal Ministry of Finance initially approached this step with skepticism on the grounds that the planned VAT exemption for collaborative projects would reduce national budgetary revenues. On the other hand, defense industry representatives and experts such as MBDA Chief Economist Renaud

[37] European Commission and High Representative of the Union for Foreign Affairs and Security Policy. "Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry." JOIN(2024) 10 final (Brussels, March 5, 2024)

[38] Schütte, Leonard. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The German Case." ARES Group Commentary, No. 85 (September 2023)

[39] Håkansson, Calle. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Swedish Case." ARES Group Commentary, No. 92 (February 2024)

Bellais argue that the 1.5 billion euro budget allocated for EDIP will not be sufficient to change the scale of the market and that a transformative financial magnitude beyond the R&D stage has not been reached to transform the EDTIB. Finally, EDIP prioritizes the integration of the Ukrainian defense industry with the EDTIB, envisaging the opening of an EU Innovation Office in Kyiv and legally enabling the transfer of windfall profits derived from the liquidation of immobilized Russian Central Bank assets to joint defense procurement.

5.4. European Defence Fund (EDF)

The European Defence Fund (EDF), the European Union's most ambitious and flagship financial instrument aimed at pooling research, development, and industrial capacity in the field of defense, was established to institutionalize R&D cooperation among member states. The process leading to the establishment of the EDF was shaped by two successful precursor programs acting as the first seed funds transferred from the EU budget to the defense industry. The first leg of this process consisted of pilot projects focusing on sensor technologies and unmanned aerial vehicles, with a total of 1.4 million euros allocated from the 2015 and 2016 EU budgets to test the basic R&D funding cycle. Following the operational success achieved by the pilot projects and the tested coordination template, the Preparatory Action on Defence Research (PADR) was enacted between 2017 and 2019, managed with a broader budget totaling 90 million euros (25 million in 2017, 40 million in 2018, and 25 million in 2019). Within the scope of PADR, supported projects included the flagship "Ocean 2020" project with a budget of 35 million euros focusing on enhancing maritime situational awareness, as well as "Pythia" providing technological foresight (1 million euros), "Gossra" for military equipment compatibility (1.5 million euros), and

"Vestlife" developing soldier protection systems (2.4 million euros). [40]Following PADR, which targeted basic research, the European Defence Industrial Development Programme (EDIDP), focusing on the more applied and prototype development phase of the R&D cycle, launched industry-oriented incentives with a budget of 500 million euros for the 2019-2020 period. Under EDIDP, managed by the Commission, a reimbursement scheme was implemented that required the partnership of contractors from at least three different member states and sought a commitment from member states to procure the prototypes. The most prominent projects of EDIDP were the "Eurodrone" (MALE RPAS) unmanned aerial vehicle, which received 100 million euros in seed funding, and the European Secure Software-Defined Radio (ESSOR) project, funded with 37 million euros.[41]

With the consolidation of these successful pilot and transition programs, the full-fledged European Defence Fund (EDF) was officially launched under the 2021-2027 Multiannual Financial Framework (MFF). The EDF was designed to continuously support all stages of the defense industry R&D cycle from research to prototype development and certification, and was proposed at the initial stage with a highly significant political and financial commitment budget of 13 billion euros (4.1 billion euros for research and 8.9 billion euros for capability development). According to the fund's core participation criteria, in order for a project to receive support, it must be carried out in partnership with at least three independent entities from at least three different member states. Furthermore, it was decided that if projects carried out by member states within the framework of Permanent Structured Cooperation (PESCO) fall under the scope of the EDF, an additional financial grant bonus of 10 percent, namely the "PESCO bonus", would be provided to these projects. One of the

[40] 24 Tielbuerger, D., State of play of the Pilot Project and the Preparatory Action on Defence Research, European Parliament Subcommittee on Security and Defence

[41] European Commission and High Representative of the Union for Foreign Affairs and Security Policy. "Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry." JOIN(2024) 10 final (Brussels, March 5, 2024).

structural priorities of the EDF is the support of SMEs and small mid-caps developing niche and disruptive technologies in the lower tiers of defense supply chains. Accordingly, it is targeted to increase the funding share allocated to SMEs to 840 million euros between 2023 and 2027, and flexible tools such as simplified "EUDIS" defense innovation schemes and the Defence Equity Facility established under InvestEU and managed in partnership with the European Investment Fund are utilized for the integration of these actors into the system.

Although the EDF is considered a historical milestone for EU defense integration, multi-faceted debates and structural hurdles persist regarding the scale of its budget and its ethical dimension. Defense analysts argue that, although the proposed multi-billion euro budget appears massive at first glance, it falls short of being transformative when compared to member states' massive standalone investments in their own national defense technological and industrial bases (NDTIB) or allies' budget magnitudes, and that it has not yet reached the financial threshold to fully compel the industry toward partnership. On the other hand, the fund has also faced serious civic and academic resistance on moral and philosophical grounds; indeed, peace-oriented NGOs such as the "Campaign Against Arms Trade" claimed that the EU has strayed from its traditional pacifist identity and succumbed to the lobbies of arms manufacturers, and more than 1,000 academics and scientists wrote an open letter to Members of the European Parliament demanding that this defense fund not be approved[42]. One of the most debated industrial hurdles of the fund is the strict restrictions imposed on the participation of allied third countries (particularly the US and the UK) in EDF projects and the protectionist concerns this generates. Countries deeply integrated into global transatlantic supply chains and whose largest defense partners lie outside the EU, such as Sweden, initially approached the process with caution and reservation, arguing that these strict third-party

[42] European Commission and High Representative of the Union for Foreign Affairs and Security Policy. "Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry." JOIN(2024) 10 final (Brussels, March 5, 2024).

criteria would isolate their national defense industries (NDTIB) from global markets and increase Brussels' interventions on intellectual property rights (IPR) and export controls. Furthermore, the uneven distribution of EDF resources among member states and the extremely limited share small and medium-sized member states receive from the funds stand out as a structural problem. For instance, Romania could display a modest footprint by participating in only 14 and 7 projects in the 2021 and 2022 EDF calls, respectively; although included in strategic projects such as REACTS in the space domain or FACT in cybersecurity, it struggled to establish an integrated local strategic framework to coordinate its national interests at the Brussels level.[43] Similarly, Hungary was only able to secure very low shares from the EDF calls, such as just 5 million euros in 2021 and 8.5 million euros in 2022, failed to assume the coordination role in any EDF project, and local firms in Hungarian defense clusters mostly remained as subcontractors in the shadow of Western prime contractor companies.[44]

5.5. European Peace Fund (EPF)

Despite the peaceful emphasis in its name, the European Peace Fund (EPF) has become the primary and most active military financing instrument of the European Union outside of NATO today. Since Article 41 of the EU's founding treaties strictly prohibits the direct use of the Union budget for military or defense purposes, Brussels designed the EPF entirely as an off-budget fund outside the general EU budget to bypass this legal restriction. The fund historically has two main operational focuses. The first of these is to finance the EU's own military missions, such as Operation Atalanta, which fights maritime piracy off the coast of

[43] Csernatoni, Raluca. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Romanian Case." ARES Group Commentary, No. 93 (February 2024).

[44] Taksás, Maj. Balázs. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Hungarian Case." ARES Group Commentary, No. 90 (October 2024).

Somalia, or Operation Irini, which monitors the United Nations arms embargo against Libya. The second focus, which came to the forefront especially with the war in Ukraine, is to support the armies of partner countries. Within this scope, through the European Union Military Assistance Mission in support of Ukraine (EUMAM Ukraine), more than 70,000 Ukrainian soldiers have been trained in modern warfare tactics and Western military systems, and this initiative is considered one of the fund's most successful military operations in the field.

The most vital function undertaken by the EPF, especially during the process of the war in Ukraine, is to work as a sort of "cashback" system for member states. According to this mechanism, member states donate tanks, missiles, and air defense systems from their own inventories to Ukraine and take back a certain portion of the financial value of these donations from the EPF, reinvesting them to replenish their national stocks. In this way, the financial burden of supporting Ukraine was prevented from remaining solely on certain countries sharing their inventories, and a fair solidarity matrix was established; indeed, European countries have allocated resources exceeding 11 billion euros to Ukraine through the EPF within this scope. However, this massive flow has also brought along very serious industrial hurdles and protectionism debates among member states. For instance, France argued that reimbursements financed from EU sources should not be used for non-European (especially US) weapons purchases and pressured for the fund to be conditioned on a "European procurement" requirement to fully feed the European Defence Technological and Industrial Base (EDTIB). Although France had to temporarily flex this demand due to short-term emergency procurement needs, it continues to impose these strict Europeanization criteria in long-term negotiations. Similarly, in Germany, which is the fund's largest financial contributor, Berlin's resistance to additional resource requests for the fund has started to increase due to the burden of military aid on the budget and spending limits at the federal level.[45]

Being an intergovernmental mechanism that takes decisions with a unanimity requirement has turned the EPF into a very powerful diplomatic blackmail and veto tool for member states in their negotiations with Brussels. The most concrete example of this crisis was experienced when Hungary began to systematically veto all decisions and payments within the scope of the EPF starting from the middle of 2023. Citing the Ukrainian government placing its national bank, OTP Bank, on international sanction lists or the disputes experienced in the oil transit lines of the Russian company Lukoil, the Budapest administration blocked the 6.6 billion euro member state reimbursement within the EPF in order to protect its own national interests. To overcome this deadlock, Brussels has developed temporary bypass solutions such as the "Ukraine Loan Cooperation Mechanism," which directs windfall profits obtained from the liquidation of immobilized Russian Central Bank assets directly to joint procurements. However, these solutions do not eliminate the structural operational problem of the EPF. Since transitioning from the unanimity rule to qualified majority voting (QMV) in the field of defense does not look realistic due to member states' national sovereignty sensitivities, experts argue that establishing a separate "Ukraine Security Fund" outside the budget, excluding dissenting countries like Hungary or Slovakia and with the participation of only voluntary countries, is the most consistent alternative.

[45] Schütte, Leonard. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The German Case." ARES Group Commentary, No. 85 (September 2023): 7.

6. Political and Legal Challenges in the Adoption Process of EDIP

6.1. Conflict of Competence Distribution (National Sovereignty) Between the EU and Member States

Every step taken by the European Union (EU) towards integrating and coordinating the defense industry collides with a deep legal and political conflict between the protection of sovereignty rights at the national level and Brussels' efforts to expand its jurisdiction.[46] Historically and legally, defense policy and arms procurement have been accepted as the exclusive national sovereignty domain of member states[47]. Article 346 of the Treaty on the Functioning of the European Union (TFEU) explicitly allows each member state to take measures it deems necessary regarding the production and trade of arms, munitions, and war material in order to protect the essential interests of its own security.[48] This legal exemption provision has been systematically used by member states, especially those with large local defense industries, to favor their own domestic producers in procurement processes and prevent foreign competition, which has led the European defense market to remain divided, compartmentalized, and inefficient. This sovereignty-oriented approach of states stems from their desire to gain complete freedom of movement in military operations, guarantee uninterrupted supply security during crises, and have absolute control over critical military-technological secrets.[49]

In addition to these structural obstacles, the financial restrictions in the EU's founding treaties also narrow Brussels' room for maneuver.[50] Article 41 of the Treaty on European

46 Schütte, Leonard. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The German Case." ARES Group Commentary, No. 85 (September 2023).

47 Håkansson, Calle. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Swedish Case." ARES Group Commentary, No. 92 (February 2024).

48 TLDR News EU, "The Proposed 'European Defence Union' Explained," May 2, 2026, video

49 Sabatino, Ester. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Italian Case." ARES Group Commentary, No. 84 (July 2023).

50 Simon's Europe. "What does the EU do exactly? (Rearm Europe, EDF & EDIP)." YouTube video, 12:50. Posted by "Simon's Europe," 2024.

Union (TEU) strictly prohibits the direct use of the Union budget for operational expenditures with military or defense purposes. To overcome this constitutional obstacle, the European Commission has adopted the strategy of handling defense policies not as a military issue, but as a "single market and industry" problem. Relying on the authority to support industrial competitiveness in Article 173 of the TFEU, the Commission has enacted legal and financial instruments such as the European Defence Fund (EDF), EDIRPA, and ASAP with the logic of a single market.[51] However, the desire to transform these funds, which were designed for emergency intervention during crisis periods, into a structural and long-term mechanism through the EDIP (European Defence Industry Programme) regulation, which is a permanent legal framework, has escalated the debates on the distribution of competence between national capitals and Brussels to the highest level.[52]

The most concrete reflections of this competence conflict made themselves felt in the resistance shown by countries with strong national defense technological and industrial bases (NDTIB), such as Germany and Sweden, during the ASAP and EDIRPA negotiations.[53] The Commission's demand for the authority to mandate priority orders to defense companies in extraordinary circumstances within the scope of ASAP and its desire to compulsorily collect sensitive commercial data in the supply chain encountered fierce opposition from member states. The German government argued that such direct regulatory interventions directly contradicted national contract law and evaluated this initiative of the Commission as an "unjustified expansion of competence." Similarly, the Swedish Parliament's Defence Committee officially declared that the EDIRPA regulation proposal was contrary to the subsidiarity principle, arguing that transferring defense policy decisions, which were

[51] Simon's Europe. "What does the EU do exactly? (Rearm Europe, EDF & EDIP)." YouTube video, 12:50. Posted by "Simon's Europe," 2024.

[52] ARES Group. "What Future European Defence Technological and Industrial Base (EDTIB) Do We Want/Need? Seminar Report." (Brussels, March 7, 2024).

[53] Schütte, Leonard. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The German Case." ARES Group Commentary, No. 85 (September 2023).

previously taken entirely at the national level, to Brussels would endanger military and industrial security and undermine the targeted success. [54]The Swedish government also played an important role in diluting these regulations by emphasizing that the Commission's broad authority demands regarding monitoring and inspecting production capacities and issuing fines to companies violated information security protocols.

The crisis management and security of supply modules in the EDIP draft, which is the Commission's project of transition from temporary emergency instruments to a permanent defense industry architecture, also collide with this wall of sovereignty protectionism. Within the Defence Industrial Readiness Board proposed to be established under EDIP, Brussels' phased authority drafts regarding suspending market rules during crisis situations and diverting civil lines to military production were curbed by defense giants such as France, Germany, Italy, and Sweden with the warning that "the sovereignty rights and prerogatives of member states must be respected." This deep mismatch in member states' strategic priorities and national industrial egos showed itself not only in EU regulations, but also in giant multinational partnerships carried out among member states themselves, such as FCAS (Future Combat Air System) and MGCS (Main Ground Combat System). Indeed, the fact that France and Germany had to completely cancel the 100 billion euro FCAS fighter jet project, which they saw as the cornerstone of the European Army vision, due to deep disagreements on political, financial, and intellectual property (technology sharing) is the most striking case study proving how national interests and economic egos paralyze the ideal of a common European Defence Technological and Industrial Base (EDTIB).

[54] Håkansson, Calle. "What Future European Defence and Technological Industrial Basis (EDTIB) Do We Want/Need? The Swedish Case." ARES Group Commentary, No. 92 (February 2024).

6.2. Balancing Environmental Governance (ESG) Rules with the Needs of the Defence Industry

The financial sustainability and investment attraction capacity of the European defense industry (EDTIB) have experienced a severe contraction in recent years due to Environmental, Social, and Governance (ESG) rules and sustainable finance legislation implemented by the European Union to green the civilian sector and raise social standards. Although the strategic and security environment has deteriorated dramatically due to the war launched by Russia against Ukraine, the access of defense industry companies, particularly SMEs and small and medium-sized enterprises, to public and private financing sources continues to be one of the major structural challenges. The root cause behind private banks, institutional investors, and even public financial actors such as the European Investment Bank (EIB) avoiding lending to or investing in the defense industry lies in the extremely strict narrow interpretations of current ESG criteria that exclude the security functions specific to the defense sector. These actors label the defense industry directly as an "unsustainable" or "harmful" activity from a social or environmental perspective, which leads to the unfair exclusion of defense projects from financial markets. However, defense industry representatives and European defense authorities argue that there can be no economic prosperity or social sustainability on the continent without the establishment of peace and security, and therefore defense is the most fundamental prerequisite for social sustainability.

Another important rationale behind the financial sector's hesitant stance toward the defense industry is the legal gaps, uncertainties, and additional obligations imposed on the sector within the EU sustainable finance framework. Defense industry actors complain that complying with EU environmental and sustainability regulations creates disproportionate administrative barriers on defense operations and commercial business plans. It is also emphasized that the growing climate and sustainability efforts of the defense industry, such as

R&D activities aimed at increasing the energy efficiency of military vehicles and contributing to the green energy transition, are not sufficiently recognized in financial markets. Brussels, on the other hand, is trying to take concrete steps to ease the financing obstacles facing the defense industry in order to overcome this financial bottleneck. The European Commission and the High Representative have initiated a high-level dialogue mechanism among banks, investors, and defense industry representatives, and have established a legal Governmental Expert Network on ESG within the European Defence Agency (EDA) to strengthen the interface between member states' Ministries of Defense and the financial sector.

To clear up confusion in financial circles, the European Commission has sought to clarify that the EU sustainable finance framework does not exclude the defense sector and that these rules do not introduce any legal restriction directly hindering defense investments. The Commission has officially declared that, with the exception of inhumane weapons banned by international conventions signed by member states (such as weapons of mass destruction, anti-personnel mines), the defense industry essentially supports social sustainability through the security, deterrence, and contribution to peace it provides. In addition, it has been explained that EU sustainable finance regulations are applied horizontally to all sectors, and that the Commission has not prepared any "social Taxonomy" that would exclude the defense industry, nor does it have such a plan. Similarly, financial institutions have been reminded that the fact that defense industry activities have not yet been included in the EU's Environmental Taxonomy does not prejudicially judge the environmental performance of these companies and should not prevent their access to financing.

Despite all these explanations, in the implementation of horizontal financial instruments financed from the EU budget such as InvestEU, strict exclusion policies applied by intermediary institutions and national promotional banks make it impossible for the defense industry to benefit from these resources. The most concrete price of these legal and institutional barriers was paid with the failure to realize the "Ramp-up Fund" project planned to be established under ASAP (Act in Support of Ammunition Production) to rapidly increase ammunition production capacity due to financial actors' defense exclusion rules. To overcome this deadlock, the European Commission and the European Parliament have made a historic call for the European Investment Bank (EIB) to urgently relax its defense restrictions in its lending policies. It has been stated that the EIB must revise its eligibility list within this year so that it can directly finance not only dual-use technologies but also the production of military-purpose ammunition and equipment, which will send a strong positive signal to private sector banks and permanently resolve the financing crisis in the defense industry.

6.3. "Buy European" Rule and the Global Procurement Dilemma

One of the deepest dilemmas facing the European Union's defense industry integration (EDTIB) lies in the structural contradiction between the requirement to rapidly meet short-term emergency operational needs and the long-term industrial independence goals. In order to resolve this dilemma and ensure market integration on the continent, the European Defence Industrial Strategy (EDIS), published on March 5, 2024, has set extremely ambitious industrial targets for member states. Within the scope of the strategy, member states are targeted to increase the share of collaborative procurement projects to at least 40 percent by 2030, ensure that the value of intra-EU defense trade represents at least 35 percent of the EU defense market, and most importantly, meet at least 50 percent of their defense procurement budgets from within EU borders by 2030, and 60 percent by 2035. The Commission's "Buy European" focused strategic move aims to prevent the sharp increase in member states' defense spending from flowing directly into the transatlantic market and to channel the European budget into its own local industrial infrastructure (EDTIB).

In contrast, the actual situation on the ground and historical data clearly show what a massive structural resistance and procurement dilemma these targets set by the EU are facing. In the security crisis that emerged after Russia's full-scale invasion of Ukraine, member states faced pressure to rapidly close urgent capability gaps, and this triggered off-the-shelf procurements. Indeed, in the period from the beginning of the Ukraine War until June 2023, approximately 78 to 80 percent of the military procurements carried out by EU member states were made from non-Union producers, and the United States alone dominated 63 percent of this share. Moreover, between 2021 and 2022, US Foreign Military Sales (FMS) to Europe exhibited a dramatic increase of 89 percent. Behind member states' preference for the American defense industry lie pragmatic reasons such as the cheaper unit costs offered by the US market thanks to high economies of scale, fast delivery times, and the additional guarantees brought by the geopolitical alliance established with the Washington government.

This transatlantic dependency creates a destructive and self-fulfilling negative cycle on the European defense industry. As long as member states do not place large-scale and long-term orders with their own industries, European manufacturers can never reach the production scale and competitive price levels achieved by American rivals, which leads other member states to turn to cheaper and readily available American solutions. This process results in billions of euros of European taxpayers' resources directly funding the American military-industrial complex across the Atlantic Ocean, instead of creating employment and technological development within Europe. Furthermore, the fact that in the event of larger global conflicts breaking out in the future, the US's limited production capacities will shift entirely to its own priorities and the supply flow to Europe will be cut off shows that the off-the-shelf procurement strategy could lead to serious security gaps and loss of sovereignty in the long run.

Member states' national security perceptions and transatlantic orientations also deepen this dilemma. Poland, one of the largest actors on the eastern flank, has waived its national preferences within the framework of the Reciprocal Defense Procurement Agreement (RDPA) signed with the US, procuring F-35 fighter jets, Apache helicopters, HIMARS, and Patriot systems directly through US Foreign Military Financing (FMS) credits and state-backed programs. Similarly, Romania sees the US military and nuclear security umbrella against the Russian threat as a vital national security issue, and consolidates its transatlantic dependency by allocating billions of dollars from its national budget to the procurement of ready-to-use Patriot, HIMARS, and MQ-9 Reaper systems. Even Germany, the driving force of Western Europe, despite its historical national defense industry (NDTIB), has invested a significant portion of its 100 billion euro special fund into 35 F-35 jets to replace Tornado aircraft, 60 Chinook helicopters, P-8 Poseidon aircraft, and American Patriot and Israeli-American joint-made Arrow-3 missile defense systems under the European Sky Shield Initiative (ESSI) it established under its own leadership. Germany's these preferences lock technical standards and military norms into the transatlantic plane, creating deep industrial and political tensions with countries like France that defend Europe's strategic autonomy.

As a result, the EU's ability to turn the "Buy European" rule into a practical reality depends, beyond the EDIS targets on paper, on the success of the innovative instruments designed under EDIP. To convince member states, the Commission proposes powerful financial incentives such as introducing VAT exemptions for SEAP (Structure for European Armament Programme) projects, providing budget bonuses when common export rules are agreed upon, and allowing member states to issue joint debt. Furthermore, imitating the US

FMS playbook, a "European Military Sales Mechanism" is being tested, containing a single centralized catalog to list products of European manufacturers, "Government-to-Government" schemes to establish ready stock pools, and an "Industrial Solidarity Clause" to facilitate joint procurements. However, whether these efforts can break member states' transatlantic security reflexes and decades-long dependency on American military equipment to create a true "European Defense Union" on the continent will be determined by the long-term political and financial commitment to be shown by member states.

7. Stakeholder Analysis

7.1. Positions of EU Institutions and Political Groups

The integration of the European Defence Technological and Industrial Base (EDTIB) and the shaping of legal frameworks prepared in this direction, such as the European Defence Industry Programme (EDIP) and the European Defence Industry Strategy (EDIS), are the scene of deep disagreements and conflicts of interest among different institutions and political groups in the European Union's (EU) decision-making mechanism. The European Commission, positioned as the most dynamic and interventionist actor of these Brussels-based integration efforts, has made it its core strategic priority to move the defense industry away from emergency crisis interventions and into a long-term and structural "defence readiness" phase, especially after Russia's invasion of Ukraine. The Directorate-General for Defence Industry and Space (DG DEFIS), established within the Commission, undertakes a highly active and guiding role in areas such as joint procurement, the diversion of civil lines to military production, and the auditing of supply chains. However, it is seen that the Commission does not exhibit a homogeneous structure within itself either;

for example, in contrast to DG DEFIS, which wants to shape the industrial base through state interventions, the Directorate-General for Competition (DG COMP) supports a more free-market oriented and less interventionist EDTIB model, arguing that the defense market should not be distorted by state subsidies. The Commission's broad legal authority demands to mandate priority orders to defense companies and collect sensitive commercial data during crisis periods encountered fierce opposition from member states wanting to protect their national sovereignties, and were criticized as an unjustified attempt by Brussels to expand its jurisdiction (power grab).

The European Parliament, on the other hand, historically comes first among institutions that most strongly support European defense integration and demand the increase of budget shares in this field. The Subcommittee on Security and Defence (SEDE) and the Committee on Industry, Research and Energy (ITRE) within the Parliament evaluate the strengthening of the EDTIB not only as a security requirement, but also as an industrial leverage that will trigger technological innovation and employment in the European economy. While parliamentarians continuously advocate for member states to turn to "European procurements" instead of national procurement and for the increase of shares allocated to the defense industry from the EU budget, they also emphasize that this process must be carried out under democratic oversight. Looking at the level of political groups, central political blocs such as Christian Democrats (EPP), Social Democrats (S&D), and Liberals (Renew Europe) give full support to the EDTIB and European strategic autonomy agenda. In contrast, greens and leftist groups remain distant on philosophical and moral grounds to the EU turning into an "armaments union" and budget resources being transferred to the lobbies of defense companies, while far-right and sovereignty-leaning groups oppose regulations increasing the corporate power of the Commission by arguing that defense decisions must remain entirely in national capitals.

Finally, the Council of the European Union, which brings together government representatives of member states and takes decisions with its intergovernmental structure, stands out as the most conservative and resilient actor in this process. Although states within the Council support the principle of strengthening the EDTIB on paper and at a rhetorical level, when it comes to concrete legal commitments, budget sharing, and the transfer of sovereignty rights to Brussels, they experience deep polarizations. Accordingly, the Council is divided between proponents of "strategic autonomy" and protectionist Europeanization led by France, and "transatlantists" who want to urgently reinforce national security with ready-made American systems, such as Germany, Poland, and Romania. In addition, "frugal" countries advocating budget constraints, such as Sweden, approach the expansion of the EDIP budget and the introduction of VAT exemptions for collaborative projects with suspicion. Large defense-producing countries such as France, Germany, Italy, and Sweden acted together in Council negotiations to limit the regulatory power of the Commission over the defense industry and protect their national sovereignties, thus diluting the harsh sanctions in the draft laws and limiting Brussels' efforts to impose single market rules on the defense sector.

7.2. European Defence Agency (EDA)

The European Defence Agency (EDA), established by a joint action of the Council on July 12, 2004, is the most important institutional structure representing the intergovernmental dimension of European Union (EU) defense cooperation. Having the primary mission of supporting member states in improving their military capabilities in the field of crisis management and making the Common Security and Defence Policy (CSDP) sustainable, the agency operates under the authority of the Steering Board consisting of the defense ministers of member states and the High Representative of the Union for Foreign Affairs and Security Policy, who holds the title of Head of Agency directly. Pursuant to Articles 42(3) and 45 of the Treaty on European Union (TEU), the EDA has explicit mandates derived from the founding treaties regarding the harmonization of operational military needs, the adoption of effective and coherent procurement methods, the coordination of defense R&D activities, and the strengthening of defense industry capacity. Historically, in a climate where member states hesitated to share national budget and planning data directly with each other due to national sovereignty sensitivities, the EDA has functioned as a reliable neutral center where this data is collected and analyzed while protecting confidentiality and security protocols. Indeed, member states share sensitive military inventories and procurement plans, which they do not directly share with other allies, only with the EDA to enable the agency to see the picture across the EU cumulatively.

To eliminate fragmentation in the defense market, the EDA is at the center of flagship EU instruments aiming to synchronize the planning, R&D, and procurement processes of member states. The first of these is the Capability Development Plan (CDP), which guides the military planners of member states by anticipating the long-term security needs of the EU. The second instrument is the Coordinated Annual Review on Defence (CARD) mechanism, the first cycle of which was completed in 2019-2020 and which is repeated every two years. In CARD processes conducted under the penholder role of the EDA, each member state's national military profile and budget plans are examined one by one to calculate the bill of lack of coordination, and point recommendations are offered to member states in urgent areas of cooperation such as integrated air and missile defense (IAMD), electronic warfare, and unmanned systems. The agency also coordinates the development of multinational military projects carried out by member states within the framework of Permanent Structured Cooperation (PESCO) and structures CARD findings to provide input for these projects.

However, despite all these technical coordination efforts, the EDA has not been able to prevent member states from falling far behind their PESCO commitments to increase the share of collaborative projects in military spending to the 35 percent level and the share of jointly made investments from dropping to historical lows such as 11 percent. The root cause of this failure is that the EDA's advisory CARD reports have no legal bindingness on member states and defense decisions ultimately remain at the initiative of national capitals.

As budgetary power shifted to the Commission in European defense integration, an institutional power struggle began between the EDA and Brussels' supranational organs. The first arena of this contention was the management of the Preparatory Action on Defence Research (PADR) program, which is the precursor of the European Defence Fund (EDF). Pursuant to the Delegation Agreement signed in 2017, while the Commission retained the overall budget and strategic priorities of the program, it delegated all operational obligations such as technical evaluation of projects, publication of calls, signing and monitoring of grant agreements to the EDA through an indirect management model. However, with the transition of defense R&D budgets to the multi-billion euro EDF phase, the Commission took management directly into its own hands through DG DEFIS and reduced the EDA mostly to the level of a technical consultant and expert pool. This led to serious calls at the member state level for the EDA to be urgently empowered budgetarily and regulatorily in order to prevent defense policies from falling entirely under the monopoly of the Brussels bureaucracy and to preserve the intergovernmental balance. The European Defence Industry Programme (EDIP), unveiled on March 5, 2024, designs a new joint governance model to overcome this institutional conflict. The Defence Industrial Readiness Board to be established within EDIP will meet under the joint chairmanship of the Commission and the High Representative, who is directly the head of the EDA, thereby bringing together military planning expertise and the Commission's financial power in a joint procurement and security of supply monitoring mechanism.

7.3. European Defence Industry and Lobbying Companies

European defense industry representatives and lobbying activities are among the informal actors that most deeply influence institutional decision-making processes at the Brussels level and the shaping of legal regulations (EDF, EDIP, ASAP). The AeroSpace and Defence Industries Association of Europe (ASD), the umbrella organization of this lobbying ecosystem, is a massive network representing approximately 4,000 companies operating in 22 countries across the continent. ASD data reveals that the number of SMEs doing business directly in the defense field within the EDTIB is between 2,000 and 2,500, and that the defense sector dominates approximately 45 percent of the cumulative revenues of this broader aerospace and defense market. Geographically, the EDTIB is concentrated in the LoI (Letter of Intent) states with large defense industry infrastructures, such as France, Germany, Italy, Spain, and Sweden. The primary priority of lobbying activities carried out by industry actors before Brussels is overcoming the "predictability" crisis in the market. Since defense companies inherently possess a risk-averse investment reflex, they avoid making large capital investments aimed at increasing production capacity (ramp-up) or establishing new production lines without receiving long-term and finalized order commitments (firm orders) from member states. The uncoordinated rapid off-the-shelf procurement from third countries by governments during times of crises to close their urgent gaps darkens the long-term planning horizon of European producers and deters them from expanding production lines.

This industrial climate brings along a deep conflict of interest and structural tension between massive multinational "prime contractors" and SMEs located in the lower tiers of supply chains. Peripheral countries with relatively small defense industrial bases, such as Romania and Hungary, and local SME lobbies express concerns that the EU's multi-billion euro funding mechanisms, such as EDF and EDIP, will merely fill the pockets of massive prime contractors in Western Europe and place all high-tech R&D activities under the monopoly of these giants. This industrial concern is fueled by the risk of small producers being excluded from the system by becoming subcontractors that only produce low-tech components and lack design authority. To balance these lobbying pressures, Brussels has embedded strict SME participation conditions into defense R&D and production budgets; for instance, special grant bonuses have been introduced for cross-border SME collaborations within the scope of the EDF, and the funding share allocated to SMEs for the 2023-2027 period has been projected at approximately 840 million euros. Furthermore, establishing the FAST (Fund to Accelerate Defence Supply Chain Transformation) fund in the EDIP regulation proposal to facilitate SMEs' access to debt and equity financing, and planning simplified "ever-warm" calls within the framework of EUDIS, aim to resolve the bottleneck in the lower tiers of the industrial base.

Another sensitive dimension of lobbying and industrial strategies is the protection of intellectual property rights (IPR) and industrial resistance shown against states' attempts to form "forced marriages." Massive defense manufacturers such as Dassault Aviation, Airbus, Leonardo, or Rheinmetall strictly refuse to share clean room technologies and software codes developed with their own multi-billion euro R&D budgets with engineers of other countries under the name of partnership. When international organizations managing projects (such as OCCAR) or national procurement agencies (such as BAAINBw and DGA) insist on intellectual property sharing, this turns into chronic crises that lock or delay even the most prestigious multinational projects like FCAS and MGCS. Defense lobbies advocate for free commercial mergers, acquisitions, and organically established integrated groups (such as multinational expansions like MBDA, Thales, or Rheinmetall) shaped in accordance with market dynamics, instead of inefficient consortia established by states or Brussels through political impositions. In order to protect taxpayers' money and reduce costs, industrial actors demand that states abandon inefficiently fragmenting production on the basis of workshare; and instead adopt a rational market model where a single prime contractor assumes leadership under competitive procurement rules.

7.4. Third Country Actors (US and NATO)

The registration of the European Defence Technological and Industrial Base (EDTIB) as an independent structure and the legal integration initiatives in Brussels are closely monitored by third-country actors such as the United States (US) and NATO, which are the founding powers of the transatlantic security architecture, and face serious resistance. The US has historically opposed Europe adopting an inward-looking and protectionist structure in the field of defense (Europe first) and European defense integration, because a very large portion of the military procurements carried out by European states directly feeds the American defense industry. Indeed, in the period from the process that began with Russia's invasion of Ukraine until June 2023, 78 percent of European countries' defense procurements were made from non-Union actors, and 63 percent of this share alone (approximately 110 billion dollars) flowed directly to American producers on the other side of the Atlantic. Wanting to protect this massive market share, the Washington administration and American lobbies exerted intense pressure on Brussels to relax strict third-country participation criteria in EU funding mechanisms such as EDF and EDIP. While American diplomats and members of Congress openly warned EU officials not to exclude American defense companies, a past official letter sent by US officials to High Representative Federica Mogherini stated that such protectionist steps would be a radical backward step that would undermine the integration of the past thirty years in the transatlantic defense sector. In addition, reports prepared by the American Chamber of Commerce (AmCham EU) warned that protectionist "Buy European" rules to be applied by Europe in the field of defense would be met with harsh retaliation measures by the US Congress, such as closing the American domestic market to European companies.

With Donald Trump's return to the White House in January 2025, the strategic stance of the US on European security policy has assumed a more complex and contradictory face. On the one hand, US Secretary of Defense Pete Hegseth delivered green-lighting messages regarding Europe strengthening its own defense industrial base at the Ukraine Defense Contact Group meeting gathered in mid-February 2025; on the other hand, high-level names and diplomatic circles such as Secretary of State Marco Rubio continued to voice sharp objections to European allies focusing on local procurement and excluding American firms. This situation stems from the hypocritical "Buy American" approach of the Trump administration, which both wants Europe to dramatically increase its own defense budget (for example, raising it to the level of 3.5 or 5 percent of GDP) and demands that these budgets be spent in a way that again funds the American defense industry (TDTIB). To consolidate this commercial and industrial hegemony, President Trump announced a comprehensive reform package easing regulatory and competitive restrictions in Foreign Military Sales (FMS) procedures and facilitating the sale of American weapons by creating a list of "priority allies" with a decree he published on April 9, 2025. The US also locks allies into its systems by using the Foreign Military Financing (FMF) program directly as an export financing tool; indeed, throughout 2023 and 2024, Poland received approximately 7 billion dollars in direct loans and 4 billion dollars in loan guarantee support from the US, but all of these funds were allocated solely for the procurement of American equipment such as F-35 jets and Apache helicopters. In addition, the US signed 18 bilateral Security of Supply Arrangements with allies including Germany, Italy, Spain, Sweden, and the Baltic countries to maintain allies' dependence on American systems in times of crisis.

On the NATO front, there is a philosophical and operational polarization between the concepts of European integration and strategic autonomy and collective defense requirements. The European Commission argues that initiatives aimed at strengthening the EDTIB support NATO's institutional structure and contribute to fair burden-sharing at the transatlantic level. However, military and diplomatic decision-makers at NATO headquarters approach this approach with suspicion; indeed, military experts serving at the NATO headquarters in Brussels openly state that "the EDTIB is a purely political concept with no practical equivalent under NATO, and that the only structurally important structure from a military perspective is the industrial base (TDTIB) feeding NATO on both sides of the Atlantic." This philosophical conflict also manifests itself in the actual budget commitments of allies on the ground. At the historic NATO Summit held in The Hague in June 2025, while European allies pledged to raise their national military budgets to at least 3.5 percent of their GDP by 2035, they also committed to purchasing 100 billion dollars worth of military equipment from the US within the scope of the Prioritized Ukraine Requirements List Initiative (PURL) established for the needs of the Ukrainian army. This massive commitment limits the dream of strategic autonomy by tying billions of euros of European taxpayers' resources to orders at the Pentagon's door instead of the European defense industry (EDTIB). Therefore, in order to protect member states from the US's extraterritorial legal blockades such as ITAR (International Traffic in Arms Regulations) and operational sovereignty restrictions such as "kill switches" in American software, Brussels makes it a legal obligation for projects funded within the framework of EDF, EDIP, and SAFE to be designed strictly "ITAR-free" and for "design authority" to remain entirely across Europe.

8. Points to Be Addressed by the Regulation

The fact that the EDIP and EDIS legal frameworks, which symbolize the transition from temporary emergency funds to a permanent and structural joint procurement regime in the European Union's defense industry integration, will expire in 2027 brings along three fundamental structural crises that every delegate serving in Brussels must answer independently of their political party and legally resolve in the post-2027 planning process. The first and biggest bottleneck that delegates must solve on the post-2027 Commission proposal is to move the financial scale of defense integration to a transformative dimension and break budgetary resistances. The 1.5 billion euro budget allocated for EDIP functions as a symbolic bridge, far from transforming the structure of the market in the current geopolitical climate where Russia has transitioned to a total war economy and allies' urgent stock needs have peaked. To overcome this inadequacy, how the SAFE loan mechanism proposed by the Commission in March 2025, which envisions member states being able to borrow up to 150 billion euros to be repaid over a 45-year term, will be integrated with the 2028-2034 Multiannual Financial Framework (MFF) is a vital question. The delegate must plan how to break the rigid resistance of frugal countries advocating budget discipline, such as Sweden and Germany, against joint debt issuance and the VAT exemptions planned to be brought to collaborative projects. The legal formula that should be focused on here is to remove the target of increasing member states' joint equipment procurement budgets to the 40 percent level from being merely a wish on paper and embed binding incentive systems into the regulation that will deprive countries failing to meet this criterion of EU R&D and capacity funds.

The second critical file that delegates must address in regulation negotiations is drawing the boundaries of the Commission's regulatory jurisdiction and establishing that fierce balance between "legal sovereignty" (Article 346 TFEU) and "security of supply". The

Commission's expanding authority searches to repurpose civil production lines for military production, stockpile critical raw materials, and demand mandatory information from companies during crisis times create a justified trust deficit among member states and local producers and are interpreted as a "power grab". At this point, the delegate must construct a flexible mechanism that will prevent Brussels from blindly imposing single market rules on the defense sector, but at the same time can monitor supply chain bottlenecks in real time. The post-2027 regulation should introduce voting templates similar to qualified majority voting (QMV) that reserve member states' veto rights but allow quick decision-making in times of crisis to governance bodies such as the Defence Industrial Readiness Board. In addition, bureaucratic simplifications that will reduce the administrative burden of ever-warm production facilities kept warm against raw material and special microchip crises of the industry and SME financing tools such as the FAST fund should be added to the regulation, thus preventing European SMEs from escaping the system due to excessive security protocols.

Finally, the most contradictory dilemma that every delegate must face politically and industrially is managing the conflict between the strict implementation of the "Buy European" rule and the ongoing transatlantic supply dependency in the field. The target imposed by EDIS on member states to meet at least 50 percent of defense procurement budgets from producers within the union (EDTIB) by 2030 and 60 percent by 2035 faces very fierce resistance from the US, which single-handedly dominates 63 percent of the European market, and transatlantic arms lobbies. The delegate must design how to legally implement these protectionist quotas without ignoring the security concerns of frontline countries like Poland and Romania, which are forced to hastily embrace ready-made American systems equipped with Foreign Military Sales (FMS) and FMF credits against the Russian threat. If the post-2027 regulation sets a condition of "strict compliance with

European preference" to benefit from EU funds, there is a risk that this situation will trigger American ITAR (cross-border export control law) blockades and paralyze European aerospace chains. The legal formula that needs to be solved in this direction is to mount a flexible legal architecture into the regulation that guarantees the protection of intellectual property rights (IPR) in planned European Armament Programme (SEAP) partnerships, but makes "ITAR-free" (free from American control) design mandatory in multinational projects, and finances a joint "European Military Sales" catalog and stock pool that will shorten the delivery times of European producers.

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