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Policy Brief

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European defence industry
Towards institutional adaptation

Over the years the European Union has created an impressive number of institutions and programmes related to defence. For the experts it requires continuous attention and the scanning of documents to stay abreast. Others are lost in the dence forest of acronyms. The growing involvement of the European Commission in capability development through strengthening the defence industry has further increased the complexity of the institutional landscape.
At the same time, the political pressure on the European defence industry to increase its production has grown, as the needs of Ukraine to be supplied with adequate amounts of equipment and munitions are higher than what can be delivered. Most likely, the election of Donald Trump as the 47th President of the United States is to revive the question of how Europe can stand on its own feet in the defence area. Industrial production to supply the armed forces of the European countries is an integral part of this issue.
This policy brief analyses how institutional adaptation might help to better steer the process of strengthening the European Defence Technological and Industrial Base (EDTIB). First, the existing international institutions and organisations involved in this process are portrayed to assess their roles and relationship. The authors pay special attention to the growing role of the European Commission in this matter. Are there ways to improve the connectivity of the organisations or is an adaptation of their mandates required? Next, the planning processes for capability development in the EU and NATO are analysed as the collective military needs of these two organisations should drive defence industrial production. Is there a need for better alignment and how should this be done? The policy brief ends with conclusions and recommendations on how the Netherlands should engage itself in this institutional landscape for the optimal use of what the institutions can offer.

Complex landscape

Russia's war against Ukraine and the return of Donald Trump to the White House in January 2025 will strengthen Europe's sense of urgency on defence matters. The Ukrainian demand for military equipment and ammunition deliveries will continue to confront Europe with the question of how to ramp up defence industrial production. Even if a peace deal will become a reality, the Trump administration will demand a larger contribution from European allies to NATO and the alliance's new military requirements imply an increase of the capabilities they must provide – such as a staggering additional 49 brigades and 1147 air defence units.[1] Improving the European contribution to the alliance's deterrence and defence posture also requires the strengthening of the European Defence Technological and Industrial Base (EDTIB).

1 Sabine Siebold, 'Exclusive: NATO will need 35-50 extra brigades under new defence plans', *Reuters*, 8 July 2024; Thorsten Jungholt, 'Nato fordert 49 weitere Kampftruppen-Brigaden', *Die Welt*, 6 October 2024.

However, collaborative investment continues to be one of the significant challenges limiting an effective European defence industry.[2] Production capacity is still not optimised as industry is lacking adequate numbers of long-term contracts. The EU's involvement in defence procurement is an important step forward, but the slow procedures of decision-making and launching programmes is not suitable for the current security environment and geopolitical need for quick action.[3] In this light, procurement through multinational organisations and collaborations becomes of even greater importance, to ensure a scale-advantage in purchasing for the European armed forces, as well as a certain level of financial certainty for the industry.[4]

Besides national agencies or directorates and bilateral or minilateral ad hoc defence procurement formats, there are three permanent multinational organisations in Europe that are involved in the development and acquisition of military equipment: the NATO Support and Procurement Agency (NSPA), the Organisation for Joint Armament Cooperation (OCCAR), and the European Defence Agency (EDA). See the box for the key data of these three organisations. Two of these organisations are institutionally embedded in NATO (NSPA) and the EU (EDA) respectively. OCCAR is a separate entity with a limited membership of six European countries, including the UK. All three organisations have flexible arrangements to incorporate partners in their programmes. Furthermore, there are partnership arrangements between NSPA, OCCAR and EDA. Cooperation between the organisations is continuous and improving.[5]

Next to their different institutional context and membership, the three organisations also distinguish themselves in roles and tasks. NSPA is the Alliance's lead organisation for "multinational acquisition, support and sustainment in all domains".[6] The organisation is not only 'a procurement agency' for military equipment but provides coordinated logistical support to NATO operations and plays a role in through-life management of commonly procured equipment, thus strengthening the cost efficiency for logistics, materiel and ammunition, and aiding the economies of scale benefits.[7] An important advantage of NSPA is its VAT exemption, granted under its status as a NATO subsidiary body by the application of the Ottawa Agreement (1951).[8] OCCAR is primarily a programme management organisation for the development and procurement phases of multinational European acquisition initiatives. In November 2023, the Netherlands announced its intention of joining OCCAR.[9] Regarding this ambition, the then Minister of Defence Kajsa Ollongren stated that the country wants "to play a leading role in driving European defense cooperation".[10] The cost efficiency of Dutch arms purchases and easier access to OCCAR projects for Dutch defence companies are expected to follow from Dutch membership. The Dutch Parliament has since been informed of the intention to join. OCCAR membership for the Netherlands is subjected to the parliamentary treaty procedure, as well as an assessment by the current six members.

2 'What Challenges for the New European Parliament?', *IRIS*, 3 October 2024.

3 'Cooperation in Defence and Security Procurement among EU Member States', *Blomstein*, 8 May 2024; Martin Sklenár, 'Three legislative recommendations for the European Defence Union', *Euractiv*, 28 October 2024.

4 Alexandr Burilkov & Guntram B. Wolff, 'Europe stands increasingly alone on defence production and needs to act', *Bruegel*, 31 October 2024.

5 For example, in June 2024, OCCAR and NSPA renewed their partnership and signed a Memorandum of Understanding (MoU) for a period of 20 years.

6 'NSPA welcomes Sweden in a coalition of NATO nations for the procurement of Patriot missiles', *NATO*, 15 November 2024.

7 The Netherlands has participated in several NSPA projects, including the Multi-Role Tanker Transport Fleet, the Boxer Project, and the combined purchase of Patriot Gem-T missiles. See: Arthur van Beveren, 'NAVO-platform voor materieelverwerving en onderhoud', *Materieelgezien* 6, no. 11, 20 augustus 2024.

8 'Agreement on the status of the North Atlantic Treaty Organization', *NATO*, 20 September 1951.

9 The Netherlands has already been a partner country collaborating in the BOXER wheeled armoured vehicle OCCAR project.

10 'Nederland zoekt aansluiting bij internationale organisatie OCCAR', *Ministerie van Defensie*, 23 november 2023; Rudy Ruitenberg, 'Netherlands wants to join Europe's OCCAR joint armament project', Defense News, 24 November 2023. In 1996, the Netherlands had already requested OCCAR membership and was extended an invitation by the founding members. However, in 2002, the then Secretary of Defence suspended the membership process due to concerns regarding the inclusion of Dutch defence firms in OCCAR projects. The current geopolitical context has now led to a desired change in policy. See: 'Nederlandse toetreding tot materieelagentschap Occar', *Tweede Kamer*, 30 juni 1999; 'Beslisnota inzake Hervatting toetredingsprocedure OCCAR', *Tweede Kamer*, 23 november 2023.

Box

NSPA – NATO Support and Procurement Agency

Established: 1958
Legal basis: Charter (2015)
Location: Capellen (Luxembourg)
Member nations: all 32 NATO allies
Partner nations: dozens
Governance: Agency Supervisory Board (ASB)
Operational budget 2023: € 20.6 billion
Projects: amongst others, the Alliance Future Surveillance and Control (AFSC), Alliance Ground Surveillance (AGS), Precision Guided Munitions and Land Battle Decisive Munitions, Ground Based Air Defence (GBAD), Strategic Airlift International Solution (SALIS), Multinational Multi Role Tanker Transport Fleet (MMF), Procurement of 1000 PATRIOT GEM-T missiles, Next Generation Rotorcraft Capability (NGRC)

OCCAR – Organisation Conjointe de Coopération en matière d'Armement

Established: 1996
Legal basis: Convention (1998)
Location: Bonn (Germany)
Member nations: Belgium, France, Germany, Italy, Spain, United Kingdom
Partner nations: Australia, Finland, Lithuania, Luxembourg, Netherlands, Poland, Sweden and Türkiye (all participating in one or more projects)
Governance: Board of Supervisors (BoS)
Operational budget 2023: € 6 billion
Projects: 22 in total, amongst them being the A400M transport aircraft, the Tiger armed helicopter, the Eurodrone (MALE-RPAS), the Boxer wheeled armoured vehicle, the FREMM frigate, Maritime Mine Counter Measures (MMCM) and the Multi Modular Patrol Corvette (European Patrol Corvette)

EDA – European Defence Agency

Established: 2004
Legal basis: EU Council decision
Location: Brussels (Belgium)
Member nations: all EU member states
Partner nations: Norway, Serbia, Switzerland, Ukraine, United States
Governance: Steering Board (SB)
Operational budget 2023: € 664 million
Projects: amongst many others, 155mm artillery ammunition procurement, Carl Gustvav ammunition procurement, Satellite Communication (SATCOM) services acquisition, training (air transport; helicopters).

The EDA has a very wide mandate with the common aspect of promoting European collaborative programmes and projects. Contrary to NSPA and OCCAR, the EDA plays a central role – in close cooperation with the member states – in defining capability priorities that should drive investment and collaborative programmes.[11] With regard to the management of programmes, the EDA record is quite limited in financial volume. The most successful programmes are in the training sector (air transport, helicopters) and a common procurement programme of seven member states to deliver 155mm artillery shells to Ukraine.[12] For equipment procurement programmes, the EDA's role is limited to the initial design phase and the definition of operational requirements. The EDA-OCCAR Administrative Arrangement (2012) has specifically been agreed to allow for the conceptual handover of EDA projects developed upstream to OCCAR for downstream implementation (development and procurement).[13] The concept of procuring and managing a pool of A320M Multi-Role Tanker Transport (MRTT) aircraft was developed in EDA and handed over to NSPA for its implementation.[14]

The growing role of the Commission

Since the launching of the European Defence Action Plan (EDAP) in 2016, the role of the European Commission in defence has grown. The EDAP has resulted in the European Defence Fund (2021-2027), investing € 8 billion in the research & development (R&D) of defence equipment.[15] With the financial support of the EDF combinations of member states (at least three) and industries (idem) are investing in capability areas such as: information superiority; air, ground and naval combat; air and missile defence but also in disruptive technologies. Products vary from emerging technologies up to platforms with the Eurodrone as the most concrete and advanced result.[16]

In the first quarter of 2025 the Commission will issue an interim evaluation of the EDF. The public consultation process in 2024 resulted in feedback from think tanks, industrial associations and others.[17] Albeit most respondents were positive concerning the EDF in terms of bringing together industries, including Small and Medium-sized Enterprises (SMEs) across national borders, many of them were critical of the complexity and bureaucracy, the relatively small budget, the multitude of projects, the grants to larger companies, and the lack of connectivity with national defence priorities.[18] In its feedback input, the EDA is advising a greater role of the Agency in the selection of the annual EDF Work Programmes as the Fund's industrial steering "is not enough articulated with the complementary capability development strands of work addressing other dimensions of capabilities such as (evolving) concepts and doctrines, related architecture,

11 See the latest, updated version of the Council decision establishing EDA: 'defining the statute, seat and operational rules of the European Defence Agency', *Official Journal of the European Union*, 12 October 2015.

12 ' Seven EU Member States order 155mm ammunition through EDA joint procurement', *EDA*, 2 October 2023.

13 'EDA & OCCAR build links, seeking efficiencies through cooperation', *EDA*, 27 July 2012.

14 'NATO Secretary General welcomes multinational fleet of tanker transport', *NATO*, 23 March 2023.

15 In 2024, € 1.5 billion was added to the EDF budget, bringing it to a total amount of € 9.5 billion. The EDF was preceded by two pilot programmes: the Preparatory Action on Defence Research (PADR: € 90 million; 2017-2019) and the European Defence Industrial Development Programme (EDIDP: € 500 million; 2020-2021). See: 'EDF: Developing tomorrow's defence capabilities', *European Commission*, n.d.

16 The Eurodrone is the European Medium-Altitude Long-Endurance Remotely Piloted Aircraft System (MALE RPAS), comparable to the American Reaper. Four member states (Germany, France, Italy, Spain) and industries in these countries are involved in the project. The first flight is expected in 2026. The Eurodrone is also a project in the context of the EU Permanent Structured Cooperation (PESCO). See: 'Eurodrone', *Airbus*, n.d.

17 'European Defence Fund: interim evaluation', *European Commission*, n.d.

18 For example, see the comments by IISS-Europe, the Swedish Defence and Security Industry Association (SOFF) and The Aerospace, Security and Defence Industrial Association in Europe (ASD) as listed in European Defence Fund: interim evaluation', *European Commission*, n.d.

logistics and infrastructure, interoperability with other systems, equipment and capabilities."[19]

The war in Ukraine has been an accelerator for the Commission's role in defence. Responding to the Ukrainian needs for the delivery of weapons and ammunition, the Commission has launched several programmes in support of defence procurement. Strengthening the EDTIB is the common element in these initiatives as the EU Treaties offer scope for the Commission's involvement in defence industrial matters[20], but do not allow for defence procurement by the EU itself. The Act on Supporting Ammunition Production (ASAP, € 500 million) was launched in May 2023.[21] With expected co-funding by industries, the total budget is expected to exceed € 1.5 billion for the production of powder/propellant, explosives, shells, testing capacity and missiles with increased production capacities across EU member states.[22] Another programme is focusing on financing the common procurement of equipment and ammunition: the European Defence Industry Reinforcement through Common Procurement (EDIRPA) instrument. In November 2024, the Commission announced that the available budget of € 300 million will be allocated to five projects, each receiving € 60 million.[23]

The combined procurement value of these five projects exceeds € 11 billion, meaning that the EDIRPA budget "has incentivized a commitment over 36 times larger (..)."[24]
In early 2024, the Commission issued the first ever European Defence Industry Strategy (EDIS). The EDIS is the overarching strategy to strengthen the EDTIB. It lists a range of concrete proposals such as: the creation of new formats to bring all relevant actors together[25]; a legal framework that offers member states financial benefits when procuring and jointly owning equipment and would provide for VAT exemption[26]; and a European military sales mechanism to facilitate the timely availability of defence industrial products. Furthermore, the EDIS proposes new investment programmes, such as the Fund to Accelerate Defence Supply Chain Transformation (FAST) for financing SMEs and Mid-Caps and the European Defence Industry Programme (EDIP). The latter has a budget of € 1.5 billion for the years 2025-2027 to strengthen the EDTIB and to assist in the recovery, reconstruction and modernisation of the Ukrainian defence industry.[27]

The EDIS provides the overall framework for strengthening the EDTIB with the involvement of the relevant European actors (EU institutions, member states, the defence industry). Initial reactions by member states, the European Parliament (EP) and think-tank experts were positive, but criticism has also been expressed. In its opinion, the EP's Economic and Social Committee welcomed EDIS, but argued for additional measures for the short term in

19 Feedback from: European Defence Agency, 20 February 2024, 'European Defence Fund: interim evaluation', *European Commission*, n.d.
20 The European Commission has no legal mandate in defence (procurement), but, amongst others, Article 173 of the Treaty on the Functioning of the European Union (support for the competitiveness of European industry) is used in order to justify the allocation of the EU budget in support of the development and procurement of defence equipment.
21 'Regulation on Supporting Ammunition Production (ASAP)', *European Commission*, n.d.
22 'ASAP results: boosting ammunition production', *European Commission*, 15 March 2024.
23 These projects are: MISTRAL very short-range air defence systems by nine member states; Joint Air Defence Missile Defence Initiative in Europe (JAMIE) for the common procurement of IRIS-T medium-range air defence systems by six member states; the Common Armoured Vehicle System (CAVS) for protected troop transport by four member states; and two common ammunition procurement projects for 155mm shells (six member states), respectively High Energy 155mm shells (five member states). See: 'EU boosts defence readiness with first ever financial support for common defence procurement', *European Commission*, 14 November 2024.
24 Ibidem.
25 A Defence Industrial Readiness Board bringing together member states, the High Representative/Head of the Agency and the Commission; a High-Level Defence Industry Group for sector-specific consultations between the Board and industry. See: 'Joint Communication to The European Parliament, The Council, The European Economic and Social Committee And The Committee of The Regions', *European Commission*, 5 March 2024.
26 The Structure for European Armament Programme (SEAP) which offers VAT exemption.
27 'Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')', *EUR-Lex*, 5 March 2024.

view of EDIP's limited budget. Furthermore, the Committee recommended "an ambitious financial envelope" of € 100 billion under the next Multi-annual Financial Framework (MFF 2028-2034).[28] Experts have pointed to the technology gap that Europe is facing compared to China and the US, demanding a more ambitious approach in breaking national barriers to realise scale and a higher tempo.[29] Others have stated that success will depend on the financial and political buy-in of the member states with defence funding under the next MFF as the crucial test.[30] UK- and US-based actors have drawn attention to the need for opening up the EDIP to the participation of third countries.[31] However, the flexibility of programmes such as ASAP and EDIRPA might be replaced by "stricter made-in Europe criteria" as "in that way we can mobilise support for the development of European technologies", according to the Commission's Director-General for Defence Industry and Space.[32] In 2025, the next steps on implementing the EDIS and the approval of the EDIP Regulation will be on the agendas of the EP and the Council. Serious questions on the short-term agenda will have to be answered. The biggest challenge of realising the big step forward beyond 2027 will be the financial issue of allocating much larger funding to the development and procurement of defence equipment in the negotiations on the MMF 2028-2034. Most likely, the use of Eurobonds to finance a large EU defence fund will be on the table. The new Defence Commissioner Andrius Kubilius has already expressed his support for using Eurobonds to finance a € 500 billion defence fund.[33]

EU and NATO roles

The ramping up of the European defence industry must be driven by the needs of the Armed Forces of Ukraine and the capability requirements of the EU and NATO countries. Ukraine's military needs are well known. Through various programmes the EU and its member states support Ukraine. NATO has a Comprehensive Assistance Package for Ukraine, but the alliance is not investing itself in military support and, therefore, not in related industrial production. In general terms, the alliance's role in the defence industry is focused on consulting industry and setting standards.[34] NATO's Industrial Capacity Expansion Pledge, agreed at the Washington Summit in July 2024, defines *what* should happen to increase industrial production, but lists no concrete measures and lacks a budget. The alliance's Defence Production Action Plan (2023) is focusing on aggregating demand and NATO's Defence Industry Production Board, established in the context of the Plan, "brings together Allied experts on defence industrial planning and procurement, to share best practices on defence planning and other relevant issues such as procurement and supply chains."[35] NATO's Defence Innovation Accelerator for the North Atlantic (DIANA), launched in 2022, aims at investing in start-ups developing or adapting technologies for defence and security with a very limited budget of € 1 billion for a period of 15 years.[36]

The NATO Defence Planning Process (NDPP) steers what allies must deliver in terms of military capabilities to fulfil the collective requirements of the NATO *deterrence and defence posture.*

28 'Opinion of the European Economic and Social Committee European defence industrial strategy,', *Official Journal of the European Union*, 9 August 2024.

29 Paul Mason, 'Europe's defence industrial strategy: beyond the rhetoric', *Social Europe*, 15 April 2024.

30 See for example: Camille Grand, 'Opening shots: What to make of the European Defence Industrial Strategy,', 7 March 2024; Ester Sabatino, 'EU's grand defence industrial plans risks fizzling for lack of money and unclear procedures', *IISS*, 18 March 2024.

31 Sophia Besch, 'Understanding the EU's New Defense Industrial Strategy', *Carnegie Endowment*, 8 March 2024.

32 Martin Greenacre, 'Commission wants to include research funding in the new defence industrial programme', *Science Business*, 21 March 2024.

33 Andrea Palasciano and Jorge Valero, 'EU's First Defense Commissioner Floats Joint Bonds for Industry', *Bloomberg*, 17 September 2024.

34 See: 'NATO's role in defence industry production', *NATO*, 15 July 2024.

35 Ibidem.

36 See: 'Defence Innovation Accelerator for the North Atlantic (DIANA)', *NATO*, 5 July 2024.

In short, the NDPP results in *what capabilities* the allies should provide, but it is not a capability development tool assisting in *how* these national contributions should be improved or constituted. Compared to NATO's *high-end warfighting* needs for collective defence, the EU's operational requirements for crisis management operations in the context of the Common Security and Defence Policy (CSDP) are limited and less ambitious.[37] However, the EU's Capability Development Priorities (CDP), developed by the European Defence Agency (EDA) with the close involvement of the member states and agreed by the Agency's Ministerial Steering Board in 2023, reflect a much wider range of capability requirements.[38] Here, the overlapping EU and NATO membership of 23 European countries has a major impact[39]: as NATO's operational requirements are leading in steering their national defence planning, these are also taken on board when selecting the CDP. The EDA's 2024 Coordinated Review on Defence (CARD) Report underlines that prioritised projects of collaborative European capability development must be relevant for the EU and NATO. Four areas have been identified as particularly promising and groups of member states have signed a Letter of Intent on these projects: Integrated Air and Missile Defence, Electronic Warfare, Loitering Munitions, and the New Generation Surface Combat Vessel.[40] The crucial difference between the NDPP and the EU's capability development process is the following: in the alliance the priorities are primarily expressed in national operational units for the NATO forces, while the EU focus is on the collaborative development and procurement of military equipment to contribute to constituting those forces which can also be deployed for CSDP operations.[41] In the words of the new EU High Representative Kaja Kallas: "NATO is preparing military plans and the EU and its member states are focusing on the procurement of its capabilities."[42]

The more the NATO priorities are incorporated into the EU programmes and projects to collaboratively invest in the development and procurement of equipment, the better the EU can assist member states/NATO allies in solving critical operational shortfalls for collective defence and crisis management operations at the same time. Therefore, the question is not 'the EU or NATO', but how to optimise the interaction between both organisations. Formal connectivity between the planning processes of both organisations is bound to fail due to the Cyprus-Türkiye issue.[43] Consequently, the solution lies in the maximum use of the informal contacts between the staffs of both organisations and the input of the countries that are members of both organisations in these processes.[44] For harmonising capability development priorities, the already existing staff-to-staff contacts between the EDA and NATO offer the best channel. For consulting NATO on defence industrial matters, the Commission must be involved in such EU contacts with the alliance.

37 The EU's Headline Goal process – with the EU Military Committee in the central role – defines the military operational requirements for such operations.

38 See: 'The 2023 EU Capability Development Priorities', *EDA*, 14 November 2023.

39 After Finland and Sweden have joined NATO only four EU member states are not allies: Austria, Cyprus, Ireland and Malta.

40 See: 'Coordinated Annual Review on Defence: Report 2024', *EDA*, 19 November 2024.

41 The EDA's Coordinated Annual Review on Defence (CARD) serves that purpose. It identifies the 'focus areas' of the most promising collaborative programmes.

42 Nicolas Gros Verheyde, 'Audition. Kallas passes the exam with flying colours. Russia in the line of fire, vague on the rest', Bruxelles 2, 12 November 2024.

43 Cyprus is a EU member state but not a NATO ally. Türkiye is a member of NATO but not of the EU. Türkiye does not recognise Cyprus, while Cyprus does not recognise the Turkish Republic of Northern Cyprus. This issue is exploited by both countries to block formal arrangements between the EU and NATO, such as the exchange of classified information.

44 The CARD Report 2024 states that the member states should facilitate "better information exchange, including classified ones, and deeper cooperation between EDA and NATO, particularly on defence planning and capability development". See: 'Coordinated Annual Review on Defence: Report 2024', *EDA*, 19 November 2024.

Conclusions and recommendations

The institutional landscape that overarches the European defence industry consists of various layers: the level of national defence planning and procurement; ad hoc multinational programmes; and permanent multinational organisations. Regarding the latter, four institutions or organisations all play important roles in defence equipment procurement. NATO's Support and Procurement Agency (NSPA) has a track record on common procurement, services and through-life management programmes. One of the crucial advantages of NSPA is its exemption from paying VAT. OCCAR is a successful European organisation that has proven its ability to manage military equipment development and procurement programmes for groups of European countries. The European Defence Agency has a key role in defining European Capability Development Priorities (CDP), which brings the organisation – next to its cooperation with NSPA – in an additional cooperation area with NATO, that is of coordinating the capability priorities. The CDP takes the alliance's operational priorities, resulting from the NATO Defence Planning Process (NDPP), into account. However, the role of the EDA is different: its core task is to promote collaborative European programmes to solve the shortfalls and improve the capabilities of the member states. The NDPP is not a capability development instrument. It can be described as a force planning tool for NATO's operational needs. As the EDA takes the NATO requirements on board, the EU contributes to addressing capability priorities, which serve both organisations. Finally, the European Commission has emerged as an important actor to support capability development through development and procurement of military equipment, but its mandate is based on the provisions in the EU Treaties to strengthen European industry. The Commission takes the CDP into account when launching programmes. Nevertheless, critical voices can be heard stating that defence industrial interests – of the larger European countries in particular – do not always connect to the full set of requirements of the CDP.

Based on these conclusions, the Netherlands should, together with like-minded partners, aim at the following:

- The existing institutional landscape offers enough scope for steering the European defence industry to ramp up its production. There is **no need for new institutions**, but expanding the role of the EDA to become **the EU's own defence procurement agency** may be considered.
- The four existing actors – NSPA, OCCAR, EDA, European Commission – have complementary roles and distinct advantages. Existing **coordination and cooperation should be reinforced**.
- The Commission is applying the capability priorities as defined under the EDA's aegis, but there is a **need for the enhanced involvement of capability development experts in defining the details of the EU Programmes** prepared by the Commission and discussed with member states in the Programme Committees.
- In the **short term**, within the EU's current Multi-annual Financial Framework (2021-2027) **existing programmes** to strengthen the EDTIB should be **fully exploited and financially reinforced**.
- In the **long term**, the next Multi-annual Financial Framework (2028-2034) should be entrusted with a **large defence budget of at least € 500 billion** to support sustained strengthening of European capabilities and the EDTIB.
- The **use of Eurobonds** for financing EU defence funding **should be considered**, both for the existing short-term programmes as well as for a large European defence fund for the period 2028-2034.
- All existing programmes (EDF, ASAP, EDIRPA, EDIP) should be brought together in **one single European Defence Investment Fund** for the timeframe 2028-2034 and beyond.
- The coordination between the EU capability development process and the NDPP has evolved in a more positive way than is often stated. Nevertheless, **existing informal contacts should be further optimised** to connect the alliance's operational priorities to the CDP of the EU.

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