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COVER NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	European Economic and Social Committee's Opinion on Defence Funding in the EU

Delegations will find attached the Opinion of the European Economic and Social Committee on Defence funding in the EU, adopted on 26 February 2025.



European Economic
and Social Committee

OPINION

European Economic and Social Committee

Defence funding in the EU

Defence funding in the EU
(exploratory opinion at the request of the Polish Presidency)

ECO/655

Rapporteur: **Marcin NOWACKI**

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Referral	Letter from Adam Szapka, Minister for the European Union, Republic of Poland, 6/9/2024
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social
Adopted in section	6/2/2025
Adopted at plenary session	26/2/2025
Plenary session No	594
Outcome of vote (for/against/abstentions)	138/79/8

1. Conclusions and recommendations

- 1.1 The EESC underscores the urgent need to address the evolving security landscape in Europe through robust and unified defence funding mechanisms. Geopolitical challenges, particularly the Russian aggression against Ukraine, necessitate immediate and strategic investment in defence capabilities, both military and civil preparedness, to safeguard the EU's fundamental values, peace, security and economic interests. The Committee stresses that a threat to Europe represents a threat to social security throughout the EU and, as such, it is imperative that the EU act cohesively to ensure the security and stability of all Member States.
- 1.2 The EU must clearly define its defence policy objectives and strengthen the European pillar of defence, which must link its resources and operational capabilities with NATO. Defence policy is part of the EU's foreign and security policy, which must promote peace, democracy and human rights on our continent and its geographical environment and in the world, and defend the multilateral institutions of the UN system. Therefore, the development of defence capacity should be always based on these values.
- 1.3 The Committee emphasises the need to find ways to step up EU defence capabilities, in accordance with the Treaty. This is essential for addressing shared security priorities while maintaining alignment with the EU's principles.
- 1.4 The EESC stresses the importance of deepening collaboration between the EU and NATO to ensure a unified approach to defence. Complementarity and interoperability between EU and NATO strategies are essential for maintaining a cohesive and effective security framework.
- 1.5 Immediate funding priorities should include the development and production of modern defence systems. Strengthening investment in such technologies should commence without delay, even within the current budgetary period.
- 1.6 Strengthening the European Defence Technological and Industrial Base (EDTIB) is vital for reducing reliance on external suppliers and fostering innovation within the EU. While production within the EU should remain a priority, the EESC acknowledges that some Member States may face challenges during the transition period. Therefore, as an interim measure, maintaining production under licence could be a practical solution. This approach facilitates technology transfer and capacity building, supporting Member States in developing their defence capabilities.
- 1.7 The Committee advocates the expansion of joint procurement mechanisms, including the European Peace Facility (EPF), to maximise resource efficiency and enhance strategic partnership. Initiatives such as the Act in Support of Ammunition Production (ASAP) and the European Defence Industry Reinforcement through Common Procurement Act (EDIRPA) should be scaled up to address production bottlenecks and operational readiness.
- 1.8 Partnerships with third countries should be pursued to advance joint efforts in security infrastructure and technological innovation. Collaboration in areas such as cyber and space security will foster Europe's defence capabilities and readiness for emerging threats. In this

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context, the EESC underscores the importance of public-private partnerships as a complementary tool to leverage expertise and resources, accelerating innovation and deployment in critical areas.

- 1.9 The EESC underscores the strategic importance of the IRIS² initiative, a secure satellite communication system critical for enhancing EU defence and cybersecurity capabilities. Prioritising investment in space-based systems such as IRIS² is essential for ensuring strategic capabilities and addressing emerging security threats effectively.
- 1.10 Defence funding should prioritise support for the EU countries on the external borders that are most directly impacted by regional conflicts on the condition that they strictly observe the collective EU and NATO goals and principles. In this way, enhanced defence capabilities in these regions will contribute to overall EU security and ensure a coordinated response to evolving threats along the Union's borders.
- 1.11 The EESC highlights the importance of integrating defence funding into broader EU financial mechanisms, including the next Multiannual Financial Framework (MFF). Proposals for the next MFF should include substantial additional resources for defence, without compromising other critical EU priorities such as cohesion policy, green transition and the European Pillar of Social Rights.
- 1.12 Public awareness campaigns should be implemented to highlight the vital role of defence funding in ensuring Europe's peace and security, as well as Europe's democratic way of life and social cohesion.
- 1.13 The EESC supports the EU's dual approach to defence, and stresses the importance of strengthening the European security and defence pillar, and the leveraging of financial and industrial instruments to enhance strategic cooperation among partners. Complementarity and interoperability between EU and NATO strategies are essential for maintaining a resilient defence framework.
- 1.14 The EESC places strong trust in the value of this opinion as a critical contribution to shaping the European Commission's Work Programme and the forthcoming White Paper on the Future of European Defence. The Committee emphasises the importance of this opinion in informing policy coherence, guiding strategic investment priorities and fostering a unified, forward-looking approach to addressing the evolving defence and security challenges faced by the European Union.
- 1.15 The extreme seriousness of the geopolitical threats that Europe is experiencing oblige the EU to establish a common defence policy, in the framework of a common foreign and security policy, to build a strong European Defence Pillar and to take the necessary legislative and financial measures to that end. The EU also needs to play an active diplomatic role to achieve a just peace in Ukraine.

2. Background to the opinion

- 2.1 On 17 September 2024, the Bureau of the European Economic and Social Committee (EESC) mandated the drafting of an exploratory opinion on *Defence funding in the EU*, responding to a request from Adam Szapka, Minister for the European Union, Republic of Poland, sent on 6 September 2024. This request aims to address the increasingly urgent need for a unified and strategic approach to defence funding amid the evolving geopolitical and security challenges in Europe. The creation of a European commissioner portfolio for defence and space underscores the strategic importance of this area within the EU's policy priorities.
- 2.2 The opinion builds on the EESC's earlier work on defence-related dossiers, aligning with the principles and priorities set out in the opinions of the Consultative Commission on Industrial Change and reinforcing the Committee's vision for a cohesive and forward-looking European defence strategy. It supports a long-term, structural approach to enhancing Europe's defence capabilities, emphasising resilience, reducing dependencies and fostering innovation in critical areas. By integrating these shared priorities, the opinion demonstrates continuity with previous contributions, reflecting the EESC's long-term commitment to strategic industrial competitiveness¹.
- 2.3 The EESC trusts that this opinion will serve as a foundational input for the European Commission's 2025 Work Programme and the forthcoming White Paper on the Future of European Defence, both of which are pivotal in shaping the EU's strategic direction in defence and security. The EESC underscores the importance of these documents in guiding critical investments, promoting synergies across the EU and strengthening the EU's capacity to address increasingly complex geopolitical challenges. Furthermore, the EESC believes that this opinion will lay down a robust framework for fostering long-term resilience.
- 2.4 The geopolitical risks to the political and economic security of Europe and the world go beyond the aggressive policy of the Russian government. The main ones are the situation in the Middle East and the Sahel, with wars of varying intensity; the actions of jihadist terrorism; the conflicts in the South China Sea and Taiwan; the repercussions of the struggle for technological, economic and military hegemony between the USA and China; the threats of trade wars; the difficulties of access to raw materials essential to the current technological revolution and the green transition; the threats posed by cyber-attacks and disinformation campaigns, etc.
- 2.5 We are in the midst of increasing diverse and inter-linked security threats, which highlight the importance of a multitude of actions. Even if this opinion primarily focuses on funding of military defence, the EESC stresses the importance of also ensuring adequate funding for civil defence and preparedness for a more resilient society. This aligns with Niinistö's report calling for a whole-of-society, whole-of-government and all-hazards approach to a more prepared EU².

¹ OJ C, C/2024/4062, 12.7.2024, ELI: <http://data.europa.eu/eli/C/2024/4062/oj>.
OJ C, C/2024/4663, 9.8.2024, ELI: <http://data.europa.eu/eli/C/2024/4663/oj>.
OJ C, C/2024/4662, 9.8.2024, ELI: <http://data.europa.eu/eli/C/2024/4662/oj>.
OJ C, C/2024/4658, 9.8.2024, ELI: <http://data.europa.eu/eli/C/2024/4658/oj>.

² European Commission, (2024). [Safer Together: Strengthening Europe's Civilian and Military Preparedness and Readiness](#).

- 2.6 The EESC welcomes the European Parliament's establishment of the fully-fledged Committee on Security and Defence (SEDE). The EESC underscores the growing importance of defence within the EU's strategic priorities. This development represents a significant step towards enhancing the EU's institutional capacity to provide comprehensive and focused oversight of policy development, funding and implementation.
- 2.7 The Russian aggression against Ukraine has revealed weaknesses in the EU's defence funding mechanisms, highlighting gaps that limit the Union's ability to respond to immediate and emerging security threats. Both national and EU-level defence funding must be significantly enhanced to address these multifaceted threats effectively. Existing EU funding regulations, such as Article 41(2) of the Treaty on European Union (TEU), limit the use of the general EU budget for defence expenditures³. This restricts the EU's capacity to address shared security challenges comprehensively.
- 2.8 Beyond the immediate threats, the growing geopolitical influence of China, with its global strategic ambitions, presents long-term challenges to Europe's economic and security interests. Additionally, instability and evolving risks from regions such as the Middle East and North Africa significantly contribute to a complex global security environment. The EESC emphasises that regional instability in the Middle East and risks arising from the EU's southern borders, as well as ongoing threats to the eastern borders, require urgent attention as they directly affect the EU's stability and cohesion. A more coordinated and unified approach, as outlined in the EU's Strategic Compass, is essential for enhancing resource sharing, interoperability and transatlantic cooperation⁴. NATO, with 23 of the 27 EU Member States as members, remains the cornerstone of European security. Strengthening the EU's role in defence must complement NATO's efforts by leveraging the EU's economic and financial instruments, adhering to NATO interoperability and focusing on financial, industrial and research contributions to foster collective security.
- 2.9 A recent analysis by Mario Draghi revealed that 78% of the EUR 75 billion spent by EU countries on defence procurement between June 2022 and June 2023 went to non-EU suppliers⁵. This dependency highlights the urgent need to strengthen the EDTIB. Strengthening the EDTIB is essential for reducing reliance on external suppliers, enhancing the EU's strategic capabilities and ensuring that critical defence capabilities remain within Europe's control.
- 2.10 While existing mechanisms, such as the European Defence Fund (EDF), effectively facilitate R&D, there remains a critical gap in funding for deployment and manufacturing capabilities. This gap must be addressed in the next Multiannual Financial Framework (MFF) to ensure that key defence technologies are not only developed but also operationalised and produced at scale. Addressing this need will reinforce the EDTIB and ensure the EU's ability to meet evolving defence challenges comprehensively and sustainably.

³ [Treaty on European Union \(TEU\)](#).

⁴ European External Action Service (EEAS), 2022, [Strategic Compass for Security and Defence](#).

⁵ European Commission (2024), [The future of European competitiveness – A competitiveness strategy for Europe](#).

- 2.11 At present, the primary focus is on increasing the readiness and competitiveness of the EDTIB to ensure the timely availability and supply of defence products. Defence non-reliance remain important long-term objectives but should not overshadow critical and urgent needs arising from the current security situation. A stronger, more coherent funding mechanism is seen as central to achieving this goal. Strengthening the EDTIB, fostering cross-border collaboration and supporting innovative defence projects will be critical in building the EU's capacity to respond to emerging threats. Strategic cooperation among partners will ensure a robust, integrated and home-grown defence industry that can operate alongside allies, maintaining Europe's security.
- 2.12 Evolving security threats have driven Member States to explore joint defence funding initiatives to address these challenges collectively. The establishment of the European Peace Facility (EPF), an off-budget instrument, circumvents these restrictions by enabling the EU to fund defence-related activities, such as joint military procurement. As a common foreign and security policy instrument, the EPF also fosters cooperation with EU partners, enhancing collective capabilities and strengthening security partnerships. However, while the EPF provides a valuable mechanism for collective action, its off-budget nature limits its scope and potential.
- 2.13 The EUR 1 billion joint procurement of ammunition for Ukraine under the EPF, adopted on 20 March 2023, demonstrates the EU's capacity to address urgent security needs⁶. This immediate action was complemented by the Act in Support of Ammunition Production (ASAP), adopted on 3 May 2023, which aims to enhance the EU's long-term ammunition production capacity. ASAP was introduced to address production bottlenecks and ensure a sustainable supply of ammunition, both for Ukraine and for the EU's defence. The EDIRPA further supports these efforts by encouraging Member States to cooperate on joint defence acquisitions and strengthening the EDTIB. The EDIRPA, as outlined in the corresponding EESC opinion, emphasises the importance of addressing critical defence shortfalls through joint procurement mechanisms⁷. In addition, the European Defence Industrial Strategy (EDIS) outlines a comprehensive framework to bolster the EDTIB through innovation, cross-border collaboration and supply chain resilience. This strategy, as described in the corresponding EESC opinion, supports the EU's commitment to building a resilient and autonomous defence industry⁸. Together, these initiatives illustrate the EU's strategic approach to enhancing its operational readiness and reinforcing collective security in response to evolving threats.
- 2.14 The European Defence Fund (EDF) and the European Defence Industry Programme (EDIP) are pivotal to strengthening the EU's defence capabilities. The EDF focuses on collaborative, cross-border research and development, fostering innovation and addressing critical capability gaps to enhance the EU's strategic capabilities. Meanwhile, the EDIP provides a broader and urgent response to challenges such as those posed by Russia's aggression against Ukraine, targeting joint procurement, industrial reinforcement and operational readiness. It introduces mechanisms like the EDIRPA and a security-of-supply regime to boost cooperation and strengthen supply

⁶ Council of the European Union, [EU Joint Procurement of Ammunition and Missiles for Ukraine: Council Agrees €1 Billion Support under the European Peace Facility](#), 2024.

⁷ [OJ C 486, 21.12.2022, p. 168](#).

⁸ OJ C, C 2024 4663, 9.8.2024, ELI: <http://data.europa.eu/eli/C/2024/4663/oj>.

chains. However, the funding allocated under these initiatives, while significant in comparison to previous efforts, remains insufficient to address the growing spectrum of threats facing Europe.

3. General comments

- 3.1 The EESC considers that, as far as security is concerned, the EU should move into a common defence policy, in the framework of a common foreign and security policy, and build a strong European Defence Pillar, and the necessary legislative and financial measures to this end should be taken as a matter of urgency. At the same time, the EU needs to develop an active diplomatic role in the search for a just peace for Ukraine, in close cooperation with its government.
- 3.2 In the EESC's view, tackling the geopolitical risks and threats listed in the previous section and ensuring the security of European citizens require an increase in defence and security spending. The EU security and defence policy should be conducted within the framework of the EU's foreign policy and the values that shape it: the defence of peace and democracy and of an international order based on respect for the rule of law and international law and the institutions of the United Nations system and the democratic values that define it. Therefore, the development of defence capacity should be always based on these values.
- 3.3 The development of the concept of strategic autonomy in the field of security and defence should encourage the EU to clearly define its defence policy objectives and strengthen the European pillar of security and defence policy, a pillar which should coordinate its resources and its operational capacity with NATO, the political-military alliance to which the vast majority of Member States belong.
- 3.4 The EESC strongly supports the ongoing discussions on defence and security funding in the EU, recognising it as a vital tool for strengthening the security framework and fostering strategic cooperation with partners. This funding plays a crucial role in building and maintaining military and civil defence readiness and resilience. It also emphasises the necessity of a combined approach that integrates both national and EU-level financing. Such a collaborative financial strategy is essential for promoting resource efficiency, aligning investments and effectively addressing the multifaceted security challenges. The EESC's consistent engagement with defence and security issues, as reflected in its previous opinions, particularly those developed by the CCMI and referenced earlier, underscores its commitment to shaping a cohesive and effective European defence policy⁹. At the European level, the European Defence Fund (EDF), the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) are the financing instruments whose potential needs to be strengthened, as the Draghi report concludes. This should be facilitated by regulation, and the EDF could increase its capacity before the approval of the post-2027 MFF.

⁹ For detailed discussions on the EESC's historical contributions to defence policy, see: EESC opinion on *Towards a More Sustainable, Competitive and Resilient Europe*, OJ C, C/2024/4062, 12.7.2024, ELI: <http://data.europa.eu/eli/C/2024/4062/oj>.
OJ C, C/2024/4663, 9.8.2024, ELI: <http://data.europa.eu/eli/C/2024/4663/oj>.
OJ C, C/2024/4662, 9.8.2024, ELI: <http://data.europa.eu/eli/C/2024/4662/oj>.
OJ C, C/2024/4658, 9.8.2024, ELI: <http://data.europa.eu/eli/C/2024/4658/oj>.
[OJ C 486, 21.12.2022, p. 168.](#)

- 3.5 The EESC also underlines the importance of European NATO members committing to spending at least 2.5% of their GDP on defence, as part of a robust response to current geopolitical threats. Member States will retain full sovereignty over their armed forces. This principle forms the foundation of European defence policy, ensuring that national security priorities align with collective EU and NATO goals. This commitment not only aligns with NATO guidelines but will also ensure greater financial and strategic contributions to both European and transatlantic security. This dialogue lays the groundwork for a more resilient and responsive defence position across the EU.
- 3.6 On Russia's aggression against Ukraine, the EU countries on the border close to the conflict zone were the first to provide immediate assistance, both logistically and through defence coordination. Their geographical proximity and role as initial providers of safety and support highlight the importance of prioritising these nations in future defence funding frameworks. Strengthening their defence capabilities is crucial for enhancing the EU's overall security and response readiness, particularly in the face of evolving threats along its borders.
- 3.7 The EESC calls for additional resources to be allocated before the next MFF is implemented. Moreover, the EESC underscores the need to significantly increase the overall budget of the next MFF to effectively address defence needs. This proactive funding approach is vital to effectively tackle pressing security challenges, particularly in light of evolving geopolitical dynamics and emerging threats. A larger budget will ensure that the EU has the financial capacity to respond comprehensively to immediate defence requirements and strengthen its long-term strategic capabilities. The EESC stresses that this approach should complement NATO's mandate for collective defence, which has long provided a reliable framework for addressing shared security challenges. Transatlantic cooperation, particularly with the United States, has been very important to Europe's defence and should remain so to meet current and future security and defence challenges. The EESC underlines that security and defence cooperation and partnerships must always be based on trust, equality and mutual respect and on respect for democratic values, human rights and the defence of the multilateral institutions. Respect for these principles and values should also be taken into account for the export of armaments and defence systems by EU Member States.
- 3.8 The proposals for the next Multiannual Financial Framework (MFF), to be presented in 2025 by the Commission and aligned with the Polish Presidency of the Council of the European Union, offer a significant opportunity to secure long-term and sustainable defence funding within the EU. This alignment is particularly important as it provides a platform to address pressing defence and security challenges in a coordinated manner.
- 3.9 The EESC strongly advocates increasing the overall budget under the next MFF, emphasising the need to allocate substantial additional resources for defence. However, the EESC stresses that such efforts must not come at the expense of other critical EU priorities, particularly in green transition, cohesion policy and the European Pillar of Social Rights, which are vital for fostering social and economic convergence across the EU. The Committee underscores that every defence investment is also an investment in the broader social objectives and initiatives

derived from the European Pillar of Social Rights, ensuring that both security and social welfare are strengthened in tandem.

- 3.10 The security of the EU cannot be ensured by military strength alone. In a scenario such as the current one, to ensure long-term security the EU must address the defence initiatives in tandem with the social challenges. Strengthened cooperation and the realisation of the single market in the sector of defence, as proposed in the Letta report¹⁰, would make it possible to achieve economies of scale and could allow significant savings, making it possible to allocate these resources to social spending. According to the European Parliamentary Research Service (EPRS)¹¹, the cost of non-Europe in defence spending is estimated to range from EUR 18 to EUR 57 billion per year.
- 3.11 The Committee emphasises the need to try to revise existing regulations that currently impose limitations on defence financing, particularly those stemming from the Treaty's restrictions on the use of the EU budget for defence purposes. Finding practical solutions within these constraints is essential for addressing shared security priorities while maintaining alignment with the EU's fundamental principles. Such reform must go hand in hand with increasing the EU budget under the next MFF, ensuring adequate financial resources to meet evolving security demands. By aligning defence funding with broader EU financial strategies, the Union can foster a more cohesive and coordinated approach to defence investment. The EU could explore the options of increasing contributions to the MFF and establishing borrowing mechanisms, akin to those used during the COVID-19 pandemic, to finance defence projects. Binding defence spending targets with regular accountability mechanisms should also be introduced.
- 3.12 The EESC also highlights the importance of addressing short-term needs, such as procurement and industrial reinforcement, to ensure immediate readiness and resilience. Lessons learned from Ukraine underline the critical role of innovation in defence and dual-use fields, particularly drones, which have proven indispensable in military operations and civilian applications. Strengthening the EU's capacity to develop and produce such technologies locally is crucial for operational effectiveness and for reducing dependence on external suppliers. Shifting towards strategic cooperation with partners, including Japan, the Republic of Korea and Australia, will further support these efforts while enhancing Europe's defence framework and innovation capabilities.
- 3.13 The Russian aggression against Ukraine has emphasised the importance of modern defence technologies such as drones and anti-missile systems, which have proven critical in countering large-scale aggression. The estimated economic damage in Ukraine, exceeding EUR 462 billion, underlines the staggering cost of inaction and the necessity of investing in proactive defence measures across the EU¹². This regional preparedness underscores the need for a robust EU defence framework capable of addressing not only immediate conflicts but also long-term challenges posed by major powers whose influence extends to Europe's borders and global strategic domains. Such efforts should be in line with EU defence policy objectives, as part of

¹⁰ Enrico Letta - Much more than a market (April 2024).

¹¹ EPRS: 'Improving the quality of European defence spending - Cost of non Europe report', November 2024.

¹² World Bank, (2024). [Ukraine Recovery and Reconstruction Needs Assessment](#).

the EU's foreign and security policy strategy, and agreed within NATO to promote stability and be able to provide the necessary coordinated responses.

- 3.14 The EESC underscores the importance of defence and security research and development as a catalyst for innovation, which produces broader economic benefits beyond traditional military applications. Investments in defence directly support innovation and R&D, driving technological advancements that enhance both military and civilian capabilities. By viewing defence more broadly – encompassing connectivity, infrastructure and the adaptability of technology across sectors – the EESC emphasises the potential for long-term growth. Technological advancements in defence not only enhance military capabilities but also create civilian applications that can stimulate economic development across various sectors. This interconnected approach fosters a resilient economy, ensuring that investments in defence contribute to broader societal and technological progress.
- 3.15 The EESC emphasises the urgent need to enhance EU defence capabilities, with a focus on defence technologies which integrate industrial production with advancements in electronics, communications and optics, and are vital for reconnaissance and operational support. Their dual-use potential, including applications in border surveillance and monitoring civilian infrastructure, further underscores their strategic value. In light of their dual-use nature, it is crucial that export controls and sanctions are consistently respected by all EU Member States and international partners to safeguard security interests. Prioritising their technological development will provide the EU with a competitive advantage and bolster resilience within its defence industrial base. Therefore, the EESC calls for immediate support for the production of both drones and anti-missile systems, emphasising that these efforts should be pursued even within the current budgetary period.
- 3.16 The EESC underscores the importance of targeted investment in defence technologies to address Europe's evolving security challenges. As highlighted in the European Commission's *Safer Together: Strengthening Europe's Civilian and Military Preparedness and Readiness* report, authored by former Finnish President Sauli Niinistö, establishing an Investment Guarantee Programme would significantly enhance financing opportunities in the defence industry. This fund would reduce investment risks and incentivise innovation in critical areas such as cybersecurity, artificial intelligence and dual-use capabilities. Dedicated guarantees for the defence sector would encourage both public and private sector involvement, ensuring a robust source of funding for technological advancements¹³.
- 3.17 The EESC advocates increased investment in emerging technologies, such as cybersecurity, artificial intelligence and space capabilities. The Committee emphasises the importance of a comprehensive approach that integrates both civilian and military R&D efforts to effectively address modern security challenges. By fostering innovation in these key areas, the EU can enhance its technological capabilities and maintain a competitive edge in an increasingly complex global security environment. Through NATO, transatlantic partnerships offer valuable opportunities for joint technological innovation, particularly in cybersecurity and AI. By

¹³ European Commission, (2024), [Safer Together: Strengthening Europe's Civilian and Military Preparedness and Readiness](#).

aligning EU and NATO priorities, Europe can leverage shared expertise to strengthen its defence capabilities.

- 3.18 The EESC highlights the vital role of small and medium-sized enterprises (SMEs) and mid-caps in the defence sector, recognising their capacity to drive innovation and agility. The Committee stresses the importance of identifying specific financial gaps faced by SMEs and developing targeted solutions, such as tailored financial instruments and simplified access to public funds. Ensuring these measures reach a broad range of SMEs across Member States is essential for diversifying the supply chain and strengthening the resilience of the European defence industry. By addressing these challenges, the EU can empower SMEs to contribute more effectively to defence projects and foster innovation and competitiveness in the sector.
- 3.19 The overarching goal of the defence policy of the EU is to build a resilient and adaptive European defence framework by enhancing financial infrastructure, increasing investment in R&D and strengthening the EDTIB. Recent geopolitical events underscore the urgency of reducing reliance on external suppliers and fostering a robust internal market for defence production. Both European industries and common European research, development and production programmes need to be promoted. It is also necessary to establish common purchasing procedures, both on the internal market and from external suppliers, which would reduce costs. The EU must leverage tools such as technology transfer and sharing of know-how to support Member States with varying levels of industrial development, ensuring inclusive progress. This aligns with Article 173 TFEU, which underscores the importance of strengthening the EU's competitiveness and promoting innovation to ensure sustainable and secure supply chains¹⁴. At the same time, cooperation with external, like-minded partners remains necessary given the urgency of the security situation, and such collaboration should not be completely dismissed.
- 3.20 The European Bank for Reconstruction and Development (EBRD) plays a vital role in financing infrastructure in the EU countries on the EU's external borders and regions of strategic importance, indirectly supporting security objectives. As security challenges increase, the EBRD's focus on regional stability and resilience complements the efforts of the European Investment Bank (EIB). The EIB, with its new strategic roadmap for the dual-use industry, is positioned to expand its role in Europe's defence and security sector. This roadmap opens financing opportunities for cross-border projects, while a dedicated financial instrument for small and medium-sized enterprises (SMEs) strengthens critical defence supply chains¹⁵. Together, the EIB and EBRD offer a coordinated framework to enhance Europe's defence capabilities, balancing innovation, regional stability and the green transition.
- 3.21 Additionally, fostering partnerships with non-NATO countries like Japan, South Korea and Australia could further strengthen EU capabilities by advancing joint efforts in security infrastructure and technological innovation. Such partnerships would support Europe's defence and technological readiness, addressing both traditional military threats and emerging challenges linked to cyber and space security.

¹⁴ [Treaty on the Functioning of the European Union \(TFEU\)](#).

¹⁵ European Investment Bank (EIB), [Strategic Roadmap for 2024-2027](#).

- 3.22 The EESC emphasises that the concept of defence must be seen in a broader context, encompassing not only traditional military aspects but also critical sectors such as connectivity, infrastructure, cybersecurity and the information society. Long-term defence budgets must account for inflation, technological advancements and evolving geopolitical dynamics. Defence funding should prioritise resilience and sustainability, ensuring capabilities are maintained during economic downturns. As modern security threats increasingly target digital and infrastructure vulnerabilities, these areas are essential to ensuring the EU's resilience. Addressing these interconnected sectors is critical for maintaining a comprehensive defence strategy that can meet evolving security challenges. Actions in the above-mentioned areas serve a dual purpose as they are also essential for fulfilling the objectives of the EU's Economic Security Strategy¹⁶.
- 3.23 The IRIS2 project plays a pivotal role in advancing the EU's defence capabilities through secure satellite communication. This initiative specifically addresses the need for space-based systems to enhance the EU's strategic capability and cybersecurity. By prioritising this project, the EU can ensure resilience against emerging threats while strengthening its integrated security framework¹⁷.
- 3.24 The Committee calls for efforts to step up EU defence capabilities in accordance with the Treaty. Finding practical solutions within these constraints is essential for addressing shared security priorities while maintaining alignment with the EU's fundamental principles.
- 3.25 The EESC stresses the critical role of public perception in shaping support for strengthening civil and military defence and funding. Coordinated public awareness campaigns are deemed essential for informing people about the vital contributions of defence funding to safeguarding Europe's peace, security and core values. Enhancing public understanding and support for defence initiatives is crucial for fostering a collective commitment to national and EU-level security objectives. These campaigns should also address the broader implications of security trends, helping to cultivate a more informed and engaged public discourse on preparedness and resilience matters. Here efforts towards civilian and civil preparedness will play a crucial role. These campaigns should also highlight the importance of maintaining international partnerships.

Brussels, 26 February 2025.

The President of the European Economic and Social Committee

Oliver RÖPKE

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N.B.: Annex overleaf

¹⁶ European Commission, (2023), [Joint Communication to the European Parliament, the European Council and the Council](#).

¹⁷ European Commission, (2024), [IRIS²: the new EU Secure Satellite Constellation](#).

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ANNEX
to the
OPINION
of the European Economic and Social Committee

The following paragraphs of the section opinion were amended to reflect the amendment adopted by the assembly but received more than one quarter of the votes cast (Rule 74(4) of the Rules of Procedure):

AMENDMENT 8

ECO/655

Defence funding in the EU

Point 1.10

Amend as follows

<i>Section opinion</i>	<i>Amendment</i>
Defence funding should prioritise support for the EU countries on the external borders that are most directly impacted by regional conflicts on the condition that they strictly observe the <i>'no first strike' principle</i> . In this way, enhanced defence capabilities in these regions will contribute to overall EU security and ensure a coordinated response to evolving threats along the Union's borders.	Defence funding should prioritise support for the EU countries on the external borders that are most directly impacted by regional conflicts on the condition that they strictly observe the <i>collective EU and NATO goals and principles</i> . In this way, enhanced defence capabilities in these regions will contribute to overall EU security and ensure a coordinated response to evolving threats along the Union's borders.

Outcome of the vote on the amendment:

For: 106
Against: 79
Abstentions: 10

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AMENDMENT 4

ECO/655

Defence funding in the EU

Point 3.1

Amend as follows

<i>Section opinion</i>	<i>Amendment</i>
<p>In the EESC's view, tackling the geopolitical risks and threats listed in the previous section and ensuring the security of European citizens require an increase in defence and security spending. The EU security and defence policy should be conducted within the framework of the EU's foreign policy and the values that shape it: the defence of peace and democracy and of an international order based on respect for the rule of law and international law and the institutions of the United Nations system and the democratic values that define it. Therefore, the development of defence capacity should be <i>anchored in a binding legal framework, which precludes pre-emptive declarations of war, attacks or first strikes by any EU Member State against any other country.</i></p>	<p>In the EESC's view, tackling the geopolitical risks and threats listed in the previous section and ensuring the security of European citizens require an increase in defence and security spending. The EU security and defence policy should be conducted within the framework of the EU's foreign policy and the values that shape it: the defence of peace and democracy and of an international order based on respect for the rule of law and international law and the institutions of the United Nations system and the democratic values that define it. Therefore, the development of defence capacity should be <i>always based on these values.</i></p>

This amendment was linked to amendment 5, on point 1.2, and tabled by the same members.

<i>Section opinion</i>	<i>Amendment</i>
<p>The EU must clearly define its defence policy objectives and strengthen the European pillar of defence, which must link its resources and operational capabilities with NATO. Defence policy is part of the EU's foreign and security policy, which must promote peace, democracy and human rights on our continent and its geographical environment and in the world, and defend the multilateral institutions of the UN system. Therefore, the development of defence capacity should be <i>anchored in a binding legal framework, which precludes pre-emptive</i></p>	<p>The EU must clearly define its defence policy objectives and strengthen the European pillar of defence, which must link its resources and operational capabilities with NATO. Defence policy is part of the EU's foreign and security policy, which must promote peace, democracy and human rights on our continent and its geographical environment and in the world, and defend the multilateral institutions of the UN system. Therefore, the development of defence capacity should be <i>always based on these values.</i></p>

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<i>declarations of war, attacks or first strikes by any EU Member State against any other country.</i>	
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The outcome of the vote therefore applies to both amendments:

For: 93
 Against: 85
 Abstentions: 3

AMENDMENT 6

ECO/655

Defence funding in the EU

Point 3.23

Amend as follows

<i>Section opinion</i>	<i>Amendment</i>
The Committee calls for efforts to step up EU defence capabilities <i>within the current limitations imposed by the Treaty, which restricts the use of the EU budget for defence purposes</i> . Finding practical solutions within these constraints is essential for addressing shared security priorities while maintaining alignment with the EU's fundamental principles.	The Committee calls for efforts to step up EU defence capabilities <i>in accordance with the Treaty</i> . Finding practical solutions within these constraints is essential for addressing shared security priorities while maintaining alignment with the EU's fundamental principles.

This amendment was linked to amendment 7, on point 1.3, and tabled by the same members.

<i>Section opinion</i>	<i>Amendment</i>
The Committee emphasises the need to find ways to step up EU defence capabilities <i>within the current limitations imposed by the Treaty that limit the use of the EU budget for defence purposes</i> . This is essential for addressing shared security priorities while maintaining alignment with the EU's principles.	The Committee emphasises the need to find ways to step up EU defence capabilities, <i>in accordance with the Treaty</i> . This is essential for addressing shared security priorities while maintaining alignment with the EU's principles.

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The outcome of the vote therefore applies to both amendments:

For: 115
Against: 75
Abstentions: 5

The following amendment, which received at least a quarter of the votes cast, was rejected in the course of the debate (Rule 74(3) of the Rules of Procedure):

AMENDMENT 3

ECO/655

Defence funding in the EU

Point 3.4

Amend as follows

<i>Section opinion</i>	<i>Amendment</i>
<p>The EESC also underlines <i>the importance of</i> European NATO members <i>committing to spending at least 2.5% of their GDP on defence, as part of a robust response to current geopolitical threats. Member States will retain full sovereignty over their armed forces. This principle forms the foundation of European defence policy, ensuring that national security priorities align with collective EU and NATO goals.</i> This commitment not only aligns with NATO guidelines but will also ensure greater financial and strategic contributions to both European and transatlantic security. This dialogue lays the groundwork for a more resilient and responsive defence position across the EU.</p>	<p>The EESC also underlines <i>how important it is for</i> European NATO members to <i>urgently meet</i> their <i>NATO spending commitments and to determine what additional funding is needed for the next 10 years.</i> This commitment not only aligns with NATO guidelines but will also ensure greater financial and strategic contributions to both European and transatlantic security. This dialogue lays the groundwork for a more resilient and responsive defence position across the EU.</p>
Reason	
To be given orally.	

Outcome of the vote on the amendment:

For: 79
Against: 102
Abstentions: 3

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