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45TH GENERAL ASSEMBLY
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Rue Belliard 40 / Belliardstraat 40
1040 Brussels – Belgium
T +32 (0)2 786 30 45
www.ceemet.org
@ceemet
EU Transparency Register
61370904700-45

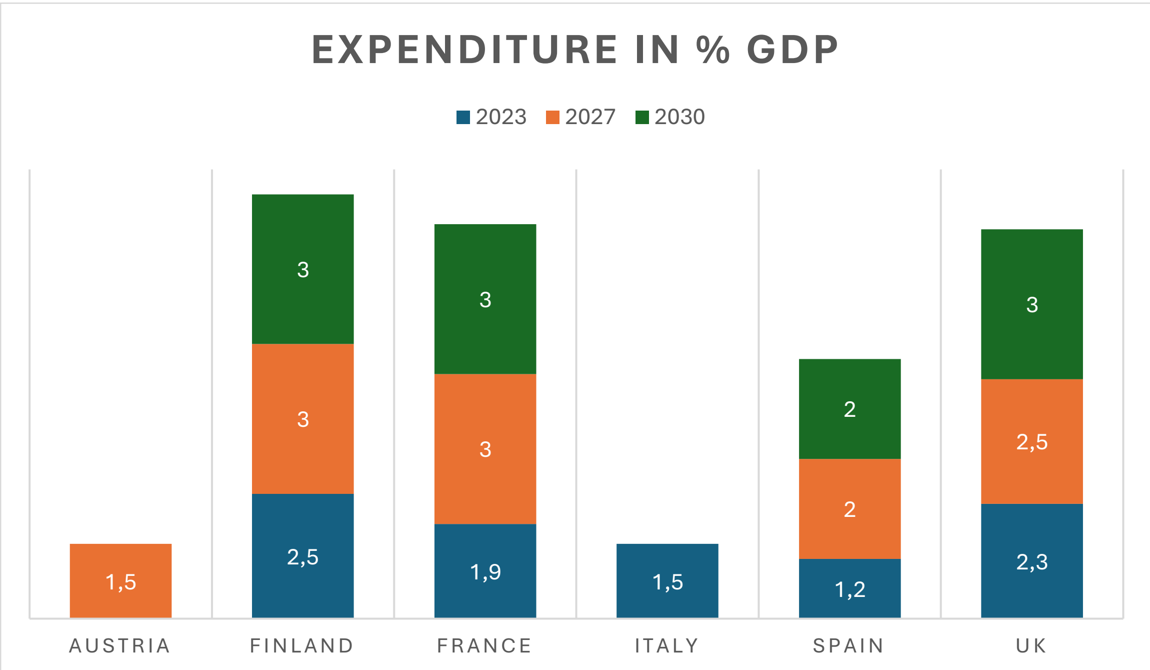
NATIONAL DATA ON EU DEFENCE POLICY, 2025[1]

Due to the recent geopolitical events, the European Union has announced plans to reinforce it defence industry by increasing its spendings at EU level. Since 2023, European countries have been increasing their investment and spending expenditure in the sector. However, most countries are barely reaching 2% of their GDP, even though they have announced a need and a target of 3%. They have nevertheless adopted specific action plans for the defence sector to help their industries increase production, invest and innovate in this area.

1. ECONOMIC DATA AND NATIONAL POLICY

a. Defence expenditure

All countries increased their defence spending in 2023/2024 and plan to pursue this trend in the coming years. Doing this, EU member states are following EU recommendations to plan defence expenditures up to 3% of their GDP by 2030 at the latest.



[1] This note is based on the data provided by Ceemet' members

b. Research & Development

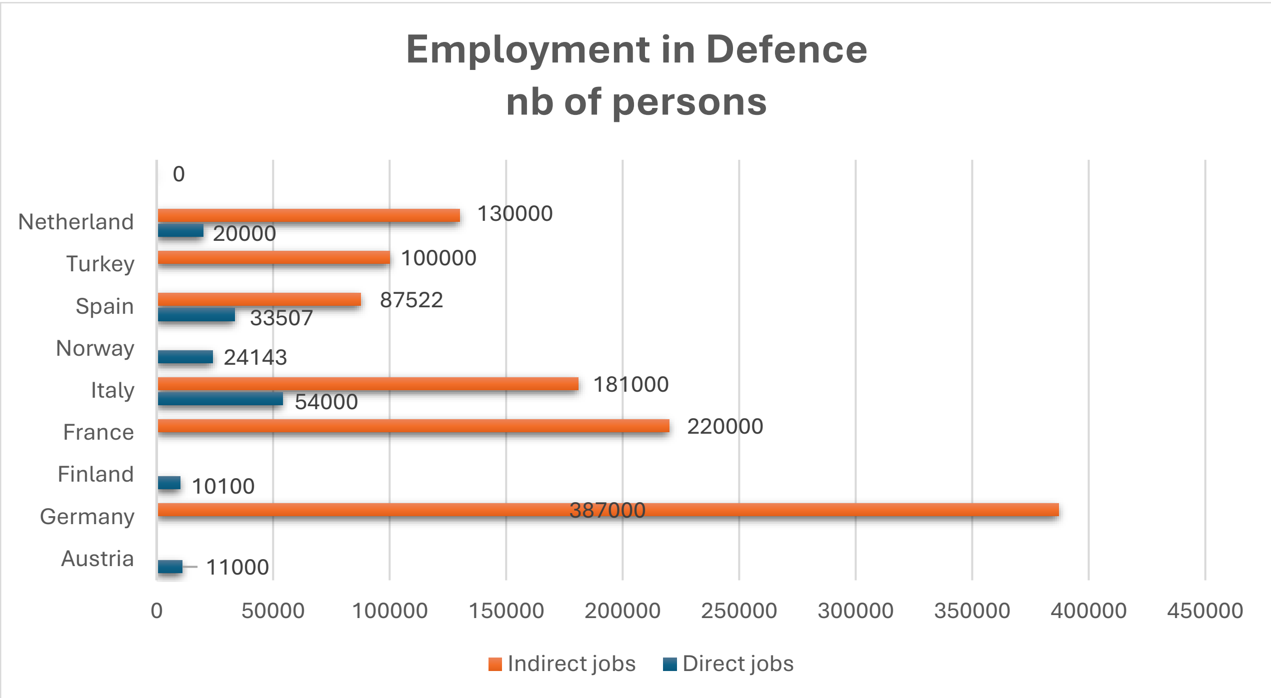
In terms of R&D, the EU 27 have increased their spending and announced various investment programmes, particularly in new technologies, new software and new technology weapons. To support them, the EU commission announced, on 30 January 2025, the creation of the European Defence Fund with over €1 Billion to Drive Next-Generation Defence Technologies and Innovation.

c. Investment

All countries have announced national investment plans. These plans involve the comprehensive modernisation of European defence and the acquisition of new technologies. These decisions are also tailored to national needs and specific regional characteristics. Austria, France, the UK and Turkey have specific plans for their air defence systems, while the UK and Turkey are planning naval modernisation. Some regions in Spain, UK and France have developed several investment plans based on the type of industry present in their territories and their needs. Germany announced future investments in infantry, railways and armoured vehicles.

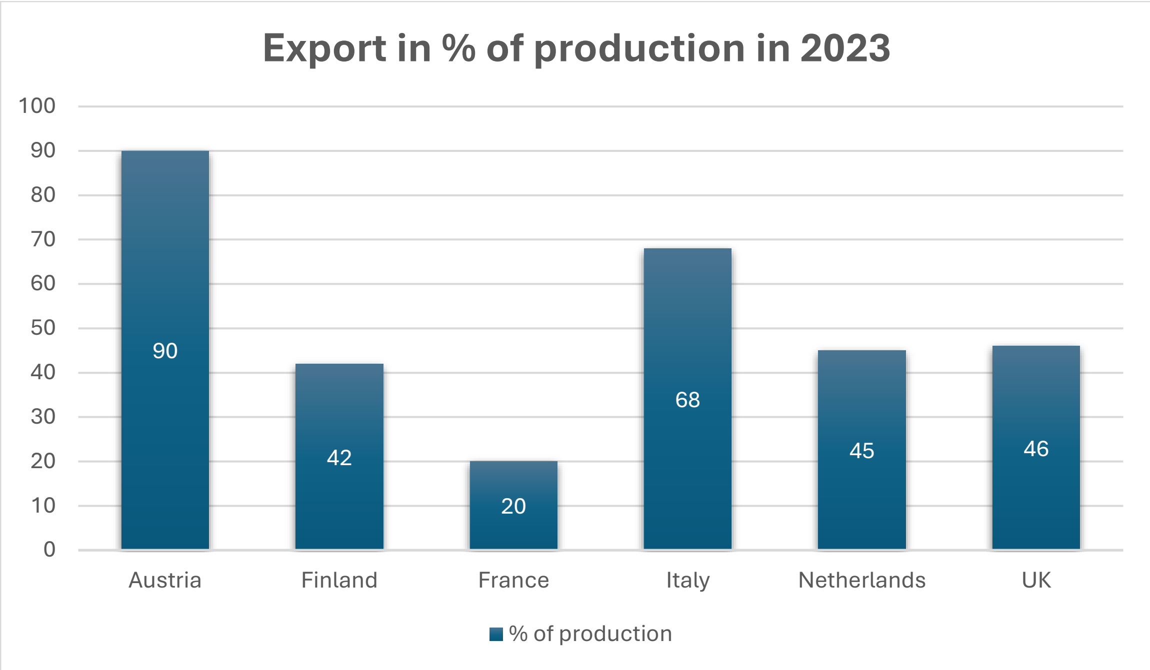
d. Employment

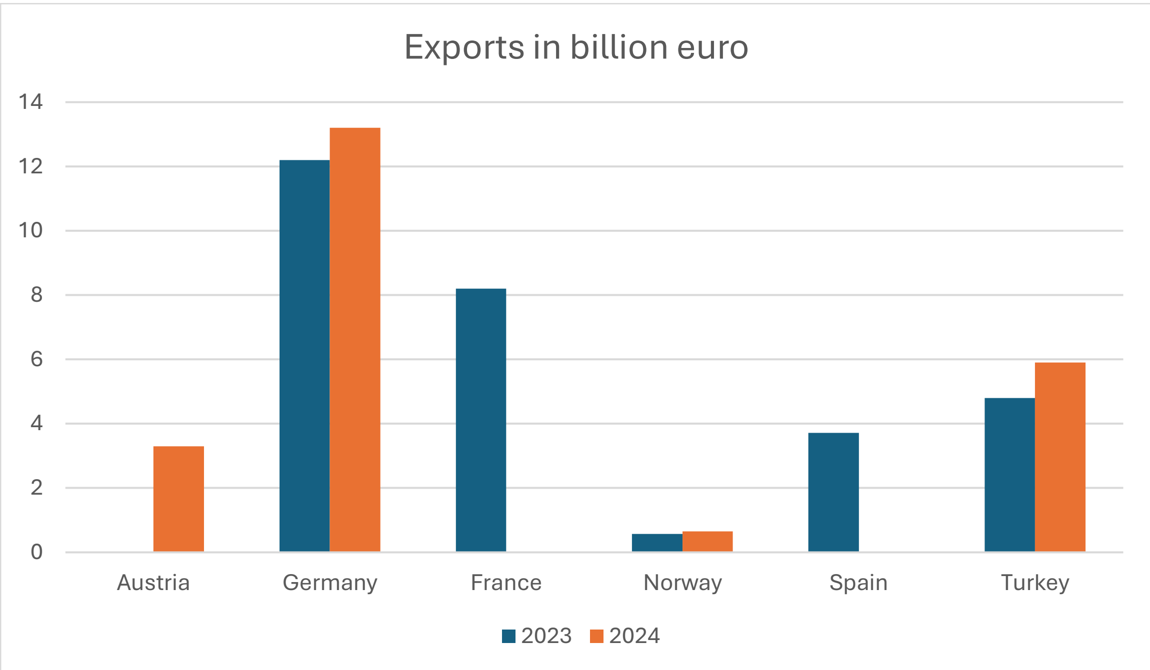
All countries have announced their intention to recruit in order to meet the need for increased production and activity in the defence sector. The UK observed a rise of 18 % in recruitment in defence between 2021 and 2022. The main problem is that most of the companies are facing to labour and skills shortages to achieve their goal of increasing defence capacities.



e. Exports

All countries have increased their defence exports as markets are adapting to the current context. For example, the UK has seen exports to Europe increase, making it its largest market ahead of the Middle East. US export measures on vehicles and aeronautics may also affect European defence exports.





2. THE NEW POLITICAL VISION FOR THE EU DEFENCE

Most states want comprehensive European security with the option of adopting extraordinary budgets at national level to increase their individual defence capabilities.

This strengthening of European security echoes the desire of most EU Member States to support Ukraine vis-à-vis the Russian aggression. Most European governments, including the British government, have expressed their willingness to remain united in the face of this conflict. Finland, which shares a direct border with Russia, is calling on the European Union to strengthen its external borders.

The desire of Europeans to strengthen their defence industries was also evident in government announcements, with France and Spain in particular, expressing a desire for increased European aid for SMEs.

Germany reiterated the need to exempt the defence sector from certain reporting obligations, such as those under REACH and CS3D, welcoming the announcement of a specific European Omnibus for defence. It also stressed the importance of implementing Directive 2009/43/EC on the simplification of intra-Community transfer of defence-related products at national level.

France, the only European nuclear power, announced that it would study the possibility of concluding an agreement for a European nuclear umbrella.

Finland emphasised the importance of cooperation between the EU and the United States, as well as with other key partners. In the frame of partnerships, the UK-EU Security Pact manifesto commitment made by the Labour Party ahead of the 2024 General Election is currently held up reportedly by fishing negotiations. UK access to EU SAFE: currently blocked by the lack of a UK-EU Security Pact.

3. THE FUTURE OF THE MET INDUSTRIES IN THE FRAME OF DEFENCE POLICY

The European Union has already announced the implementation of various support plans for industry; Member States have done the same.

France, the UK and Spain have reiterated their support for the defence sector. The Austrian government has incorporated the objective of returning 40 to 60% of orders to Austrian companies through industrial cooperation in the defence sector.

Conclusion

There is a growing awareness among European countries of the need to increase their overall defence spending. Most governments have decided to invest in modernising their defence capabilities by innovating and integrating new technologies.

However, there is a disparity in risk perception, since Finland calls for a protection of external border of the European Union and Spain has difficulties with its parliament to adopt increase of defence budget as its far from the current conflicts.

Some countries, such as Austria, have added ethical measures such as the establishment of an independent commission responsible for monitoring the procurement processes of the Austrian armed forces.

Annex 1 : European Defence Agency 2023 expenditure/investment/ GDP**:**

Austria WKO**:** € 4.08 Billion Total Defence Expenditure; € 574.0 Million Total Defence Investments; 0.9% of GDP

Belgium Agoria: € 7.0 Billion Total Defence Expenditure; Investment

€ 1.4 Billion; 1.2% of GDP. 8000 people employed and four billion € sales

Bulgaria BBCMB: € 1.8 Billion Total Defence Expenditure; Investment; € 525.0 Million, 2.0% of GDP

Croatia HUP: € 1.3 Billion Total Defence Expenditure; Investment € 319.0 Million; 1.7% of GDP

Denmark DI: € 7.5 Billion Total Defence Expenditure; Investment € 950.0 Million; 2.0% of GDP in 2023; 2.4% of GDP in 2024 increases to over 3% in 2025

Finland TIF:€ 5.7 Billion Total Defence Expenditure, Investment € 2.6 Billion; 2.1 % of GDP

France UIMM**:** € 53.3 Billion Total Defence Expenditure; Investment N/A; 1.9% of GDP in 2023.

Germany Gesamtmetall: € 67.6 Billion Total Defence Expenditure, Investment € 12.7 Billion; 1.6% of GDP

Hungary Mageosz: € 4.0 Billion Total Defence Expenditure; Investment € 1.5 Billion; 2.1% of GPD

Italy Federmeccanica, Assolombarda: € 31.3 Billion Total Defence Expenditure; Investment € 6.1 Billion; 1.5% of GDP

Netherlands FME: € 15.3 Billion Total Defence Expenditure; Investment € 2.8 Billion 1.5% of GDP; More demand for defense, but capacity constraints

Slovenia GZS:€ 842.0 Million Total Defence Expenditure; Investment € 202.0 Million

1.3% of GDP

Spain Confemetal: € 17.4 Billion Total Defence Expenditure; Investment € 4.8 Billion; 1.2% of GDP

Sweden Teknikforetagen: € 8.2 Billion Total Defence Expenditure; Investment € 2.7 Billion; 1.5% of GDP