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## All in? The revival of the Spanish and European defence industry

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### Theme

Spain needs to adapt its approach to the rapid evolution of the EU's policy on the defence industry.

### Summary

Meeting at an informal leaders' retreat in Brussels in early February 2025, EU leaders were keen to establish the political guidelines for a host of defence policy developments in 2025. In the context of the continuing war against Ukraine, and the uncertainties posed by the new US Administration, Europeans are set to bolster their cooperation in an EU context as well as take up a greater role in NATO. It is to be hoped that more cooperation between EU member states will help respond to the pressure to [spend more on defence](#), as well as reverse the fragmentation of the European defence market. For a country such as Spain there are critical questions to consider, including its level of defence spending, how to participate in future EU defence procurement projects and how to align EU-NATO targets as much as possible. [Spain](#) is well placed to benefit from a future European Defence Industry Programme (EDIP), but ensuring that it can capitalise on and influence Europe's revival of the defence industry requires Spain to do its homework.

### Analysis

Meeting at an informal leaders' retreat at the Egmont Palace, Brussels, on 3 February 2025, the EU Heads of State and Government set-out to politically frame this years' steps forward in EU defence. As President of the European Council, Antonio Costa, remarked at the retreat that 'our effort is in the continuation of the work we started during the summit in Versailles in March 2022, when we decided that the EU needs to assume greater responsibility for its own defence'.<sup>1</sup> In practice, the EU leaders met not only to discuss the threats facing European nations, but also to attain a political consensus –albeit an informal one– on the collective military capabilities the EU requires, backed-up by more and new sources of funding for defence and the strengthening of strategic partnerships.

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<sup>1</sup> European Council (2025), 'Remarks by President António Costa ahead of the informal EU leaders' retreat', 3/II/2025, <https://www.consilium.europa.eu/en/press/press-releases/2025/02/03/remarks-by-president-antonio-costa-ahead-of-the-informal-eu-leaders-retreat/>.

None of these areas of policy are particularly new,<sup>2</sup> but they have only taken on more importance since Russia's war against Ukraine and the growing uncertainty about the US's future defence posture and role in European security.

Specifically, the informal retreat anticipated the forthcoming mid-March release of the EU's White Paper on the defence industry, which is currently being drafted by the new Commissioner for Defence, Andrius Kubilius, and the High Representative/Vice-President (HR/VP), Kaja Kallas. The White Paper was a pledge made during the 2024 European elections and is seen as a way to clarify and outline the additional EU efforts needed in the area of military capability development, support for Ukraine and defence investments. The White Paper comes at a time of uncertainty in the transatlantic relationship and the ongoing war in Ukraine, but it will also be seen as a way to frame the ongoing negotiations for the future European Defence Industry Programme (EDIP). This new programme will see the EU begin to finance joint defence development and procurement projects including, potentially, European Defence Projects of Common Interest (EDCPIs) such as air missile shield and cyberdefence capabilities.<sup>3</sup> Such initiatives should help address ongoing calls for more ambitious defence-spending targets and a stronger European role in a NATO context. Overall, Spain is well-placed to benefit from the EDIP, especially given its experience in the European Defence Fund (EDF), although one of the major challenges will be effectively benefitting from the transition from defence R&D to major joint procurement projects. For this to occur successfully, Spain's Ministry of Defence needs to play an overarching coordinating and management role with industry to identify the strengths of Spain's defence industry and capability priorities.

Relatedly, amidst calls for a greater alignment between NATO and EU defence priorities, EU-level defence spending offers the potential to address calls for greater transatlantic burden-sharing. In his first visit to NATO, the US Secretary of Defence Pete Hegseth issued a 'direct and unambiguous' warning to the European allies, arguing that 'stark strategic realities prevent the United States of America from being primarily focused on the security of Europe'.<sup>4</sup> The day before, in the context of the Ukraine Contact Group on 12 February, Hegseth also called for Europeans to 'expand their defence industrial base' and to invest more in defence capabilities.<sup>5</sup> Indeed, it is striking that European leaders such as President von der Leyen, NATO Secretary General Mark Rutte, HR/VP Kallas and Commissioner Kubilius have all underlined the importance of better aligning EU and NATO priorities on military capability development. As President von der Leyen remarked at the 3 February retreat, 'Strengthening [the EU's] cooperation in defence

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<sup>2</sup> D. Fiott & L. Simón (2023), 'EU defence after Versailles: an agenda for the future', European Parliament, 3/X/2023, [https://www.europarl.europa.eu/thinktank/en/document/EXPO\\_IDA\(2023\)702604](https://www.europarl.europa.eu/thinktank/en/document/EXPO_IDA(2023)702604).

<sup>3</sup> E. Lazarou (2024), 'White Paper on the Future of European Defence', European Parliamentary Research Service, 5/XI/2024, [https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2024\)766229](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2024)766229).

<sup>4</sup> 'NATO is in disarray after the US announces that its security priorities lie elsewhere', Associated Press, 13/II/2025, <http://apnews.com/article/nato-us-europeans-ukraine-security-russia-hegseth-d2cd05b5a7bc3d98acbf123179e6b391>.

<sup>5</sup> US Department of Defense (2025), 'Opening remarks by Secretary of Defense Pete Hegseth at Ukraine Defense Contact Group', 12/II/2025, <https://www.defense.gov/News/Speeches/Speech/Article/4064113/opening-remarks-by-secretary-of-defense-pete-hegseth-at-ukraine-defense-contact/>.

also means deepening our partnerships with NATO and non-EU European partners'.<sup>6</sup> Secretary General Rutte complemented this sentiment at the same retreat when calling for the EU 'to help NATO's deterrence and defence' through 'increasing investments, easing regulations, tackling industrial fragmentation and facilitating military mobility'.<sup>7</sup> In this respect, for Spain it is important to ensure that future EU defence efforts and NATO priorities are aligned as far as possible.

It is mainly for this reason that Spain has recently called for an increase in the share of defence spending under the next Multi-annual Financial Framework (MFF) for the 2028-34 time horizon.<sup>8</sup> With an increased level of defence investment under the next MFF, it would be possible to ensure that the future EDIP truly boosts defence cooperation in the EU. In fact, the EDIP would be the first-ever EU tool designed to produce joint military capabilities. Although the EDIP is to be endowed with only €1.5 billion until 2027, what comes after this time horizon is even more important as political leaders have been talking up the potential of an EDIP worth €100 billion to €500 billion over seven years.<sup>9</sup> This is why the ongoing EDIP negotiations remain sensitive, with concerns ranging from whether it should be open to non-EU partners to whether the European Commission should play any role in issues such as security of supply. On top of such questions is how far Ukraine should be involved in the EDIP, especially as it is not yet a full member of the EU.

This analysis seeks to better understand the overall picture for Spain and sets out some points of concern as well as potential opportunities for Madrid to consider. Overall, Spain is calling for a greater share of defence spending under the next MFF, as Madrid sees this is a core way of strengthening Europe's contribution to defence and enhancing the EU-NATO relationship. To this end, we first consider whether Spain is well-placed to benefit from a future EDIP and we uncover some of the sensitive questions associated with joint defence procurement. Secondly, the paper analyses some of the implications of the EU's broader evolution in defence industrial policy, including how Spain seeks to ensure EU-NATO complementarity through a proper alignment of defence capability priorities and NATO military requirements and targets.

## 1. Is Spain well-placed to benefit from the EDIP?

One of the biggest questions facing Spain in advance of any future EDIP is whether its firms and industrial ecosystem can benefit from additional EU funding in defence. As the EU has never embarked on joint defence procurement, the only way in which we can measure Spain's potential performance in EU-wide programmes is through its past

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<sup>6</sup> European Commission (2025), 'Opening remarks by President von der Leyen following the Informal EU Leaders' retreat', Brussels, 3/II/2025, [https://ec.europa.eu/commission/presscorner/detail/cs/statement\\_25\\_402](https://ec.europa.eu/commission/presscorner/detail/cs/statement_25_402).

<sup>7</sup> NATO (2025), 'NATO Secretary General calls for a strong NATO-EU partnership at EU leaders' informal retreat', 3/II/2025, [https://www.nato.int/cps/en/natohq/news\\_232734.htm](https://www.nato.int/cps/en/natohq/news_232734.htm).

<sup>8</sup> Manuel V. Gómez (2025), 'España exige duplicar de forma permanente el presupuesto europeo ante el reto de Trump', *El País*, 10/II/2025, <https://elpais.com/economia/2025-02-10/espana-exige-duplicar-de-forma-permanente-el-presupuesto-europeo-ante-el-reto-de-trump.html>.

<sup>9</sup> European Parliament (2024), 'Hearing of Andrius Kubilius, Commissioner-Designate (Defence and Space)', 6/XI/2024,.

behaviour under the EDF. It is true that the EDF and EDIP cannot be compared in scope and aim, as the EDF is about defence research and the EDIP is focused on development and procurement. Nevertheless, the two investment tools do have as their basis the principle of funding for cooperation, that is, that only groups of industries willing to cooperate across EU borders can benefit from EU-level investments in defence. Past analysis has shown that Spain has actually played a leading role in the many defence R&D projects being financed by the European Commission under the EDF. Although there remain questions about the overall industrial and development benefits derived from the EDF, the Spanish defence sector has relied on the EDF as a valuable source of R&D funding –investments that outweigh domestic sources of defence R&D investment–.

Since 2021 the European Commission has invested over €3 billion in 155 projects,<sup>10</sup> ranging from cyberdefence to naval combat and space innovation. In this context, Spain has performed exceptionally well and has used the EDF projects to further Europeanise its defence partnerships and defence industrial engagement in the EU.<sup>11</sup> Indeed, since the EDF was created, Spanish entities (including 36 prime firms, 10 technical institutes and state agencies and seven universities) have been involved in 114 projects out of 155. Overall, Spain has also realised a sound return on investment through the EU budget, with 291 Spanish entities being involved in EDF projects since 2021 that amount to close to €3 billion. Given that the bulk of the EDF's investments in defence R&D fall in sectors such as the naval domain, space and cyber, Spanish entities have been able to use their technical expertise in the context of European projects.

Despite the fact that major defence producers still prefer to conduct defence R&D in a national context –not least to avoid having to share technologies and standards–, Spain holds the fourth highest participation rate in EDF projects (only behind France, Germany and Italy), Spanish entities have also displayed an effective ability to lead projects. Indeed, Spanish entities are participating in projects dedicated to air combat, digitalisation, land warfare and space. However, these entities are also taking up leadership roles in EDF projects with Spanish actors increasingly responsible for the conceptualisation of new project ideas and project management. Since 2021 Spain has been responsible for creating and managing 30 EDF projects worth a total €470 million –only France and Italy manage more EDF projects than Spain–. Seen from this perspective, Spain has the managerial experience and technical know-how to lead EU-funded projects on defence. That, however, requires a strong foundation at the national

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<sup>10</sup> European Commission (2024), 'Results of the EDF 2023 calls for proposals', 16/V/202, [https://defence-industry-space.ec.europa.eu/funding-opportunities-0/calls-proposals/results-edf-2023-calls-proposals\\_en](https://defence-industry-space.ec.europa.eu/funding-opportunities-0/calls-proposals/results-edf-2023-calls-proposals_en); European Commission (2023), 'Results of the EDF 2022 calls for proposals', 26/VI/2023, [https://defence-industry-space.ec.europa.eu/funding-and-grants/calls-proposals/result-edf-2022-calls-proposals\\_en](https://defence-industry-space.ec.europa.eu/funding-and-grants/calls-proposals/result-edf-2022-calls-proposals_en); and European Commission (2022), 'European Defence Fund 2021 calls for proposals – results', 20/VII/2022, [https://defence-industry-space.ec.europa.eu/funding-and-grants/calls-proposals/european-defence-fund-2021-calls-proposals-results\\_en](https://defence-industry-space.ec.europa.eu/funding-and-grants/calls-proposals/european-defence-fund-2021-calls-proposals-results_en).

<sup>11</sup> See D. Fiott (2023), 'Investing and innovating? Spain and the European Defence Fund', ARI, Elcano Royal Institute, 28/VIII/2023, <https://www.realinstitutoelcano.org/en/analyses/investing-and-innovating-spain-and-the-european-defence-fund/>; and D. Fiott (2024), 'A partner of choice? Spain's performance in the European Defence Fund', ARI, Elcano Royal Institute, 7/VIII/2024, <https://www.realinstitutoelcano.org/en/analyses/a-partner-of-choice-spains-performance-in-the-european-defence-fund-in-2023/>.

level, which highlights the notion that greater EU-level spending can be no substitute for national spending on defence but rather seen as a complement or amplifier. In fact, a strong national foundation –both in terms of spending and managerial capacities– become a key requisite for Spain to make the most of EU financial and defence-industrial initiatives.

However, it must be noted that there is a world of difference between managing defence R&D projects and major joint military capability projects. Projects under the EDF require R&D and an ability to manage industrial relations between diverse operators such as universities, SMEs and technical associations. Common development and procurement of military projects would require expertise in managing the development of military systems on a par with the Eurofighter project, where the onus is on a consortium's ability to integrate technologies. What is more, developing joint procurement projects embodies important considerations such as work share (ie, *juste retour*). This is not to say that Spain cannot play a considerable role in EDCPIs and joint procurement, but rather that political sensitivities multiply the closer one reaches the development, integration and commercialisation of systems and platforms.

In this respect, a more coherent and centralised government approach to defence industrial policy would avoid the fragmentation between industries, which would enhance Spain's negotiating power when building partnerships. There is a need for Spain's Ministry of Defence (MoD) to play a leading role in managing and coordinating Spain's approach to the future EDIP. Spanish firms have a cutting-edge in areas such as Command and Control (C2), naval ship-building, air defence and space domain awareness, which denotes a high degree of specialisation. This is an asset for Spain. However, what is required is an alignment between industrial strengths and capability priorities. For example, in the recent EU-funded European Defence Industry Reinforcement through Common Procurement Instrument (EDIRPA), which is a precursor programme to the EDIP, Spain was only successful in one out of five projects,<sup>12</sup> even though its industry could have played a role in the other four projects. If Spain is to position itself in the future EDIP, the MoD needs to invest in enhancing its management resources to handle large-scale EDCPIs.

These political sensitivities begin with a reflection on how far Spain will benefit from the EDIP, based on its overall investment in the EU budget and Multi-annual Financial Framework. In this regard, most EU member states will be seeking a return on investment through the EDIP based on their overall commitments to the EU. Beyond this overarching consideration, however, there are several other important issues to consider. First, how will the military requirements of multiple EU member states be combined in any common project? In advance of any Spanish participation in EDIP projects, Madrid will need to be clear about what military capabilities it sees as being relevant to Spain's defence needs (in addition to collective European needs). In order to successfully compete with European partners, a more 'whole of nation' approach to the defence sector is required in Spain that brings together military, industry, finance and

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<sup>12</sup> European Commission, 'EU boosts defence readiness with first ever financial support for common defence procurement', 14 November 2024. See: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_5827](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_5827).

research/innovation actors. Secondly, how will technology transfers be managed in an EU-funded multinational procurement programme? Here, Spain should ensure that technologies that it develops are given sufficient protection throughout the life-cycle of any EDIP project. It is essential that Spain plays a role in ensuring a coherent transition from the defence R&D efforts under the EDF to the industrial programmes that will take place under the future EDIP.

## 2. Spain and the political impact of EU defence

Beyond the managerial dimensions of the EDIP, there are several other developments in the EU's defence policy that require attention by Spain. The first relates to the financing of defence in Europe. It is clear today that the new US Administration is unsatisfied with defence spending levels in Europe. Although several EU member states and NATO allies are meeting the 2% of GDP benchmark, President Trump in recent weeks has indicated that allies should be investing up to 4%, 5% or even 6%.<sup>13</sup> Spain has consistently been one of the under-performers of the 2% target, despite its better performance in terms of capabilities and commitments, with its defence budget hovering around 1.28% of GDP territory in 2024.<sup>14</sup> Interestingly, in recent months growing political attention to defence spending in Madrid has meant that the government has reaffirmed its pledge to meet the 2% target. As part of its overall defence industrial strategy, and its response to deteriorating security in Europe since Russia's invasion of Ukraine, Madrid announced a cash injection in defence in 2023 to cover growing military expenses.<sup>15</sup> In combination, Spain also increased its contribution to supporting Ukraine's military defence<sup>16</sup> and recently lent its support to the idea of increasing the future MFF's investment allocation to defence in the EU.

In the coming years, Spain will need to meet its NATO defence spending pledges, and so a greater commitment to progressively increasing defence spending is required.<sup>17</sup> This, however, is easier said than done. Indeed, several European countries including Spain already suffer from a relatively high debt-to-GDP ratio and delicate domestic politics make it harder for governments in Europe to increase defence expenditure when compared to other public goods.<sup>18</sup> The issue is compounded by the fact that EU-level

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<sup>13</sup> See eg, A. Rizzi (2025), 'Trump calls on NATO countries to raise defense spending to 5% of GDP and accuses the EU of treating the US "very badly"', *El Pais*, 23/1/2025, <https://english.elpais.com/usa/2025-01-23/trump-calls-on-nato-countries-to-raise-defense-spending-to-5-of-gdp-and-accuses-the-eu-of-treating-the-us-very-badly.html>.

<sup>14</sup> NATO (2024), 'Defence expenditure of NATO Countries (2014-2024)', 12/VI/2024, p. 9, [https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/2024/6/pdf/240617-def-exp-2024-en.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/2024/6/pdf/240617-def-exp-2024-en.pdf).

<sup>15</sup> Aesmide (2023), 'The budget of the Spanish Ministry of Defence in 2023: impact on the defence industry and the armed forces', 8/II/2023, <https://aesmide.es/the-budget-of-the-spanish-ministry-of-defence-in-2023-impact-on-the-defence-industry-and-the-armed-forces/?lang=en>.

<sup>16</sup> NATO (2025), 'NATO Secretary General visits Spain and Portugal', 28/II/2025, [https://www.nato.int/cps/en/natohq/news\\_232563.htm](https://www.nato.int/cps/en/natohq/news_232563.htm).

<sup>17</sup> E. Giordana & L. Kayali (2025), 'Sánchez hits back at Trump after criticism of Spain's defense spending', *Politico*, 22/1/2025, <https://www.politico.eu/article/spain-pedro-sanchez-hit-back-donald-trump-defense-spending/>.

<sup>18</sup> F. Arteaga (2024), 'Europe at war and European defence: the same as ever?', ARI, Elcano Royal Institute, 23/X/2024, <https://www.realinstitutoelcano.org/en/analyses/europe-at-war-and-european-defence-the-same-as-ever/>.

investments in defence are not included in the overall official defence expenditure figures of Europe. In this respect, any future EDIP endowed with €100 billion or more would be a meaningful contribution to overall European defence spending, but it would not be recorded as such in national defence budgets or NATO calculations. President Trump's continuous moving of the defence spending 'goal posts' places considerable pressure on European governments, so it is worth considering how defence investments through the EU could be reflected in NATO targets related to investment, capability generation and burden-sharing.

This is one of the reasons why leaders at the informal retreat in Brussels on 3 February discussed the role of private finance in European defence. Indeed, the European Investment Bank (EIB) –headed by the Spaniard Nadia Calviño– is being increasingly called upon to invest in the defence sector in the EU. This has already started, with the EIB investing to date some €8 billion in security and defence. The issue is that the EIB, while being characterised as the EU's strategic bank and investor, is still subject to constraints on the role it plays in defence. For example, the Bank is today unable to directly finance weapons systems and it instead invests in dual-use technologies and infrastructure that can support defence. To overcome such constraints, Spain and 18 other EU member states sent a letter to the EIB calling for it to remove its restrictions. In doing so, Spain and others believe that the EIB can play a direct role in financing European defence, but there is also the hope that private investors will follow the EIB's lead in lending more money to the defence sector in the EU.

Of course, the EIB is no silver bullet to the issue of private financing of defence in Europe and individual countries need to do more to unlock private finance domestically. Indeed, more can be done in Spain to overcome restrictions on investment funds and public and private banks. A recent European Commission study stated that Spain has taken important steps to encourage venture capital in the defence sector, but the reality is that funders are still discouraged from investing in the defence sector or that borrowing costs can be too high.<sup>19</sup> More can be done to adapt ESG criteria, as well as ensuring that key civilian institutions (banks, universities, etc) do not hold to superficial or mistaken characterisations of the defence sector.

Beyond financing, however, Spain has a vested interest in ensuring that EU defence policy developments complement its national defence policy interests. Indeed, there is concern in many EU member states that the EDIP will greatly empower the role of the European Commission, which could undermine the interests of Defence Ministries and national defence sectors. For example, France has made it clear that it will only agree to an EDIP that favours a 'Made in Europe' initiative,<sup>20</sup> while countries such as France, Germany and Spain are keen to reinforce intergovernmental bodies such as the European Defence Agency (EDA) in order to counter-balance the Commission. In reality, however, member states have not made the best use of the EDA for the better part of 20

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<sup>19</sup> European Commission (2023), 'Access to equity financing for European defence SMEs', November, <https://op.europa.eu/en/publication-detail/-/publication/54753f9f-aea9-11ee-b164-01aa75ed71a1/language-en>.

<sup>20</sup> M. Fauroux (2024), 'La France avance ses pions sur le 'Made in Europe' des industries de défense', *La Lettre*, 17/x/2024, [https://www.lalettre.fr/fr/entreprises\\_defense-et-aeronautique/2024/10/17/la-france-avance-ses-pions-sur-le-made-in-europe-des-industries-de-defense,110328590-eve](https://www.lalettre.fr/fr/entreprises_defense-et-aeronautique/2024/10/17/la-france-avance-ses-pions-sur-le-made-in-europe-des-industries-de-defense,110328590-eve).

years, so unless a major commitment to launch projects under the Agency emerges it will be necessary to focus on ensuring that the Commission manages the EDIP in a manner that is responsive to member states' needs.

Spain is well-placed to adapt to the reality of the EDIP and the growing importance of the Commission, but there remain important interests for Spain to consider.<sup>21</sup> One of these is ensuring that Spain's politico-military interests are taken on board, which manifests itself in what military capabilities are financed at the EU-level. Here, having in place coherent EU-level capability priority tools in place is key. Yet today there are questions about the coherence of Permanent Structured Cooperation (PESCO) projects and the continued relevance of the EU's Capability Development Plan (CDP). Defence planning in Spain already takes into consideration EU and NATO priorities by default, with the priority in this process being the need to satisfy Spain's military needs, wherever possible, with national industrial means. In this respect, Spain has an interest in ensuring that any EU-funded projects meet evolving NATO defence planning targets –to be revised in 2025–, while also allowing Spanish firms to play a full role in project development.<sup>22</sup>

Indeed, one of the most politically sensitive aspects of the current EDIP negotiations relates to the inclusion/exclusion criteria for non-EU states and partners. Some member states, notably France, are pushing for a higher exclusion rate to ensure that EU funding through the EDIP goes to European producers. Others, with exposure to international supply chains with the US, the UK and others, seek a more relaxed and inclusive EDIP where EU funds could support non-EU NATO partners. There is a delicate balancing act for Spain here, as, on the one hand, it will not want to jeopardise its existing international defence industrial partners, while, on the other, Madrid will want to ensure that any EU investments benefit its own producers. In a context of budgetary pressures in Europe, and a potential 'trade war' between NATO allies, the optics of Spanish firms losing out to non-EU manufacturers for EDIP projects would be potentially damaging. Accordingly, it is in Spain's interest to ensure that it places itself at the forefront of proposed EDIP projects, as well as maintaining a close linkage between NATO capability targets and EU efforts.

## Conclusions

The dynamics on defence policy unfolding at the EU level are of critical importance to Spain. We should consider that Spain's ability to exert influence over the direction and speed of EU defence efforts is found mainly in the European Council and European Parliament today. While Spain currently has a relatively high level of influence in the European External Action Service, it holds less sway over critical bodies such as DG DEFIS in the European Commission or even the EDA. Without this direct influence, Spain will have to seek out like-minded partners to steer the direction of EU defence policy. Spain should avoid being marginalised under new EU defence industrial

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<sup>21</sup> F. Arteaga (2023), 'Spain's Perception of the EU defence industrial "toolbox"', *ARES Group Comment*, nr. 89, December, <https://www.iris-france.org/wp-content/uploads/2023/12/ARES-89-Comment.pdf>.

<sup>22</sup> L. Simón (2024), 'Thinking about EU-NATO relations in wartime', ARI, Elcano Royal Institute, 31/V/2024, <https://www.realinstitutoelcano.org/en/analyses/thinking-about-nato-eu-relations-in-wartime/>.



initiatives, and it also needs to ensure that any participation in the future EDIP is predicated on the principle of fair and effective industrial burden-sharing and technology transfers. What is more, Spain –like all other member states– cannot view EU-level investments in defence as a substitute for national level efforts. There can be no European defence without strong national foundations.

More specifically, this analysis has shown that Spain is well-placed to play an important role in EU-funded projects such as the EDF, but it needs to ready itself for the more demanding role expected under the EDIP and the development of EDCPIs. Today, it is unclear how Spanish firms will benefit from the transition from defence R&D to procurement foreseen under the EDF and EDIP, but what is clear is that the MoD needs to step-up with resources and managerial experience in handling major EU-funded projects. This will call for a closer working relationship with industry in identifying capability priorities, technology and innovation strengths and manufacturing capacities. Overall, Madrid will continue to call for closer EU-NATO cooperation on capabilities and investments, and Spain has started to push for ways to enhance its own defence spending and EU-level investments (ie, the MFF and EDIP). Part of any sound national strategy would be to encourage more private investment in the defence sector, but to combine this with a more coherent national approach to defence. The fragmentation of priorities at the national level weighs Spain down in reaching its full defence-industrial potential. In this respect, Spain urgently needs a strategic approach that helps the country re-structure its defence-industrial base in an ever-deteriorating geopolitical context.