

EUROPEAN DEFENCE

Between excellent initiatives and bureaucratic pitfalls

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Dear Readers,

The rearmament of Europe is currently the talk of the town. However, after examining the long regulation on the new European Defence Industry Programme (EDIP), we asked ourselves: will this complex framework truly enable EU Member States to better equip themselves and strengthen their defence cooperation? Or will the inherent bureaucratic hurdles ultimately risk stifling the momentum the EDIP was intended to generate? We asked the Managing Director of the Federation of German Security and Defence Industries (BDSV) to share his analysis in our first ENJ policy paper. We also sought the assessment of a French general regarding the progress of various European defence initiatives to evaluate whether they are realising their full potential.



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The European Defence Industry Programme (EDIP) – will it generate more efficiency or bureaucracy?

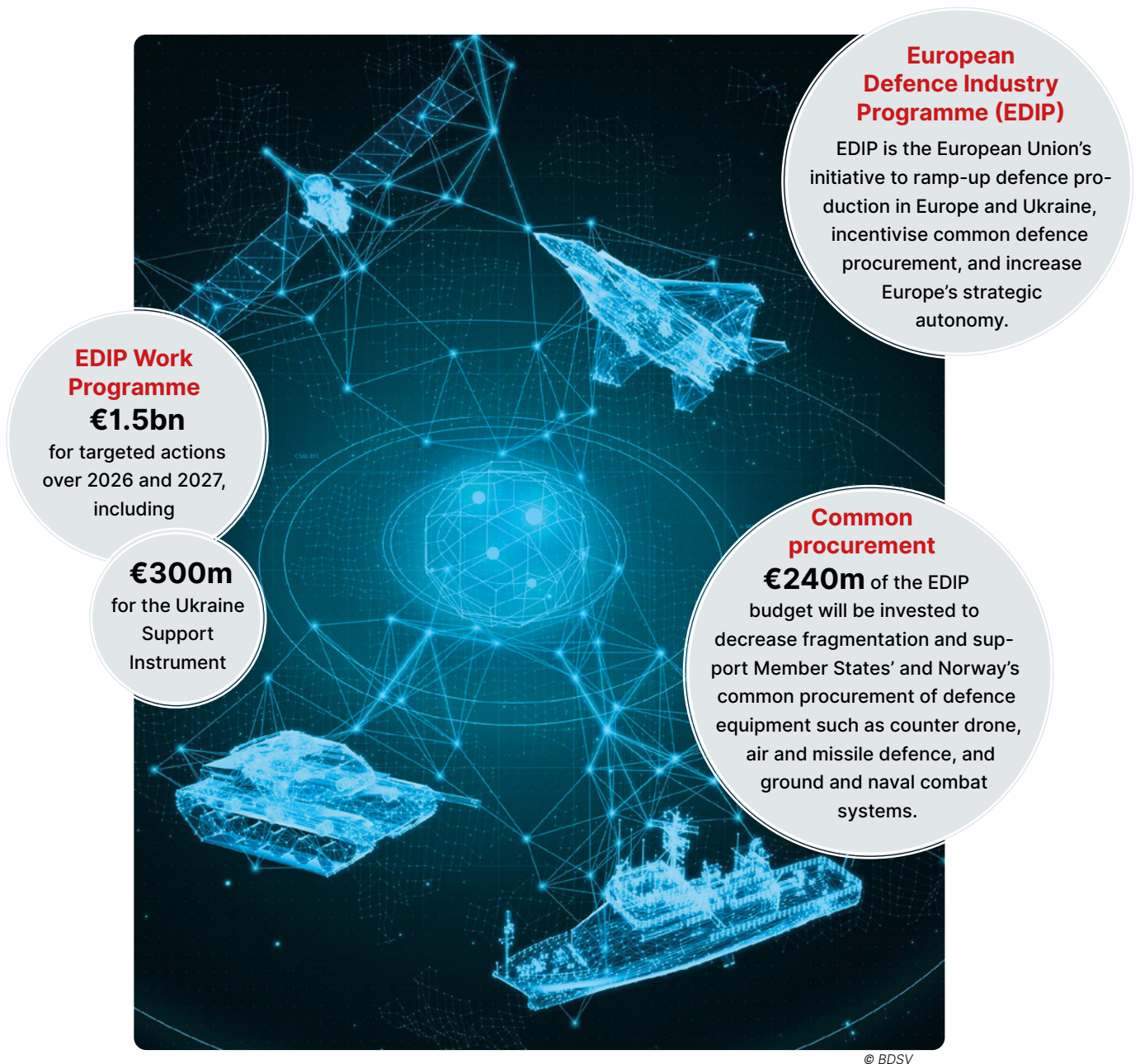
By Dr Hans Christoph Atzpodien, Managing Director of the Federation of German Security and Defence Industries (BDSV e.V.), Berlin

The European Defence Industry Programme (EDIP) is meant to be a major EU initiative fostering more and better armaments cooperation and strengthening the European Defence Technological and Industrial Base (EDTIB) at a critical geopolitical juncture. Its first draft dates back to March 2024, when the European Defence Industrial Strategy (EDIS) and the first version of EDIP were published in parallel, intended, from the Commission's perspective, to signal

to Member States a strong conceptual as well as regulatory landmark. The final alignment between Council, Parliament and Commission took place in November 2025.

A tight schedule

Given that EDIP introduces several completely new instruments and tools, enabling the Commission to exert substantially more influence in shaping the EDTIB, the 18 months from first draft to final adoption appear compar-



actively short. Of course, this has a lot to do with the war in Ukraine but also with the perception of the US' shift in its geopolitical ambitions under President Donald Trump.

Valuable objectives

So, what is EDIP's new approach all about?

First and foremost, all of the instruments provided by EDIP are meant to enhance cooperation in defence procurement, to improve and accelerate the capacities for adaptation of defence industrial supply chains, to open up supply chains to cross-border cooperation, in particular to SMEs and

mid-caps, to increase manufacturing capacities, to reduce production lead times and improve the security of supply and resilience of the EDTIB. All this will be supported by the EU budget, but in the first – testing – phase until 2027, only with an additional €1.2bn.

There is nothing wrong with this perspective.

Increasing administrative hurdles

However, a closer look reveals a number of highly complex regulatory approaches entailing a considerable amount of EU bureaucracy: 3.5 % of the entire EDIP budget is estimated to be the additional administrative cost

incurred in connection with the programme, which as such may not be out of proportion.

But the devil is in the details. So, let us look in more detail at a few central articles of the EDIP regulation.

■ Eligible actions (Article 10)

Starting with “eligible actions” which may be funded according to Art. 10 of the EDIP regulation. Such funded procurement actions are subject to restrictions, for example, that:

“the cost of components originating outside the Union and associated countries shall not be higher than 35 %

of the estimated cost of the components of the end product. No component shall be sourced from third countries that contravene the security and defence interests of the Union and its Member States”.

I wonder how the Commission will be able to properly monitor this.

■ **Eligible entities (Article 9)**

The evaluation of “eligible entities” under the criteria listed in Art. 9 is equally complex.

“When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of associated countries, or controlled by a non-associated third country or by a non-associated third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that such use does not contravene the security and defence interests of the Union and its Member States, including respect for the principle of good neighbourly relations, (...)”.

■ **Procurement with support by the Commission (Article 15)**

A major endeavour under EDIP will be “Procurement with support by the Commission” as outlined under Art. 15: *“Member States may request the Commission to engage with them in a joint procurement (...) whereby Member States may acquire, rent or lease fully the defence products jointly procured”.* Or it can be requested that the Commission *“act as a central purchasing body to procure defence products on behalf of, or in the name of, the interested Member States.”*

But this is not all, as the procurement procedure must also comply with the condition to allow participation of all Member States and associated countries. The Commission shall be obliged to invite at least one expert with experience relevant to the negotiations from each participating country to form a joint negotiation team; participating countries will need to state whether

they decide to run parallel negotiations for the product concerned, and if so, these will be subject to unanimous approval by participating countries.

All this is triggered by existing European law but demonstrates the degree of additional complexity which will be involved. Let's continue to look at further central articles.

■ **Facilitating off-take agreements (Article 17)**

Art. 17 is about facilitating off-take agreements:

“The Commission shall set up a system to facilitate the conclusion of off-take agreements related to the industrial ramp-up of the EDTIB's manufacturing capacities, between Member States and, where relevant, associated countries on the one hand and economic operators of the EDTIB on the other, in compliance with the Union's competition and procurement rules. The Commission shall ensure that access by a non-associated third country or by a non-associated third-country entity to classified or sensitive information relating to the action is prevented and that the employees or other persons involved in the action have national security clearance issued by a Member State or an associated country.”

Again, the logic of providing a level playing field for Member States and associated countries comes with a lot of unavoidable prerequisites that, taken together, will require a lot of checking and monitoring.

■ **Award criteria (Article 18)**

Art. 18 elaborates the award criteria for funded projects which require a number of highly complex, detailed and cumulative evaluations, of criteria such as:

“contribution to competitiveness, contribution to resilience and geographical distribution of manufacturing capacities, increase in production capacities, increase in interoperability, increase in interchangeability, and contribution to reducing strategic dependencies, the reduction of pro-

duction lead time, and the increase in production capacity in the Union, the contribution to ensuring availability and security of supply throughout the Union in response to identified risks, including in particular high exposure to the risk of materialisation of conventional military threats, and the contribution to cross-border defence industrial cooperation throughout the Union, improving the inclusion of SMEs and mid-caps”.

A wording like this always triggers questions, for example, who will be responsible for such an evaluation, and will they be totally unbiased in doing so?

■ **Ukraine Support Instrument (Chapter III, art. 22–34)**

A centrepiece of the EDIP regulation is Chapter III (“The Ukraine Support Instrument”) by which the EU is determined to

“contribute to the recovery, reconstruction and modernisation of the Ukrainian DTIB with a view to increasing its defence industrial readiness, taking into account its possible future integration into the EDTIB, through cooperation between the Union and Ukraine, thereby enhancing mutual stability, security, peace, prosperity, resilience and sustainability.”

This is also meant as an instrument by which funding from the EU, Member States and third countries can be combined and synergised. The available instruments – such as procurement with support by the Commission, advance purchase, off-take agreements are similar to those in the first part of EDIP, but with the participation of entities located in Ukraine.

■ **European Defence Projects with Common Interest (Article 35)**

Art. 35 on European Defence Projects with Common Interest (EDPCI) is another new instrument

“aimed at reinforcing the competitiveness of the EDTIB throughout the Union while contributing to the development of Member States' military ca-

pabilities critical for the security and defence interests of the Union, and including those capabilities securing access to all operational domains, namely land, maritime, air, space and cyber."

Under this new instrument, the projects shall cumulatively meet a long list of criteria. Let us name them all:

- "(a) they significantly strengthen the competitiveness, efficiency and innovation capacity of the EDTIB;*
- (b) they contribute to the development of Member States' military capabilities critical for the security and defence interests of the Union and are consistent with the objectives of the Strategic Compass for Security and Defence, with the defence capability priorities commonly agreed by Member States within the framework of the CFSP, in particular in the context of the CDP, and with the collaborative opportunities identified in the context of CARD [Coordinated Annual Review on Defence];*
- (c) they take into account Member States' cooperation in the framework of PESCO and EDA initiatives and projects;*
- (d) they take into account the relevant activities carried out by NATO, such as the NATO Defence Planning Process, where such activities serve the security and defence interests of the Union;*
- (e) they involve at least four Member States, and all Member States and associated countries, as well*



Art. 36 outlines a new European Military Sales Mechanism.

as Ukraine, are given a genuine opportunity to participate in the EDPCL;

- (f) their benefits extend to a wider part of the Union;*
- (g) they are particularly significant in size or scope or aim to mitigate a considerable level of technological or financial risk, or both;*
- (h) their potential overall benefits outweigh their costs, including in the longer term."*

Again, the complexity of dealing with EDPCLs becomes obvious from the following wording: "Before proposing the implementing acts (...), the Commission shall verify the compliance of the project proposals referred to with all the [above] criteria and:

- (a) consult Member States in an inclusive manner and take into account their views and project proposals for possible EDPCLs;*
- (b) invite the High Representative of the Union for Foreign Affairs and Security Policy (the "High Representative") and the EDA to provide their expertise with a view to ensuring consistency with the pri-*

orities and objectives referred to [above], in particular the defence capability priorities commonly agreed by Member States within the framework of CFSP, in particular as jointly expressed in the context of the CDP, to complement the information provided by Member States regarding project proposals, and

- (c) verify that all Member States and associated countries, and, where relevant, Ukraine, were informed of the emergence of a project and were given the opportunity to participate."*

■ **European Military Sales Mechanism (Article 36)**

Art. 36 outlines a new "European Military Sales Mechanism" in order "to strengthen the competitiveness of the EDTIB as well as, where relevant, of the Ukrainian DTIB, in particular by increasing the ability of the EDTIB to ensure the availability of defence products in time and in volume, a European Military Sales Mechanism is hereby established. The European Military Sales Mechanism shall consist of the following:

- (a) establishing a European Military Sales Catalogue;*
- (b) the possibility of establishing, managing and maintaining defence industrial readiness pools; and*
- (c) measures contributing to the facilitation of procedures for the common procurement of defence products."*

In my view, maintaining "up-to-date a single, centralised catalogue of defence products developed by the EDTIB and the Ukrainian DTIB" will be a major administrative challenge, requiring in itself a substantial layer of bureaucracy.

■ **New mapping and monitoring processes (Articles 56/57)**

In a similar sense, Articles 56 and 57 provide for new mapping and monitoring processes, to be conducted by the Commission assisted by a newly

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“We have found the funds for our defence. We have created the laws for our defence. Now we must create a market for our defence.”

Commissioner for Defence and Space **ANDRIUS KUBILIUS** at the European Security and Defence Summit, 23 June 2026



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formed “Defence Security of Supply Board”.

Activities subject to the regular mapping, shall be:

- (a) *identification of the relevant manufacturing capacities and supply chains of defence products...;*
- (b) *identification of crisis-relevant products and their related manufacturing capacities (...);*
- (c) *aggregation, cross-check and assessment of data gathered (...);*
- (d) *identification of early-warning indicators (...), and*
- (e) *identification of the main suppliers of crisis-relevant products and their production capacities.”*

■ **The conduct of stress tests (Article 58)**

Another instrument in the respective toolbox is the regular conduct of stress tests by the Commission according to Art. 58:

“The Commission (...) shall conduct and coordinate stress tests, including simulations that aim to anticipate and prepare for a supply crisis as referred to in Article 60, and in particular may:

- (a) *develop scenarios and parameters that capture the particular risks associated with a supply crisis, in order to assess the potential impact on the provision of crisis-relevant products and the*

proper functioning of the internal market;

- (b) *facilitate and encourage the development of strategies for emergency preparedness;*
- (c) *identify, in cooperation with the Board, risk mitigation measures following the completion of the stress tests.”*

Conducting stress tests together with industry will be a major challenge, as they will need to include the full supply chains. Without existing monitoring tools in place, this may not be possible at the speed required in a crisis.

■ **A toolbox for the mitigation of a supply crisis (Articles 60–63)**

“Early warning indicators” and “crisis-relevant products” are terms referring to a so-called Mitigation of a Supply Crisis toolbox which is set out under Articles 60 to 63 of the EDIP regulation. This comes together with information requests and reporting requirements to be fulfilled by the respective economic operators. In case of a supply crisis, the

“Commission may, where the production or supply of crisis-relevant products which are not defence products cannot be achieved by any other measures provided for in this Chapter, address a request to the economic operator concerned (...) to accept,

or to prioritise, a certain order of crisis-relevant products which are not defence products”, and under Art. 64 equally in case of a supply crisis in specific “defence products”.

This kind of instrument provides the Commission with a sharp knife, enabling the EU to cut existing supply lines. The question is who will be able to decide, whether “products cannot be achieved by other measures”? In cases below the threshold of Art. 5 of the NATO treaty, this tool needs to be applied with the utmost care for the industry concerned.

My first “verdict” on the EDIP regulation

The excerpts cited above are only few examples. The entire English version of the EDIP regulation as per November 2025 is 240 pages, of which 162 pages cover the pure legal text (without recitals).

When implementing the new guidelines, it is important to bear in mind that excessive control of supply chains could harm the project in question. The same applies to excessive transparency.

All in all, EDIP triggers a lot of new bureaucracy. Whether this will be needed to make Europe more deterrent and as a whole can, in all fairness, only be judged in retrospect.



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European armament cooperation – moving beyond bureaucratic inertia

By Jacques Favin-Lévêque, Brigadier General (ret.), Versailles

The usual pace and procedures of armament development, construction, and procurement must be adapted in the face of the recent geopolitical shifts. Peacetime methods of operation must be updated, and specific priority procedures for rapid armament production must be defined and implemented in a timely manner.

This requires moving beyond the bureaucratic inertia that significantly slows down programme progress, while still adhering to the fundamental rules. It therefore demands boldness from decision-makers, given the processes typically in place in this field, but also prudence to ensure compliance with mandatory standards. Finally, it requires the leveraging of space, the environment in which our planet evolves, and offers the potential to exert both positive and negative influence on Earth.

Space, for strategic and operational purposes for our forces on land, at sea, and in the air, as well as for critical infrastructure, is of paramount importance. Therefore, possessing space capabilities is undeniably essential.

Drones are the top priority. The EU must develop a drone warfare strategy and simultaneously launch the mass production of all types of drones.

Command and intelligence systems must be developed to enable NATO to Europeanise the resources necessary for a degree of European strategic autonomy in the event of Americans not being “available”.

Production rates of weapons adapted to the demands of modern, high-intensity warfare must be developed.



There are many parallel cooperation structures, and it would be wise to consolidate them, given the similarity of their objectives.

This applies to munitions – particularly conventional artillery shells, but also the entire range of expensive smart munitions.

For me, this is the scale of the arms effort that the European Union must undertake to bring its armed forces up to the challenge of high-intensity warfare.

Means of standardisation

Actors already have multiple means at their disposal to carry out joint armament programmes. These include, at the institutional level:

EDA, the European Defence Agency, which is under the responsibility of the High Representative for Foreign Affairs and Security Policy and possesses the operational and technical expertise to successfully design and implement defence systems common to several EU Member States.

OCCAR, the Organisation for Joint Armament Cooperation, which is overseen by the defence ministers involved in the armament programmes decided upon by several partners. OCCAR possesses all the necessary expertise to

conduct joint capability programmes. It is designed to streamline cooperation in the implementation of multinational armament programmes and to guide their execution.

PESCO, the Permanent Structured Cooperation, under the auspices of the High Representative, offers Member States a voluntary cooperation framework for developing joint capability projects. Since its implementation in 2017, it has generated around 60 projects of relatively modest scale.

CARD, the Coordinated Annual Review on Defence, is a mechanism that allows Member States to visualise their defence planning and coordinate the development of their capabilities within the Union.

EDF, the European Defence Fund, managed by the European Commission, is intended to finance the development of programmes jointly decided upon by several partners. Its amount, set in the EU Multiannual Financial Framework, is €8bn for the period 2024-2029. This is not sufficiently significant and should be substantially increased in the following budget.

It could generate up to €800bn in equipment expenditure without incurring penalties for excessive deficit, provided, however, that Member States can allocate at least 3.5% of their GDP to defence.

SAFE, the Security Action for Europe, which the Commission's Defence White Paper formalised on 19 March 2025, includes a €150bn EU loan to be distributed among Member States

for the period 2024-2029. This is not enough and should be substantially increased in the following budget. Participation by non-member countries is possible, but the application submitted by the United States was rejected.

In my opinion, there are many parallel cooperation structures, and it would be wise to consolidate them, given the similarity of their objectives.

On the industrial front

EDIP, the European Defence Industry Programme, is designed to invest massively in defence and put the European Defence Technology Industrial Base (EDTIB) into a "wartime economy".

EDIP's objective is to produce better, faster, and together. The European defence industrial base is quite competitive in terms of technology and product performance, but not sufficiently so in terms of economics and the mass production capacity needed to meet the demands of a wartime economy.

The fragmentation of the European land defence industry is a serious handicap on the global market. Consolidation and restructuring of major German, British, Spanish, French, Italian, and Swedish companies – to name just a few – are necessary to improve their competitiveness and allow them to compete on equal footing with major American companies.

Conclusion

My conclusion is that the Union, possessing these institutional, financial, and industrial tools, could promote a suitable policy and encourage Member States to finalise the objective of standardising European armed forces equipment. However, there is a caveat: for some countries, particularly those lacking defence industry prime contractors, it is tempting to buy off-the-shelf equipment, especially from American manufacturers. The EU must develop a much more attractive solution for these cases. There will be no European defence unless European Member States prioritise European products.



The fragmentation of the European land defence industry is a serious handicap on the global market.



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