Szabolcs Lóránt

STRENGTHENING EUROPE'S DEFENCE INDUSTRIAL BASE: ANALYSIS OF THE EDIP FRAMEWORK

DOI: 10.35926/HDR.2025.1.3

ABSTRACT: *This article analyses the European Defence Industry Programme (EDIP), a landmark EU regulation proposed in early 2024 and currently under discussion by the European Parliament and Council, that marks a fundamental shift in European defence industrial policy. Moving beyond emergency responses to Russia's invasion of Ukraine, EDIP introduces comprehensive mechanisms for strengthening the European Defence Technological and Industrial Base. Through analysis of the draft Regulation's primary sources, the study examines how EDIP establishes permanent structures for defence industrial cooperation, including the innovative Structure for the European Armament Programme framework, sophisticated supply chain security measures, and mechanisms for Ukrainian defence industrial integration. The article argues that EDIP represents a strategic transformation from voluntary coordination to the active management of defence industrial capabilities, creating flexible yet robust frameworks for long-term European defence industrial development. While implementation challenges remain, particularly regarding security requirements and institutional coordination, EDIP establishes foundations for a more integrated European defence industrial base that will likely shape policy evolution beyond its initial 2025–2027 timeframe.*

KEYWORDS: *European Defence Industry Programme (EDIP), defence industrial policy, Ukraine's integration, industrial cooperation, European Defence Technological and Industrial Base*

ABOUT THE AUTHOR:
Szabolcs Lóránt is a reserve military officer (lieutenant) at the Hungarian Defence Forces, a PhD candidate at Ludovika University of Public Service, and a former EU attaché (ORCID: 0009-0005-1707-0544, MTMT: 10095006).

INTRODUCTION

The renewed debate about NATO defence spending targets intensified in early 2025. During his first week back in office, U.S. President Trump called for allies to spend 5% of their GDP on defence,[1] while newly appointed NATO Secretary General Mark Rutte suggested moving "north of 3 percent". French President Emmanuel Macron, while acknowledging that France's current 2.06% might be insufficient for a "major confrontation", insisted that

[1] Hunnicutt 2025.

the increased European defence spending must primarily benefit the continent's industrial base rather than American companies.[2]

These discussions, however, often oversimplify Europe's defence industrial challenges. When Rutte declares that "the problem is not Trump or the US, the problem is Europe",[3] arguing for a "war mindset" in military spending, he seems to overlook how Europe's security dependency stems from complex industrial, technological factors and the transatlantic relations developed over decades. The fragmentation of European defence production – with 62 different land warfare platforms compared to America's eight, and 47 naval warfare platforms versus six in the U.S., as Macron recently highlighted – illustrates the scale of industrial inefficiency.

The European Defence Industry Programme (EDIP) addresses these fundamental challenges by introducing comprehensive measures for industrial integration, supply chain resilience, and production capacity enhancement. Rather than merely increasing spending, EDIP aims to transform how Europe develops, produces, and maintains its defence capabilities through innovative institutional and regulatory mechanisms.

STRATEGIC CONTEXT

EDIP represents a landmark shift in EU defence industrial policy, marking the transition from emergency responses to a comprehensive approach for long-term industrial readiness.

EDIP, which is currently a proposal tabled by the European Commission as a Regulation and under discussion by the European Parliament and Council, aims, as its name suggests, to strengthen the European Defence Technological and Industrial Base (EDTIB),[4] ensuring the timely availability of defence products and supporting Ukraine's defence industry integration.

The introduction of EDIP responds directly to the transformed security environment following Russia's invasion of Ukraine, which has exposed critical vulnerabilities in Europe's defence production capabilities.[5] As outlined in Article 1 of the proposed Regulation, EDIP establishes both a budgetary framework and a comprehensive set of measures addressing five key areas:

- The core Programme supporting EDTIB competitiveness and ensuring that European defence companies produce and deliver military equipment when needed,
- Ukraine Support Instrument for defence industrial integration,
- Structure for European Armament Programme (SEAP) for joint procurement,
- Security of Supply regime with crisis response mechanisms,
- Defence Industrial Readiness Board for coordination.[6]

---

2 Kayali 2025.

3 Bloomberg [@business] 2025.

4 Note: the European Defence Technological and Industrial Base represents the collective defence industry capabilities and technological know-how within the European Union.

5 European Commission: Staff Working Document 2024, Section 1.

6 European Commission 2024a (EDIP Regulation), Article 1.

FINANCIAL FRAMEWORK AND TIMELINE

With a dedicated financial envelope of €1.5 billion for 2025–2027 (Article 5), EDIP bridges a critical gap between current emergency measures – Act in Support of Ammunition Production (ASAP) and European Defence Industry Reinforcement through common Procurement Act (EDIRPA), which expire in 2025 – and future long-term initiatives under the next Multiannual Financial Framework (2028–2034). As detailed in the Staff Working Document (Section 7.8), while this amount remains modest given the challenges faced, it ensures continuity in EU support for defence industrial adaptation. In addition, the EDIP Regulation allows flexible budget distribution across measures, enabling quick responses to geopolitical changes and Member State needs, with the Commission setting priorities through work programmes in coordination with Member States (in the EDIP Programme Committee) and the Defence Industrial Readiness Board.[7]

EDIS–EDIP RELATIONSHIP

The European Defence Industrial Strategy (EDIS)[8] and the European Defence Industry Programme (EDIP) represent complementary elements of the EU's renewed approach to defence industrial policy. EDIS serves as the overarching strategic framework, providing a comprehensive vision for strengthening Europe's defence industrial capabilities. Meanwhile, EDIP functions as the primary implementation mechanism, equipped with concrete funding, although only a modest amount for the time being, and tools to realize these strategic objectives.

EDIP comes with a dedicated budget of €1.5 billion for investing in the defence industrial readiness and competitiveness of the EDTIB. This funding serves as a bridge towards more ambitious financial commitments anticipated in the next EU budgetary cycle starting in 2028. The program builds significantly on previous EU defence initiatives, particularly EDIRPA[9] and ASAP.[10]

In brief, the EDIS sets the overarching vision for achieving EU defence readiness through a responsive and resilient defence industry, while EDIP provides the concrete mechanisms and €1.5 billion funding to begin implementing this vision during the current Multiannual Financial Framework. Through its support for industrial ramp-up, joint procurement, and defence cooperation, EDIP serves as the immediate operational instrument for realizing EDIS's broader objectives of increasing defence readiness, ensuring security of supply, and strengthening the EDTIB.

---

7 European Commission: Staff Working Document 2024, Section 7.8.

8 European Commission 2024b (EDIS).

9 Note: EDIRPA supports joint EU/Norway defence procurement (€310M total) through funding streams for Ammunition, Air/Missile Defence, and Legacy Systems (€103.2M each). EU funds cover cooperation costs, not procurement.

10 Note: ASAP aims to boost the EU defence industry manufacturing capacity for ammunition and missiles through 5 funding calls (explosives, powder, shells, missiles, and testing/certification), with €500M EU funding leveraging industry co-financing to €1.4B total. It operates as Track 3 of the EU's ammunition plan, complementing Track 1 (immediate ammunition transfer from existing stocks to Ukraine) and Track 2 (joint procurement to replenish stocks).

CURRENT DEFENCE INDUSTRIAL MEASURES

This overview of the current EU defence industrial measures that form the baseline scenario before EDIP can help us understand the context and evolution of the EU defence industrial policy. Currently, there are four main instruments in place, each serving different but complementary purposes.

EUROPEAN DEFENCE FUND

The European Defence Fund (EDF), established in 2021, represents a mature evolution of the EU's defence research and development initiatives, building on earlier pilot programs like the Preparatory Action on Defence Research (PADR) and the European Defence Industrial Development Programme (EDIDP). With a precisely allocated budget of €7.953 billion for 2021–2027, the EDF operates through a dual-dimension approach: funding collaborative defence research through grants (roughly one-third of the budget) and co-financing capability development projects (approximately two-thirds) that complement Member States' investments.[11]

Established by Regulation (EU) 2021/697, EDF's governance structure reflects its strategic importance. While the European Commission maintains direct management authority, the Program Committee, comprising the Member States as voting members, plays a crucial role in establishing work programs and setting multi-annual perspectives. The European Defence Agency (EDA) and the European External Action Service (EEAS) contribute their expertise as observers, with EDA taking on additional responsibilities since 2022 as an implementing partner for the indirect management of certain actions. This includes grant management, implementation monitoring, and financial oversight of specific projects.[12]

The EDF 2024 work program[13] exemplifies the Fund's comprehensive approach, addressing 32 call topics across critical defence domains while allocating €225 million to the EU Defence Innovation Scheme (EUDIS). This systematic investment in collaborative defence R&D, complemented by specific support measures for small and medium-sized enterprises (SMEs) and startups, demonstrates how the EDF has evolved from its experimental predecessors into a cornerstone instrument for fostering European defence technological and industrial cooperation.

JOINT PROCUREMENT TASK FORCE AND EDIRPA

The EU developed two complementary instruments to bridge immediate defence procurement needs with longer-term strategic objectives. The Defence Joint Procurement Task Force (DJPTF), established in response to the May 2022 Joint Communication on Defence Investment Gaps, represents the first step in this approach. The Task Force brings together expertise from across EU institutions – including the EEAS, EDA, and the European Commission – to create an agile coordination mechanism. It systematically maps and harmonises Member States' short-term procurement needs across seven critical equipment

[11] EDF Webpage 2025.
[12] EDA Webpage 2025.
[13] EDF Webpage 2025.

categories, ranging from medical supplies to air defence systems, while assessing the European defence industry's capacity to meet these requirements.[14]

Building on the Task Force's analytical groundwork, EDIRPA was adopted in October 2023 as a more structured intervention mechanism. With a dedicated budget of €310 million, aimed at covering the cooperation costs related to common procurements, EDIRPA transforms the Task Force's coordination efforts into concrete financial incentives for joint procurement in three priority areas: ammunition, air and missile defence, and platforms/legacy system replacement.[15] While EDIRPA operates under a defined timeline through 2025, this temporary nature serves a strategic purpose: it allows the EU to test and refine cooperative procurement approaches that can later be incorporated into more permanent structures under EDIP.

Together, these instruments demonstrate the EU's multi-layered response to defence industrial challenges: the Task Force provides immediate coordination and market intelligence, while EDIRPA offers financial tools to stimulate joint procurement. This combination helps prevent procurement conflicts among Member States while simultaneously building patterns of cooperation that can be institutionalized in more permanent frameworks. Their sequential development also reflects a learning approach, where lessons from informal coordination through the Task Force inform the design of more structured mechanisms in EDIRPA, which in turn shapes the development of long-term instruments.

ASAP

A critical component of the EU's defence industrial response has been the Act in Support of Ammunition Production,[16] adopted in July 2023. This instrument emerged directly from the lessons learned during Russia's war on Ukraine, which highlighted critical vulnerabilities in European ammunition production capacity. ASAP represents the EU's targeted response to this challenge, allocating €513 million (leveraging to €1.4 billion total investment) specifically to increase ammunition and missile production capacities. The program has already demonstrated concrete results: the EU artillery ammunition production capacity has increased from the pre-war baseline to reach 1 million rounds annually by January 2024, with a target of 2 million by the end of 2025.[17]

However, ASAP's scheduled expiration in June 2025, coinciding with EDIRPA's end date, creates a critical temporal challenge. This impending "support gap", identified in Section 5.1 of the Commission's Staff Working Document, becomes particularly problematic given the ongoing nature of the conflict in Ukraine and the continuing need to both support Ukraine and replenish European stockpiles. This temporal discontinuity helps explain both the urgency and the comprehensive scope of the proposed EDIP, which aims to ensure sustained support for European defence industrial capacity building beyond these temporary measures.

[14] European Commission: Staff Working Document 2024, 36–37.
[15] European Commission 2023.
[16] EU 2023.
[17] European Commission 2024c.

FROM EMERGENCY RESPONSE TO SUSTAINABLE FRAMEWORK: EDIP'S ROLE

To sum up, EDIP builds on existing initiatives by extending EDIRPA's joint procurement approach beyond 2025 and replicating ASAP's production support model. It introduces SEAP (analysed in detail in the section "Structure for European Armament Programme" below) as a flexible cooperation framework enabling collaborative procurement, full lifecycle management (from initial acquisition to decommissioning), and dynamic availability management through readiness pools. The program ensures EDF-developed technologies move from research to actual production and market deployment through repayable grants while introducing new financial mechanisms like FAST to support SMEs and small midcaps in industrial capacity expansion.

EDIP represents an evolution from ASAP and EDIRPA's emergency-focused interventions to a more systematic approach to EU defence industrial preparedness. While ASAP addressed urgent ammunition production needs and EDIRPA incentivized joint procurement of critical defence products, EDIP establishes a comprehensive framework that extends these successful mechanisms while introducing new elements. These include the security of the supply regime for crisis response, the SEAP framework enabling Member States, associated countries, and Ukraine to form flexible configurations for specific defence programs, and support for EDF project commercialization. By institutionalizing and expanding these tools, EDIP creates a more sustainable approach to strengthening the EDTIB.

EDIP CORE ELEMENTS

Institutional Innovations

Defence Industrial Readiness Board

The Regulation creates a new institutional architecture for European defence industry coordination through the Defence Industrial Readiness Board (Article 57). The Board operates with two distinct but complementary functions:

The Board functions as a mechanism for joint programming and procurement, with responsibilities that include helping the Commission identify priority funding areas that align with defence capability objectives established collectively by Member States under the Common Foreign and Security Policy (CFSP) framework, particularly those outlined in the Capability Development Plan [Art. 57(3)].

It supports EDIP implementation with a particular focus on crisis response and supply chain security through: analysing crisis-relevant information [Art. 57(5a)], assessing crisis state activation criteria [Art. 57(5b)], providing guidance on crisis response implementation [Art. 57(5c)], and facilitating information exchange with other crisis-relevant bodies [Art. 57(5e)]. These crisis response functions of the Board are directly tied to the supply chain security measures (detailed in the section "Supply Chain Security" below), where the Board plays a crucial role in coordinating responses to both general supply disruptions and security-related supply crises.

The Regulation specifies a clearly defined institutional composition for the Board, including representatives from the Commission (which chairs the Board), the High Repre-

sentative and European Defence Agency head, Member States, and associated countries [Art. 57(7)]. To ensure industry input, the Board must facilitate formal engagement by convening with National Defence Industrial Associations and selected industry representatives minimum once annually [Art. 57(10)].

While this represents an evolution in European defence coordination, its role is more precisely focused on specific functions rather than broad industrial policy-making. The Board operates as a structured coordination mechanism, particularly focused on supply chain resilience and crisis response, working within clearly defined parameters to support the broader objectives of EDIP.

Structure for European Armament Programme

A key institutional innovation introduced by the Regulation is the Structure for European Armament Programme (SEAP). Articles 22 to 24 establish SEAP's fundamental framework, which serves a dual purpose: fostering the competitiveness of both the European and Ukrainian defence industrial bases by aggregating demand for defence products throughout their lifecycle [Article 22(1)].

SEAP's operational scope encompasses three principal tasks:

– Common procurement, which extends beyond basic purchasing to include R&D, testing, certification, and initial production support,
– Joint lifecycle management, incorporating spare parts procurement, logistics services, and public-private partnerships to maximize defence product availability,
– Dynamic availability management through a Defence Industrial Readiness Pool, ensuring participating states have immediate and preferential access to additional quantities through purchase or lease options [Article 22(2)].

The SEAP establishment requirements (Article 23) ensure broad participation while maintaining EU centrality: while a SEAP can be established by three participants, including associated countries or Ukraine, it must include at least two EU Member States. Importantly, each SEAP must align with capability priorities agreed upon under the Common Foreign and Security Policy framework and the Capability Development Plan [Article 23(1a)]. This alignment ensures that individual SEAPs contribute to broader European defence objectives.

To ensure operational effectiveness, SEAPs must follow standardized procedures and Commission guidelines for program management, funding, and reporting [Article 23(2)]. The application process (Article 24) requires detailed documentation including statutes and descriptions of defence equipment, technology, and services to be jointly procured and managed, with host Member States providing formal recognition of SEAP's international body status for tax (such as VAT and excise duty) and regulatory purposes.

The Regulation deliberately enables the creation of multiple SEAPs rather than establishing a single centralized structure. This flexible, multi-SEAP approach serves several strategic purposes:

First, it allows for a specialized focus on different capability areas. Since each SEAP must align with capability priorities under the Common Foreign and Security Policy framework [Article 23(1a)], different SEAPs can be established to address specific capability needs – for example, one focusing on air defence systems, another on ground systems, and yet another on maritime capabilities. This specialization enables more focused expertise and management of specific defence domains.

Second, the multi-SEAP structure provides flexibility in participation. While each SEAP requires at least two Member States, different groupings of Member States, associated countries, and Ukraine can form different SEAPs based on their specific defence priorities and industrial capabilities. This "variable geometry" approach allows for more agile cooperation configurations while maintaining the overall framework's coherence through standardized procedures and Commission guidance [Article 23(2)].

Third, this approach enables the parallel development of multiple defence capabilities while managing complexity. Rather than attempting to coordinate all joint defence procurement and lifecycle management through a single structure, multiple SEAPs can operate simultaneously, each with its own focused mandate but following common rules and procedures.

This architectural choice reflects a pragmatic balance between the need for coordination and the reality of diverse defence requirements and industrial capabilities across participating states. The Commission maintains overall coherence through its assessment and oversight role (Article 24) while allowing for the operational flexibility needed in complex defence procurement and management programs.

The Relationship Between the Board and SEAPs

The Regulation creates a clear division of responsibilities between the Defence Industrial Readiness Board and SEAPs. The Board functions as a strategic coordinator, identifying funding priorities and managing crisis responses at the system level. Meanwhile, SEAPs serve as operational tools for specific defence programs, handling the practical aspects of joint procurement and lifecycle management.

This arrangement works much like an orchestra, where the Board acts as the conductor, ensuring that all parts work together harmoniously, while individual SEAPs are the sections playing their specific parts. The Board's annual meetings with industry representatives help address broader issues affecting multiple programs, while SEAPs handle day-to-day relationships with contractors and suppliers for their specific projects. This structure is particularly important for integrating Ukraine's defence industry as it provides both high-level coordination through the Board and specific cooperation opportunities through participation in specific SEAPs (see the section "Ukraine's Industrial Integration" below for a comprehensive analysis of the Ukrainian defence industrial integration framework).

Supply Chain Security

The EDIP regulation introduces a comprehensive set of supply chain security measures that reflect the EU's growing focus on securing critical defence capabilities. These measures are structured across multiple layers, from monitoring and prevention to crisis response, creating an integrated approach to supply chain resilience.

At the foundation of these measures lies a sophisticated mapping and monitoring system. Article 40 of the Regulation mandates the Commission to conduct detailed mapping of the Union's defence supply chains, working in partnership with the Defence Industrial Readiness Board, which prepares a list of key defence products. This mapping exercise goes beyond simple documentation – it requires the identification of key defence products critical for security and defence interests. The process includes developing a framework

for identifying crisis-relevant products and their related manufacturing capacities, with particular attention to potential bottlenecks that could disrupt supply chains.

The Regulation establishes a proactive monitoring framework through Article 41, which requires regular surveillance of manufacturing capacities necessary for crisis-relevant products. This monitoring system is notable for its multi-faceted approach, incorporating early warning indicators, Member State oversight of key market activities, and the identification of best practices for risk mitigation. To ensure effectiveness while minimizing bureaucratic burden, the Regulation specifically considers the impact on SMEs and includes provisions to streamline information collection from these smaller enterprises.

A particularly innovative aspect of the supply chain security framework is the creation of two distinct crisis response mechanisms. The first, detailed in Articles 43–47, addresses supply crises affecting the broader economy[18] that impact defence production. The second, outlined in Articles 48–54, deals with security-related supply crises directly affecting defence capabilities.[19] These mechanisms include powerful tools such as priority-rated orders, which can require companies to prioritize certain defence-related productions, and information-gathering powers that help authorities understand and address supply chain disruptions.

The Regulation also introduces practical measures to accelerate supply chain responsiveness. Article 38 requires Member States to ensure that administrative applications related to defence production facilities and product certification are processed efficiently. This is complemented by Article 39's provisions for easing cross-certification processes, which include the creation of an official list of national certification authorities and frameworks for information sharing among these bodies.

To ensure compliance and effectiveness, the Regulation includes enforcement mechanisms through Article 55, which establishes penalties for non-compliance with information requests or fulfilling priority-rated orders (a failure to accept or prioritize production of crisis-relevant non-defence products). These penalties are carefully calibrated, with different levels of fines based on the severity and nature of the violation, and special consideration for SMEs.

Perhaps most importantly, the Regulation creates a framework for preventive action through Article 43, which establishes an alert system for potential supply chain disruptions. This system allows for early intervention when risks are identified, enabling coordinated responses before full-scale crises develop. The Defence Industrial Readiness Board plays a crucial role here, coordinating responses and facilitating dialogue among stakeholders to address emerging challenges.

[18] Note: non-defence products needed for defence production, repair, maintenance, etc.

[19] Note: serious disruptions in the provision/trade of defence products or related intermediate products or raw or processed materials.

Industrial Strengthening Measures

One of the most significant aspects of this industrial strengthening approach is its focus on the entire industrial ecosystem. The Regulation recognizes that a strong defence industrial base requires not just major manufacturers but also a robust network of suppliers, particularly SMEs. This is reflected in various provisions throughout the Regulation, including specific support measures for smaller companies to obtain necessary quality and production certifications.

Central to this industrial strengthening effort is the Fund to Accelerate Defence Supply Chain Transformation (FAST), established under Article 19. This innovative financial mechanism is specifically designed to address one of the most pressing challenges in the defence sector – the need to support smaller players in the industrial ecosystem. FAST aims to leverage, de-risk, and accelerate investments needed to increase the defence manufacturing capacities of SMEs and small mid-caps. The fund operates through blending operations, offering debt and equity support and creating a multiplier effect that helps attract both public and private sector financing.

The Regulation places particular emphasis on manufacturing capacity enhancement through Article 11(3), which outlines "industry reinforcement actions". These actions encompass a broad range of initiatives, from optimizing and modernizing existing production facilities to establishing entirely new ones. The Regulation specifically allows for the establishment of cross-border industrial partnerships, including public-private partnerships, recognizing that international collaboration is key to building a more integrated European defence industry.

A particularly innovative aspect of the industrial strengthening framework is the concept of "ever-warm facilities"[20] – reserved surge manufacturing capacities that can be activated when needed. This approach, detailed in Article 11(3c), ensures that the European defence industry maintains the ability to rapidly scale up production in response to emerging needs while managing the economic challenges of maintaining excess capacity.

The Regulation also addresses the critical issue of industrial readiness through the creation of a Defence Industrial Readiness Pool, outlined in Article 14. This mechanism serves multiple purposes: it increases the availability of EU-made defence products, speeds up delivery times, and ensures preferential purchase options for Member States and Ukraine. The pool concept represents a practical solution to the challenge of maintaining industrial capabilities while managing procurement efficiency.

The industrial strengthening framework also includes specific measures to support innovation and technological advancement. Article 52 provides for emergency defence innovation actions, allowing for rapid adaptation of civilian products for defence applications and the significant shortening of delivery lead times. This flexibility is crucial for maintaining industrial competitiveness and responsiveness to evolving security needs.

[20] Note: "Ever-warm" in this context refers to maintaining production facilities in a ready state – not fully active but capable of quickly ramping up production when needed. It is between "cold" (shut down) and "hot" (fully operational) capacity, keeping essential systems and capabilities maintained for rapid activation.

Ukraine's Industrial Integration

The EDIP regulation establishes a comprehensive framework for supporting and modernizing Ukraine's defence industrial capabilities, apparently acknowledging the strategic importance of integrating Ukraine's Defence Technological and Industrial Base (Ukrainian DTIB) with European defence structures. This support is woven throughout the Regulation but finds its clearest expression in the dedicated Ukraine Support Instrument (USI) established in Article 1(2) of the Regulation.

The Regulation's approach to Ukrainian defence industry support is guided by a strategic vision outlined in Article 4. This vision encompasses not just immediate support but looks ahead to Ukraine's potential future integration into the European defence industrial landscape. The Regulation specifically emphasizes that actions supporting Ukraine's defence industry should take into account its possible future integration into the EDTIB, thereby contributing to mutual stability, security, and sustainability.

A particularly significant aspect of this support framework is found in Article 21, which establishes specific eligibility criteria for legal entities involved in Ukrainian defence projects. The Regulation creates flexible yet secure pathways for cooperation, allowing recipients of Union funding to be established either in the EU or in Ukraine. This provision is carefully balanced with security considerations. While entities can use infrastructure and facilities outside the EU or Ukraine when necessary, such use must not compromise security interests and must align with the Regulation's broader objectives.

The financial architecture supporting Ukrainian defence industry development is addressed through several mechanisms. Article 5(1b) provides for dedicated funding through additional contributions, subject to specific agreements outlined in Article 59. This funding structure is designed to be both flexible and sustainable, allowing for various forms of support ranging from direct industrial modernization to joint procurement initiatives.

The Regulation facilitates practical cooperation through several mechanisms. Articles 22–24 explicitly include Ukraine as a potential participant in SEAPs, enabling Ukrainian defence manufacturers to participate in joint procurement and lifecycle management programs. Additionally, under Article 22(2c), Ukraine has access to the Defence Industrial Readiness Pool mechanism, allowing for immediate and preferential purchase or lease options alongside Member States and associated countries.

The Regulation places particular emphasis on modernizing Ukrainian defence facilities to NATO standards, as indicated in Article 4(5). This includes provisions for creating or expanding manufacturing capacities, protecting assets, enabling technical assistance, and facilitating personnel exchanges. The Regulation also promotes increased cooperation in the common procurement of defence products for Ukraine and encourages licensing production cooperation through various forms, including public-private partnerships and joint ventures.

To ensure effective implementation, Article 59 mandates the establishment of an EU–Ukraine Framework agreement. This agreement sets out detailed provisions for implementing actions involving Ukraine or Ukrainian entities receiving Union funds. It includes specific requirements for monitoring, control, and audit procedures, while also ensuring appropriate protection of classified information and adherence to security standards.

This comprehensive support framework reflects a strategic mindset that strengthening Ukraine's defence industrial capabilities serves both immediate practical needs and

longer-term strategic goals for European security architecture. The Regulation creates multiple pathways for cooperation while maintaining necessary safeguards and oversight mechanisms, establishing a foundation for the sustained development of Ukraine's defence industrial capabilities in line with European standards and practices.

STRATEGIC IMPLICATIONS AND FUTURE PROSPECTS

Strategic Implications

Beyond the Defence Industrial Readiness Board discussed previously, the Regulation's approach to supply chain resilience represents another crucial strategic implication.

The mapping and monitoring mechanisms established in Articles 40 and 41 go beyond simple industry oversight – they create a comprehensive understanding of European defence industrial capabilities and vulnerabilities. This knowledge base enables strategic decision-making about where to invest and how to protect critical capabilities. It is particularly significant that the Regulation includes provisions for early warning systems [Article 40(8)] and crisis response mechanisms (Art. 43, 44, 47, 48, 50), indicating a strategic shift towards anticipatory rather than reactive policy-making.

The Regulation also has important implications for Europe's international defence relationships. While strengthening European industrial autonomy, it creates frameworks for controlled cooperation with non-EU partners through carefully structured eligibility criteria (Article 10) and third-country participation rules. This balanced approach suggests a strategic vision of "open strategic autonomy",[21] meaning maintaining European independence while avoiding harmful isolation.

Perhaps most significantly, the Regulation's provisions for supporting Ukraine's defence industry (Chapter II, Section 3) indicate a strategic vision of an expanded European defence industrial space. This approach suggests a longer-term strategic goal of integrating neighbouring partners into European defence industrial networks, potentially creating a broader security architecture beyond current EU boundaries.

These strategic implications demonstrate how the EDIP represents not just a funding program but also a comprehensive attempt to reshape European defence industrial policy for long-term strategic advantage.

Future Outlook and Implementation Challenges

These strategic implications point towards EDIP's longer-term transformative potential. The European Defence Industry Programme represents an ambitious attempt to transform the EU defence industrial policy, with implications extending well beyond its initial 2025–2027 timeframe. The Regulation's comprehensive supply chain security framework, established through Articles 40–54, could evolve into a permanent system for managing the European defence industrial capacity. This framework, combining sophisticated mapping

[21] Note: As the European Parliament think tank puts it, "Open Strategic Autonomy ensures the capacity to cope alone if necessary but without ruling out cooperation whenever possible." https://www.europarl.europa.eu/thinktank/en/events/details/the-future-of-eu-s-open-strategic-autono/20230215WKS04981

mechanisms (Article 40) with two distinct crisis response tools (Articles 43–47 and 48–54), may serve as a model for addressing long-standing issues of fragmentation in European defence markets.

The SEAP framework, detailed in Articles 22–33, has particular potential for future development. The Regulation's deliberate choice to enable multiple specialized SEAPs, rather than a single centralized structure, creates flexibility for evolution in different capability domains. As outlined in Article 22(2), each SEAP can focus on specific areas while maintaining alignment with Common Foreign and Security Policy priorities. This approach, combined with innovative concepts like "ever-warm" facilities [Article 11(3c)], could establish new patterns of sustained industrial cooperation.

The Regulation's approach to Ukrainian defence industrial integration, anchored in Article 4(5) and detailed throughout Chapter II, Section 3, may establish a template for future defence industrial cooperation with EU candidate countries. The comprehensive framework created through Articles 21 and 59, addressing everything from eligibility criteria to security requirements, could guide similar integration efforts. This aligns with the EU's security commitments to Ukraine, specifically calling for "foster[ing] greater cooperation between their defence industries in the spirit of the European Defence Industrial Strategy".[22]

However, successful implementation faces several challenges. As outlined in Articles 10, 21, and 59, effective integration requires robust security frameworks for protecting classified information and controlling access to sensitive technologies. The Defence Industrial Readiness Board's effectiveness will depend on successful coordination among EU institutions, Member States, and industry representatives. Regular industry engagement through what the Regulation terms "structured dialogue" [Article 57(10)] will be crucial for adapting to new regulatory requirements and crisis response mechanisms.

As the proposal is currently under discussion in both the European Parliament and Council, the final shape of these mechanisms may evolve through the legislative process. However, the fundamental approach of creating permanent structures while maintaining flexibility appears likely to remain central to the Regulation's design.

In brief, the Regulation's strategic vision emerges primarily through its comprehensive approach to strengthening European defence industrial capabilities. Its supply chain security framework (Articles 40–54) establishes unprecedented monitoring and crisis response tools, while the SEAP mechanism (Articles 22–33) creates flexible structures for defence industrial cooperation. This foundation is complemented by carefully structured frameworks for international partnerships, particularly with Ukraine. This combination, overseen by the Defence Industrial Readiness Board (Article 57), marks a fundamental shift from voluntary coordination to the active management of defence industrial capabilities. As EDIP bridges the gap between current emergency measures like ASAP and EDIRPA (expiring in 2025) and future long-term initiatives, its success in establishing these permanent structures will likely shape the design of the EU defence industrial policy under subsequent Multiannual Financial Frameworks.

[22] EU-UKR 2024.

CONCLUSIONS

The European Defence Industry Programme (EDIP) represents a fundamental transformation of the EU defence industrial policy, moving beyond temporary crisis responses towards a comprehensive framework for long-term industrial readiness. While its €1.5 billion funding envelope for 2025–2027 remains modest, the Regulation's significance lies in its innovative institutional and regulatory mechanisms that create permanent structures for European defence industrial cooperation.

The Regulation introduces several transformative elements that together mark a shift from voluntary coordination to the active management of defence industrial capabilities. At its core, the Structure for European Armament Programme (SEAP) framework creates flexible arrangements for joint procurement and lifecycle management, allowing specialized programs to develop in parallel while maintaining strategic coherence. This is complemented by a sophisticated supply chain security system that combines preventive monitoring with powerful crisis response tools, including unprecedented powers for priority-rated orders and emergency innovation support.

The Regulation's approach to industrial strengthening reflects a mature understanding of the defence industrial ecosystem. Through mechanisms like the Fund to Accelerate Defence Supply Chain Transformation (FAST) and the innovative "ever-warm" facilities concept, it addresses both immediate production needs and long-term industrial resilience. The Defence Industrial Readiness Board (DIRB) provides strategic coordination across these various elements, ensuring that individual initiatives contribute to broader European defence objectives.

While primarily focused on strengthening European capabilities, the Regulation also creates carefully structured frameworks for international cooperation, particularly through its comprehensive approach to Ukrainian defence industrial integration. This balance between internal capability building and strategic partnerships reflects a pragmatic approach to achieving greater European defence industrial autonomy.

Looking ahead, EDIP's effectiveness will depend on the successful implementation of its various mechanisms, particularly the coordination among EU institutions, Member States, and industry through the Board's "structured dialogue". However, by establishing permanent structures for defence industrial cooperation while maintaining operational flexibility, EDIP creates a foundation for more integrated European defence industrial development that will likely shape policy evolution well beyond its initial timeframe.

BIBLIOGRAPHY

- BLOOMBERG[@business]: *The problem is not Trump or the US, the problem is Europe*. Twitter, 23 January 2025. https://x.com/business/status/1882375864777605342 (Downloaded: 01/02/2025).
- European Commission: *EDIRPA Addressing Capability Gaps*. European Commission Website, 2023. https://defence-industry-space.ec.europa.eu/eu-defence-industry/edirpa-addressing-capability-gaps_en (Downloaded: 01/02/2025).
- European Commission: *European Defence Fund (EDF)*. Commission Website, 2025. https://defence-industry-space.ec.europa.eu/eu-defence-industry/european-defence-fund-edf-official-webpage-european-commission_en (Downloaded: 01/02/2025).

- European Commission: *Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry*. European Commission Policy Document, JOIN(2024) 10 final, 5 March 2024. https://defence-industry-space.ec.europa.eu/document/download/643c4a00-0da9-4768-83cd-a5628f5c3063_en?filename=EDIS%20Joint%20Communication.pdf (Downloaded: 01/02/2025).
- European Commission: *Proposal for a Regulation of the European Parliament and of the Council on Establishing the European Defence Industry Development Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')*. European Commission Legislative Proposal, COM(2024) 150 final, 5 March 2024. https://defence-industry-space.ec.europa.eu/document/download/6cd3b158-d11a-4ac4-8298-91491e5fa424_en?filename=EDIP%20Proposal%20for%20a%20Regulation.pdf (Downloaded: 01/02/2025).
- European Commission: *Staff Working Document for a European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products*. 8 July 2024. https://defence-industry-space.ec.europa.eu/document/download/f1e6ba44-4720-4f14-a991-a3a7f3afb475_en?filename=Staff%20Working%20Document%20on%20EDIP.PDF (Downloaded: 01/02/2025).
- European Commission*: The Commission allocates €500 million to ramp up ammunition production, out of a total of €2 billion to strengthen EU's defence industry*. European Commission Press Release, 15 March 2024. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_1495 (Downloaded: 01/02/2025).
- European Defence Agency: *European Defence Fund (EDF)*. Agency Website, 2025. https://eda.europa.eu/what-we-do/EU-defence-initiatives/european-defence-fund-(edf) (Downloaded: 01/02/2025).
- European Union and Ukraine: *Joint security commitments between the European Union and Ukraine*. Agreement Document, 27 June 2024. https://www.consilium.europa.eu/media/oredhmis/eu-ukraine-security-commitments-en.pdf (Downloaded: 01/02/2025).
- Hunnicutt, Trevor: *Trump says he is not sure US should be spending anything on NATO*. Reuters News Article, 24 January 2025. https://www.reuters.com/world/us/trump-says-not-sure-us-should-be-spending-anything-nato-2025-01-23/ (Downloaded: 01/02/2025).
- Kayali, Laura: *As Trump arrives, Macron hints NATO spending target is too low*. POLITICO, 20 January 2025. https://www.politico.eu/article/france-emmanuel-macron-hints-nato-spending-target-is-too-low-donald-trump/ (Downloaded: 01/02/2025).
- *Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP)*. Official Journal of the European Union, L 185/7. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1525 (Downloaded: 01/02/2025).