

Prospects for Deepening Defense Cooperation within the EU: Opportunities for Ukraine

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Summary

Global turbulence caused by unpredictable steps of the new US administration has prompted Europe to begin taking steps to transform its security and defense policy.

At the same time, despite the readiness of European nations to change their attitude toward the defense sector in terms of Europe's responsibility for its own security, in concrete terms, the process of developing conceptual approaches to implementing ideas for creating a new security and defense architecture is only just beginning. Moreover, despite the fact that ideas for forming "Joint European Armed Forces" are increasingly crystallizing in discussions both in non-governmental think tanks and at the highest political level in EU countries, concrete understanding of how to implement these concepts remains largely theoretical, without practical steps and results. So far, the European Commission leadership is primarily promoting changes, modernization, and consolidation of the defense industry in EU countries, leaving the actual formation of Europe's defense capabilities outside the framework of real strategic processes.

Vulnerabilities of the EU Defense Industry

Noting the degradation of the European defense industry (which is certainly one of the key factors in the ineffectiveness of the European defense system), a group of European experts led by Mario Draghi (former President of the European Central Bank) prepared a comprehensive [document](#) titled "The Future of European competitiveness".

The Draghi Report is structured to emphasize the need for Europe's strategic autonomy in conditions of increasing competition with the US. In general, reliance on its own strength and support for domestic producers as opposed to "third countries" (including the US) is the leading idea of this document.

Among the main problems of the EU defense industry, the Draghi Report notes the following:

► **Insufficient funding for the defense sector**

Currently, EU defense spending amounts to approximately one-third of US spending, while China's spending is rapidly increasing. According to the SIPRI database, US defense spending in 2023 was estimated at \$916 billion, while the combined spending of EU member states was estimated at \$313 billion (in current prices). China's defense budget was estimated at \$296 billion, but according to some data, it may be significantly higher. Against this background, there are estimates that over the next decade, about €500 billion needs to be invested in the EU defense sector to avoid the implementation of negative scenarios.

► **Fragmented defense industry**

The overall structure of the European defense industry is characterized by predominantly national players operating in relatively small domestic markets and producing relatively small volumes of products. Despite a number of initiatives, member states have so far been unable or unwilling to implement a general consolidation and integration of the EU's defense industrial base. This is mainly due to concerns related to national sovereignty and autonomy, as well as the reluctance of member states to give up national capabilities in certain segments and implement cross-border industrial rationalization. Unlike the EU, the US has followed a strategy of consolidating its defense industry. Since 1990, the US defense industrial base has decreased from fifty-one to five major industry actors.

▶ **Insufficient coordination and standardization**

The lack of coordination and standardization of products at the EU level weakens the EU's defense industrial base. Member states systematically fail to take advantage of EU-level coordination, standardization and interoperability, joint procurement and maintenance, as well as pooling and sharing of resources. This leads to inefficient defense spending, as well as uncoordinated and insufficient defense investments in European industry. Increasing demand for security and defense equipment by itself, without coordination at the EU level, will not strengthen Europe's defense industrial base. On the contrary, it may further exacerbate some of the problems that exist today.

▶ **High degree of dependence on foreign manufacturers and countries**

EU member countries significantly depend on defense solutions from non-EU actors, especially from the US. A significant portion of EU countries' spending on defense procurement has been directed to the US and other international defense industry players (including Israel and South Korea). Of the total €75 billion spent by EU states on defense procurement between June 2022 and June 2023, 78% of spending was directed to purchases from suppliers located outside the EU, of which 63% went to the US. At the same time, the US market remains closed to European companies. In some cases, the choice in favor of the US may be justified by the fact that the EU does not produce certain types of weapons and military equipment, but in many other cases, a European equivalent exists or can be quickly created by the European defense industry. Focusing on increased demand, other new manufacturers from non-EU countries have also entered the EU market. Turkey, South Korea, and Israel often offer ready-made products in sufficient quantities, giving them an advantage in the European market, as companies from EU countries typically cannot quickly meet customer needs with finished products. In addition to increasing external dependence, this further strengthens fragmentation and reduces interoperability between the armed forces of EU countries, creating even more problems for the European defense industry.

In fact, the Draghi Report harshly describes the reality and prospects for the existence and development of the EU's defense industry and demands immediate implementation of the indicated steps, with a special emphasis on coordination in the sphere of interaction/partnership/competition with the US defense industry.

Joint White Paper for European Defence Readiness 2030 – a New Impetus for European Defense

In this regard, the presentation of the conceptual [document](#) Joint White Paper for European Defence Readiness 2030 by European Commissioner for Defense and Space Andrius Kubilius should have been a response to these problems. Indeed, the White Paper identifies both the threats and challenges facing Europe now and will grow in the future, as well as directions for neutralizing them through the development of the European security and defense sector.

At the same time, against the background of proposals for consolidation of the defense industry, the White Paper contains a provision that could nullify the positive effect of steps to improve the European defense industry. This refers to maintaining unconditional sovereign control over their armed forces. And although it is declared that the EU will receive enhanced capabilities for coordinating efforts to strengthen the defense industry and collective combat capabilities, in reality, the White Paper (as a strategic document in the field of planning the further development of the EU defense sphere) establishes restrictions on the formation of joint military structures within the EU, which sharply limits the EU's ability to effectively respond to emerging military threats.

Instead, the White Paper indicates that the EU will focus on the following main areas of activity:

- ▶ development of joint defense projects and industrial integration;
- ▶ improving the efficiency of procurement and interchangeability of weapons;
- ▶ supporting mobility, space communications, and surveillance;
- ▶ forming new formats of cooperation in various areas of defense activity.

At the same time, the White Paper declares that the EU will prepare to deter external armed aggression, and to this end, EU member states must possess a full spectrum of military capabilities. However, once again, this primarily refers to national armed forces of EU countries, not joint combat capabilities. Theoretically, the White Paper identifies 7 key areas for strengthening European defense:

1. Air and missile defense – an integrated multi-level system of protection against all air threats (cruise, ballistic, and hypersonic missiles, aircraft, UAVs).

2. Missile and artillery systems – modern artillery complexes and long-range missile systems for high-precision strikes against ground targets.
3. Ammunition and missiles – strategic stockpile of ammunition, missiles, and components along with corresponding production capacity.
4. Unmanned systems and counter-unmanned systems – autonomous and remotely controlled air, land, surface, and underwater systems to enhance situational awareness, surveillance, etc.
5. Military mobility – a network of transport corridors, airports, seaports, and supporting infrastructure for rapid deployment of troops and equipment in Europe and to partner countries.
6. Artificial intelligence, quantum technologies, cyber and electronic warfare – development of defense applications based on AI and quantum computing, protection of the electromagnetic spectrum, cyberattacks, and protection in cyberspace.
7. Strategic support assets and critical infrastructure protection – military transport aircraft, air refuelers, intelligence and surveillance systems, secure communications, military fuel infrastructure.

At the same time, there is no understanding or clarification of who at the EU level will be responsible for implementing joint projects, developing joint capabilities, as well as managing and using these capabilities within joint operations. Conditionally speaking, there is currently no definition of who will create and manage the integrated air defense/missile defense system at the EU level – whether it will be distributed to the level of national armed forces (and then the effectiveness of such a system will be questionable), or whether these capabilities will be given to the management of relevant NATO structures (in this case, it will be difficult to talk about the strategic autonomy of Europe from the US). These same shortcomings extend to other areas of EU defense development.

ReArm Europe for a Significant Increase in Funding for the European Defense Sector

As part of the ReArm Europe plan (which European Commission President Ursula von der Leyen defined as a set of proposals aimed at effectively helping EU states quickly and significantly increase defense spending), the European Commission has identified the main directions for urgent and substantial increases in EU defense spending. They should help address urgent needs and compensate for the consequences of years of underfunding in the defense sphere, in particular:

- ▶ EU countries are invited to submit a request to activate the National Escape Clause by the end of April (which will open up opportunities for additional defense spending).
- ▶ The EU Council should adopt the proposed draft Regulation on Security and Action for Europe (SAFE) as soon as possible.
- ▶ The EU's governing structures are invited to adopt the European Defense Industry Program (EDIP) by mid-2025, including its Ukraine Support Instrument (USI).
- ▶ The EU's governing structures are invited to prioritize consideration of changes to the European Regional Development Fund, which will be proposed by the end of March 2025. As a result, national, regional, and local authorities will be able to voluntarily direct funds from their current programs to new priorities, in particular to strengthen defense and security potential.
- ▶ Member States are invited to immediately intensify joint defense procurement in accordance with the target of at least 40% proposed in the European Defense Industry Strategy (EDIS), including within the SAFE instrument.
- ▶ Member States are invited to promptly agree on a new ambitious initiative for military support to Ukraine, in particular regarding artillery ammunition, air defense, and the "train-and-equip" program.
- ▶ The European Commission will facilitate the integration of Ukraine's defense industry into the Single Market, support the expansion of military transport corridors to Ukraine, and explore the possibility of its access to EU government space services.
- ▶ The European Commission calls on the Board of Governors of the European Investment Bank to urgently expand support for the European defense industry, in particular by reducing the list of excluded activities and increasing the volume of available financing.

- ▶ The European Commission will immediately begin a strategic dialogue with the defense industry, drawing on the expertise of the European Defense Agency (EDA) or the EU Military Staff if necessary.
- ▶ By June 2025, the European Commission will present a proposal to simplify defense cooperation procedures (Defense Omnibus Simplification).
- ▶ In 2025, the EU will present a European Technology Roadmap for investing in advanced dual-use technological capabilities.
- ▶ By the end of 2025, the European Commission and the EU High Representative will adopt a joint communication on military mobility, which will be accompanied by necessary legislative initiatives.

At the same time, the Joint White Paper for European Defence Readiness 2030 places a special emphasis on comprehensive military support for Ukraine (within the framework of the so-called "Porcupine Strategy").

It is particularly emphasized that the war has demonstrated a high level of innovation and viability of Ukraine's defense industry, especially in the areas of AI, drones, and other critical technologies. Young Ukrainian companies with their entrepreneurial spirit can give a powerful impetus to Europe's competitiveness and the development of its defense potential.

At the same time, EU support in the military sphere can be implemented along two priorities:

1. Strengthening military and other assistance to Ukraine

- ▶ Supply of ammunition of large calibers in a minimum volume of 2 million shells per year. It is urgently necessary to finance the supply of ammunition in 2025, in particular by stimulating supplies from stocks and purchases.
- ▶ Provision of air defense systems, missiles (including long-range precision ones) and drones. It is necessary to launch a bilateral "Air Defense Initiative" together with Ukraine, which will include collective procurement and financial support for accelerated production of anti-aircraft missiles.
- ▶ Strengthening support for Ukraine's drone programs, both through procurement and through joint production with the European defense industry.
- ▶ Expanding the training of Ukrainian military personnel. The EUMAM mission should continue training after reaching the current level of 75,000 trained military personnel. It is also necessary to ensure maintenance and repair of damaged combat equipment as close as possible to the front line.
- ▶ Direct financing of the Ukrainian defense industry through purchases directly from its manufacturers. In 2025, Ukraine's defense industry is expected to reach

production capacities of €35 billion. Ukraine can use the EU credit within the G7 Enhanced Recovery Assistance (ERA) initiative to support its defense industry.

- ▶ Improving military mobility. EU military transport corridors should be extended to Ukraine for more efficient weapons supply and enhanced defense capabilities.
- ▶ Expanded access to EU space assets to strengthen Ukraine's defense potential. This includes access to satellite navigation systems, communications, Earth observation, as well as funding Ukrainian access to services of European space companies.

2. Integration of Ukraine into EU defense initiatives

Closer cooperation between Ukrainian and European defense industries will allow using combat experience to improve technologies and scale up production. Integration of Ukrainian defense industry into the European Defense Technological and Industrial Base (EDTIB) will help modernize production, reduce costs, and ensure global competitiveness.

The priority is to adopt the EDIP Regulation draft, which will open the way for the integration of the Ukrainian defense sector through a special Ukraine Support Instrument (USI). This will also allow Ukrainian manufacturers to participate in collective procurement programs and joint EU projects.

In addition, the European Defense Innovation Office in Kyiv can be expanded to deepen military-industrial cooperation.

Ukraine should also be involved in PESCO and other EU programs for defense development coordination. Working together will allow Ukraine to share its unique experience of high-intensity warfare, which will help EU states improve their defense strategies.

Building Europe's Defense Component

The above facts indicate that the European Commission is indeed trying to launch deep transformational processes in the field of EU security and defense policy. Meanwhile, so far the ambitions of the EU leadership are limited mainly to the defense-industrial sphere. At the moment, the central [strategy](#) for the development of the "European Defense Union" (as Ursula von der Leyen called the new format for the development of European defense initiatives) will be the formation of new effective structures and formats for more coherent and coordinated implementation of joint defense-industrial projects, as well as the creation of a full-fledged budgeting and investment system in the defense-industrial sphere.

On the other hand, countering Russian aggression and responding to other threats to Europe should include the creation of joint military capabilities organized into unified armed structures. The idea is to form European Defense Forces, which should include joint command structures and combat components for operations of various levels, as well as European Strategic Deterrence Forces. European Strategic Deterrence Forces may consist of long-range missile systems, missile defense/air defense systems, and nuclear deterrence mechanisms.

Key objectives of forming joint European military capabilities:

- ▶ Strengthening the European component of NATO (with further autonomy from the US) to provide more effective regional defense to deter aggressive Russia.
- ▶ Development of joint European Defense Forces, which include, among other things, Strategic Deterrence Forces.
- ▶ Full integration of Ukraine into these initiatives.
- ▶ Securing financial commitments of European countries sufficient to support these projects.
- ▶ Promoting industrial cooperation within the European defense sector, including Ukraine.

Possible components of European Strategic Deterrence Forces may include:

1. Long-range missile forces

To create effective deterrence against Russia, European countries (including Ukraine) can create and deploy long-range strike capabilities (deep-strike capabilities). This may include, in particular:

- ▶ Cruise and ballistic missiles capable of striking deep into Russian territory (for guaranteed destruction of key elements of the Russian military infrastructure, at least in the European part of Russia).
- ▶ Integration with existing NATO and EU (as well as Ukraine) defense assets to ensure operational effectiveness.
- ▶ Development of autonomous (i.e., independent of the US) systems of strategic and operational intelligence and targeting.

Such capabilities will create conditions for deterring aggression from the Russian Federation, creating serious risks for the aggressor.

2. Missile defense/air defense system

An effective, multi-layered European missile defense/air defense system is necessary to neutralize missile and drone threats from the Russian Federation. The system may include:

- ▶ Multi-level missile defense system: application of a comprehensive approach using anti-missile interceptors of various ranges and functionality.
- ▶ Protection against medium-range ballistic missiles: ensuring the security of key military and civilian infrastructure from medium-range missiles (up to 5500 km). This requires the development of European complexes (possibly with the involvement of US and Israeli companies, as well as Ukraine), which would have tactical and technical characteristics similar to the American THAAD, Aegis systems or the Israeli Arrow-3 missile defense complex. Their special feature is the exoatmospheric destruction of ballistic missiles at the initial stage of flight, which completely neutralizes the threat from medium-range ballistic missiles (including the so-called "Oreshnik", including the falling of debris).
- ▶ Comprehensive air defense system to counter long-range strike drones (including a dense radar system for guaranteed detection of any air targets).

An integrated European missile defense/air defense system will be an important element in strengthening Europe's resilience against strategic threats from the Russian Federation.

3. European nuclear deterrence forces

Given the growing nuclear threats from the Russian Federation, Europe (including Ukraine) should strengthen its own nuclear deterrence capabilities (including in conditions of a reduced level of US involvement in guaranteeing nuclear protection for Europe). This may include:

- ▶ Expansion of European nuclear capabilities to ensure strategic parity with the Russian Federation.

- ▶ Possible participation of Ukraine in building European nuclear deterrence mechanisms, taking into account its scientific and technical potential in this field.
- ▶ Development of management and control mechanisms for the nuclear deterrence system within European defense structures.

The integration of nuclear deterrence into the broader defense architecture of Europe will contribute to strategic stability and guarantee deterrence of aggressive Russia from attacking Ukraine and other European countries.

Conclusions and Recommendations

Based on the above, and also taking into account new trends in the development of the European defense industry with simultaneous convergence of positions of Ukraine and Europe against the background of the US withdrawal from the traditional Euro-Atlantic model of security and defense, it is considered appropriate to focus on the following areas of defense cooperation between Ukraine and the EU:

Formation of new models of cooperation with the EU

- ▶ Ukraine should continue to systematically develop partnerships with European defense companies, including for the purpose of adapting Western weapons and military equipment samples to the conditions of modern warfare.
- ▶ It is advisable to scale up successful cases of cooperation with the EU, which already have concrete results, including production, maintenance, and modernization of equipment within joint projects.
- ▶ The priority for Ukraine should remain integration into the European defense-industrial complex while simultaneously building up its own production capacities.

Practical combat experience as a competitive advantage

- ▶ Ukraine should become a key hub for testing and improving European weapons in conditions of intensive modern combat operations.
- ▶ The mass use of drones, electronic warfare systems, adaptation of artillery systems, improvement of air defense and anti-tank weapons - all this creates a unique base for the development of new systems and samples of weapons and military equipment.
- ▶ The Ukrainian experience of conducting warfare in conditions of active use of electronic warfare by the enemy can accelerate the modernization of European weapons systems and doctrinal models of combat operations.

Cooperation models

- ▶ European companies entering the Ukrainian market apply different models of cooperation. In particular, the German company Rheinmetall demonstrates one of the effective approaches to cooperation with Ukrainian companies, combining investments, production, and technology transfer.
- ▶ The Ukrainian defense industry can use a similar approach: attract advanced European technologies and adapt them to local needs.

- ▶ Partnership in this format allows not only to provide the Armed Forces of Ukraine with the necessary weapons samples but also to create their own competitive solutions.

Completion of critical developments with the support of European partners

- ▶ The absence of some key components and technologies hinders the completion of certain strategic developments in the Ukrainian defense industry.
- ▶ Integration with the European defense sector allows compensating for this shortcoming through joint production, technological exchange, and cooperation in development.
- ▶ Programs of joint production of high-tech weapons with EU countries can become a long-term basis for Ukraine's defense independence and, at the same time, provide additional capabilities for the armed forces of EU countries.

Attracting European investments in the production of Ukrainian weapons and military equipment

- ▶ Financing the production of weapons and military equipment in Ukraine according to the "Danish" model is an illustrative example of successful partnership.
- ▶ An additional emphasis on technology transfer makes it possible to develop national production without critical external dependence.
- ▶ Creating joint production sites with European countries will expand the export potential of the Ukrainian defense industry.

Joint development of European defense capabilities

To guarantee stable and sustainable peace in Ukraine and Europe, consolidated efforts are needed with the active participation of EU countries and Ukraine and, if possible, strategic support from the US.

The formation of joint European Defense Forces (which will simultaneously become a self-sufficient European component of NATO) can provide:

- ▶ Reliable deterrence of aggression from the Russian Federation.
- ▶ Long-term stability on the European continent.
- ▶ Strengthening the geopolitical subjectivity of united Europe (including Ukraine).
- ▶ Innovative development of defense technologies in Europe.

As a result, a united Europe, including Ukraine, will be able to guarantee stable peace and security in the region and deter aggressive Russia. Under these conditions, Europe will be able to ensure strategic autonomy from the US (including in the field of nuclear deterrence), while maintaining parity (on an equal footing with the US) participation in the Euro-Atlantic security system. This, in turn, will strengthen the proactive role of NATO in the conditions of predicted global turbulence.

At the same time, strategic support from the US (if possible) will ensure accelerated acquisition by Ukraine of strategic resilience, building defense potential (especially in the short term), economic reconstruction, and technological progress, including in the defense-industrial sector.