



DEFENCE DATA 2025-2026

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PREFACE

European Defence Agency (EDA) defence data brings together a clear, comparable picture of how European Union Member States (MS) are approaching defence today. It looks at how much is being spent, where those resources are going and how countries are working together. It helps to build a shared understanding of the bigger trends shaping EU defence.

MS have tasked EDA to collect and compile data each year. Over time, this has created a reliable, consistent dataset that makes it possible to track changes and compare efforts across countries. In practical terms, it is a solid basis for understanding how the EU's defence posture is evolving.

The importance of EDA's defence data is also growing. Russia's war of aggression against Ukraine, Europe's responsibility for its own security, and increasing demands on the defence industry have pushed MS to step up their efforts. In addition, EU Heads of State and Government have set the goal of ramping up Europe's defence readiness by 2030, so it can act more independently, when necessary, while still working in a coordinated way with allies and partners.

Against this backdrop, EDA's defence data helps track progress.

The defence data provides comparisons with the United States, China, Russia and other countries, using benchmarks to place EU defence spending and priorities in the wider world.

In this 2025–2026 edition, EDA looks beyond headline spending figures, taking a broader and more forward-looking view of defence trends, including those expected to continue beyond 2026.

Lastly, the publication considers the broader context, covering areas such as innovation, training, and cooperation to give a fuller picture of Europe's defence landscape. Overall, it complements the wider Coordinated Annual Review on Defence (CARD) and supports the analysis behind EU-level defence initiatives, including the Defence Readiness agenda.



MAIN FINDINGS

SPENDING CONTINUES TO ACCELERATE ACROSS THE EU

The Member States of the European Union are increasing defence spending faster than projected (+20% since 2024), reaching €418 billion in 2025, or 2.2% of GDP, and are further projected to reach €454 billion in 2026, or 2.4% of GDP. This is partially attributable to EU initiatives such as the Security Action for Europe (SAFE) loans and the fiscal flexibility provided by the National Escape Clause (NEC) from 2026.

INVESTMENT REMAINS CONCENTRATED ON EQUIPMENT PROCUREMENT

Equipment expenditure continued to increase in 2025 and represented more than 28% of total defence expenditure. Comparatively smaller shares remained allocated to personnel, infrastructure, operations and maintenance, and R&D.

SPENDING CONTINUES TO PRIORITISE SHORT-TERM GAPS OVER STRUCTURAL CAPABILITY DEVELOPMENT

Defence spending continues to prioritise urgent materiel capability gaps, limiting progress towards European strategic autonomy.

NATIONAL APPROACHES CONTINUE TO DOMINATE, REDUCING EFFICIENCY AND INTEROPERABILITY

Collaborative procurement remains below the desired target. National approaches dominate capability development, as procurement initiatives and equipment life-cycles remain largely unsynchronised, undermining economies of scale, interoperability and long-term convergence.

R&D IS NOT KEEPING PACE WITH EQUIPMENT PROCUREMENT

The gap between acquisition and development continues to widen with equipment procurement. MS' €17 billion spent on R&D in 2025 represent only 4.0% of defence expenditure. Fragmentation and limited programme integration continues to hinder the translation of research into deployable capabilities.



METHODOLOGICAL REMARKS

EDA has been collecting defence data on an annual basis since 2006, in line with the Agency's Ministerial Steering Board Decision of November 2005. The Ministries of Defence of the Agency's 27 MS provide the data. EDA acts as its custodian and publishes the aggregated figures in its Defence Data Publication and on its website.

EDA compiled the 2025-2026 defence data figures through the 2025 Permanent Structured Cooperation (PESCO) National Implementation Plans, the 2026 CARD Consolidated Information, inputs in the EDA Government to Government platform and individual updates by MS. The cut-off date for this report was on 20 April 2026. Figures for 2026 and beyond are estimates. For the purposes of the analysis, open-source data has been used for international comparison with non-EU countries as well as to complement the data where EU MS data was not available. All uses of open-source data are marked with the source referenced.

All data is collated ("total incorporates 27 MS"), and it has been rounded. Defence expenditure figures are provided in constant 2025 prices – unless stated otherwise – to take inflation into account and allow for a comparison across years,¹ the presented figures may differ from those presented in the 2024-2025 Defence Data Publication where 2024 was used as base year. To account for missing 2026 data, EDA used data from the OSINT Janes database, the International Institute for Strategic Studies (IISS) Military Balance+ and the Agency's own estimations based on an average of yearly growth rates between 2014 and 2025.

1. Source of GDP deflator: European Commission, DG ECFIN, Macro-economic database AMECO.

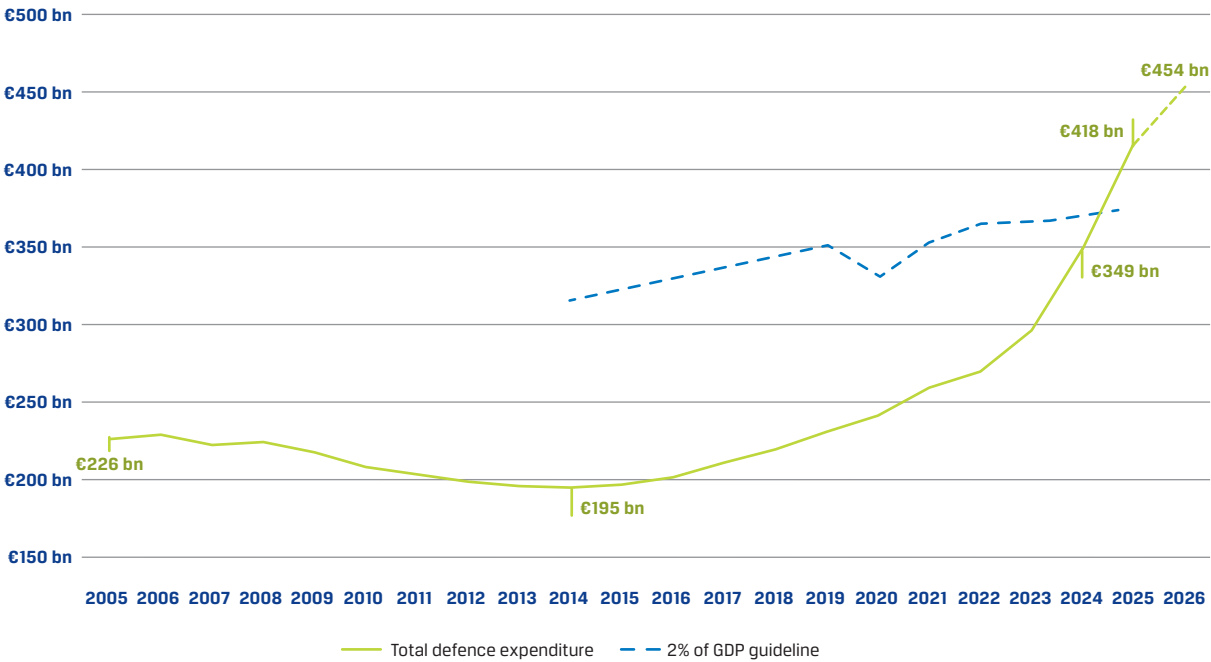


1. TOTAL DEFENCE EXPENDITURE

In 2025, total defence expenditure of the 27 EU Member States reached €418 billion (Figure 1),² representing a 20% increase from 2024 and a cumulative 47% rise. At 2.2% of GDP, this confirms that EU MS have surpassed the previous NATO 2% defence spending benchmark. Spending is accelerating faster than previously projected.

In 2026, MS' defence expenditure is projected to reach €454 billion, equivalent to 2.4% of GDP, representing a 9% increase in real terms from 2025 (Figure 1). This projected increase may be partly associated with the Security Action for Europe (SAFE) loans and the fiscal flexibility provided by the National Escape Clause (NEC). Yet, in MS' preliminary and projected 2026 figures, not all beneficiaries include measures related to the NEC and SAFE loans. It is therefore not yet possible to quantify the respective contribution of these instruments in national defence budgets in 2026. More clarity is expected once budgetary processes are finalised in 2027.

Figure 1. Total defence expenditure

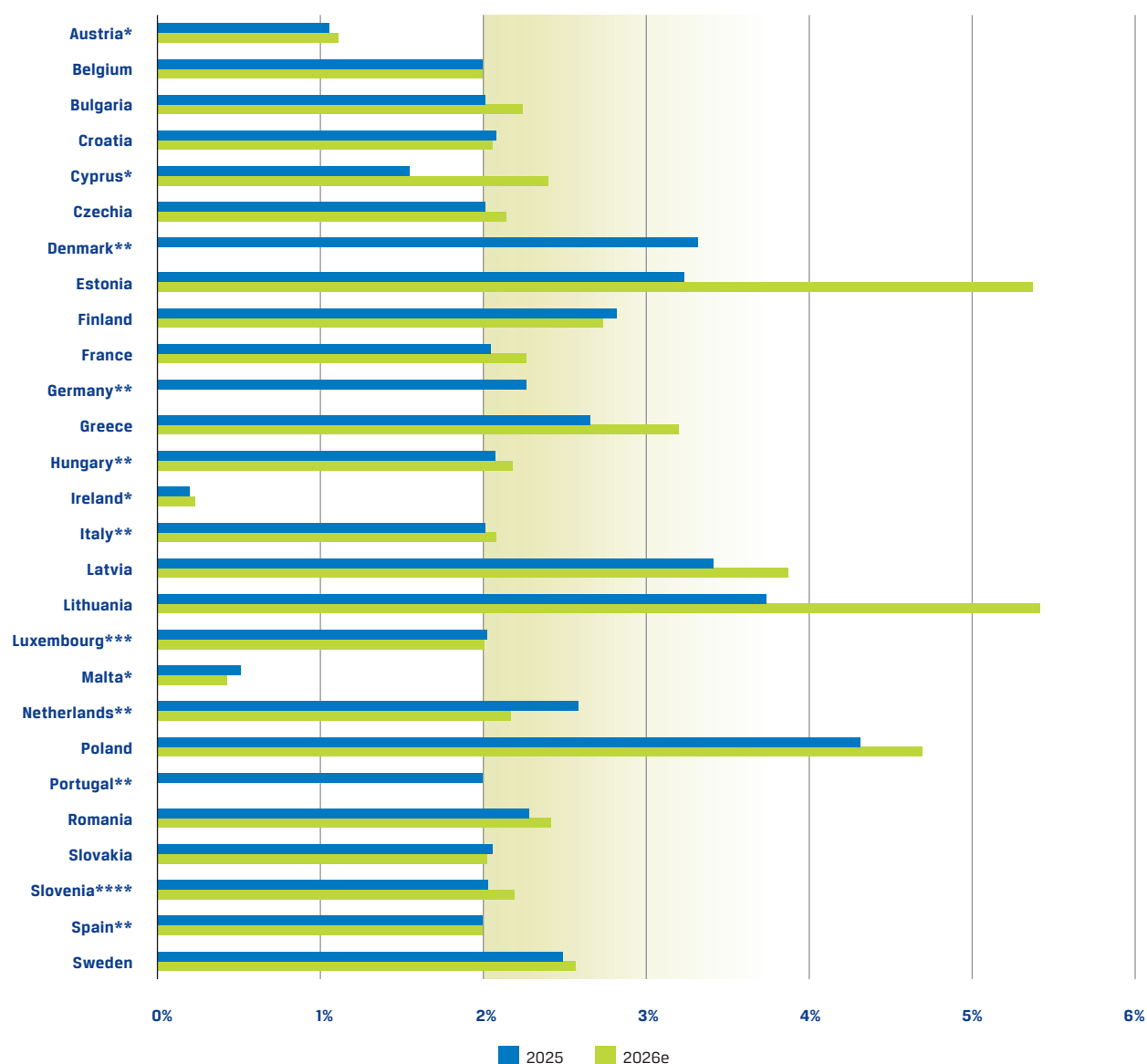


Individually, MS' defence efforts are notable, analyses across Europe including EDA data converge to the finding that 23 MS reached 2% of GDP (Figure 2), assessed to be 10 more than in 2024. Spending levels vary significantly across MS,³ depending on factors such as the size and composition of their armed forces, the type and cost of equipment they operate, and the associated training and sustainment requirements.

2. In 2025 constant prices. Unless otherwise specified, all figures, both backward and forward-looking, are expressed in 2025 constant prices. For this reason, figures may differ from those presented in previous editions of the Defence Data brochure.

3. Some MS are also committed to NATO's Hague investment pledge, which commits Allies to increase defence and security-related spending to 5% of GDP by 2035, combining 3.5% for core military capabilities as defined by the EDA and NATO definition, and up to 1.5% for resilience, infrastructure, and innovation.

Figure 2. Total defence expenditure as % of GDP in 2025 and 2026



* EU MS that are not NATO Allies.

** These MS have national laws or political agreements which call for 2% or more of GDP to be spent on defence annually, or are unable to provide 2026 figures, for which they are either maintained at constant or complemented with open-sourced data. GDP estimates may have been updated, explaining changes in reporting.

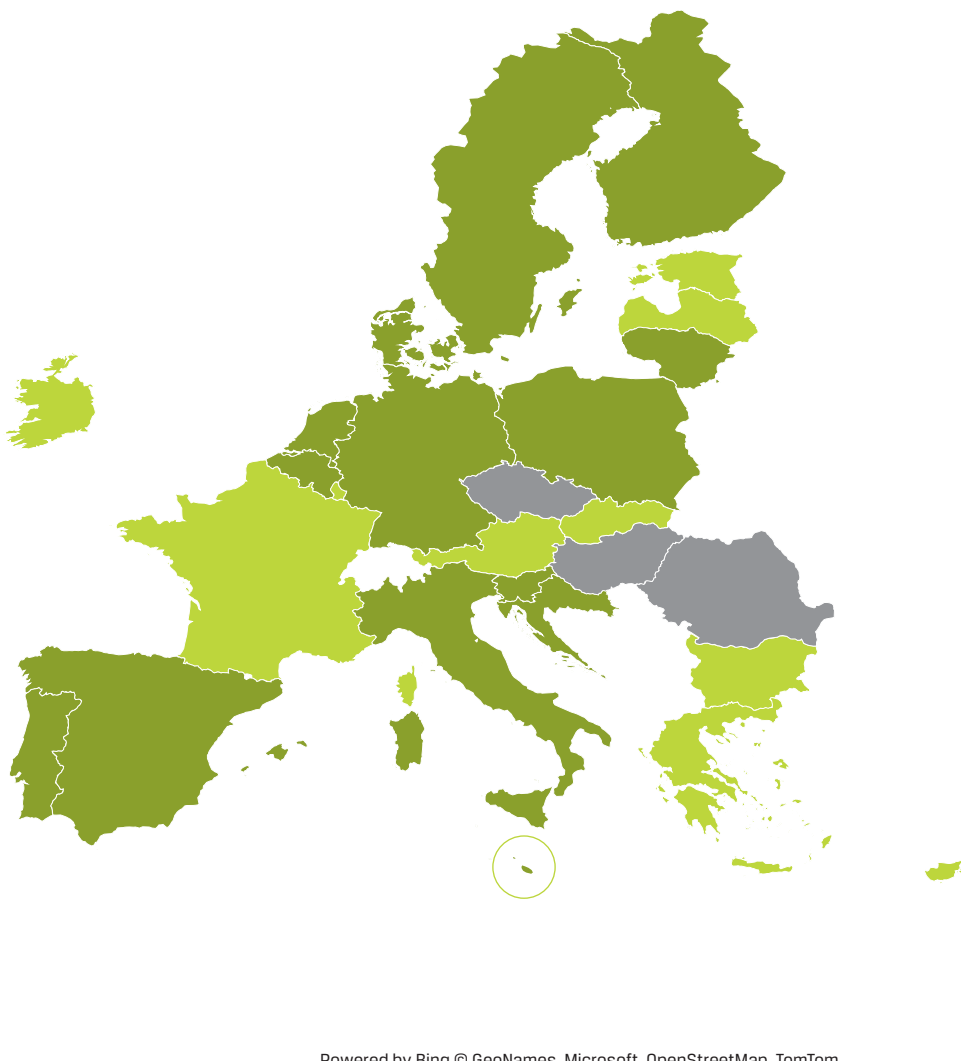
*** Luxembourg's defence expenditure is calculated as a % of Gross National Income (GNI) due to the national specificities.

**** The figures for Slovenia reflect the information available at the agreed cut-off date for this publication. Following the establishment of the new Government on 4 June 2026, Slovenia reported corrected defence expenditure figures for 2025 (1.57%) and 2026 (1.61%) and announced updated financial projections for 2026 onwards to be issued in the following months. As these revisions were received after the publication cut-off date, they are not reflected in this edition of the Defence Data Publication.

In total, 24 MS increased their defence expenditure in real terms in 2025, a number similar to 2024 (Figure 3). Some MS may have increased their defence expenditure in current prices, yet the significant impact of inflation between 2024 and 2025 reduces its comparative value (Figure 3). At the same time, 15 MS increased their defence expenditure by more than 10% between 2024 and 2025, while four MS stabilised or decreased their defence spending. Spending has therefore not stabilised across MS, with significant variation in national spending trajectories.

Figure 3. Change in total defence expenditure over time (2024 to 2025)

Over 10%
Up to 10%
Decrease

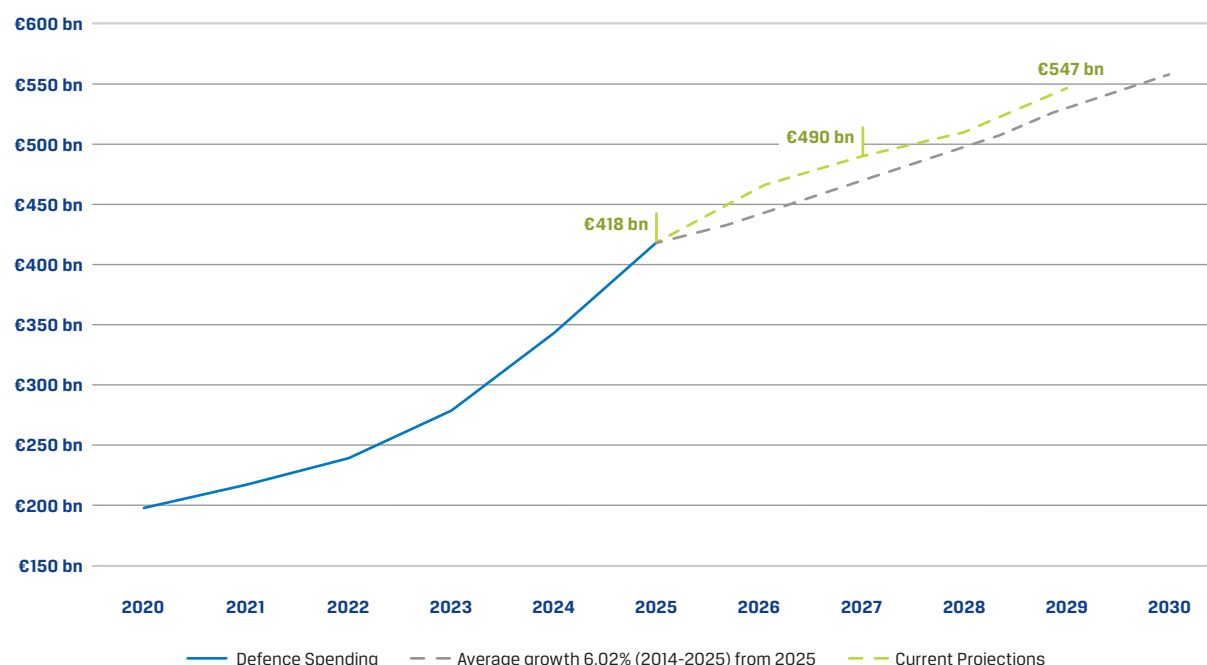


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Defence spending is expected to keep rising beyond 2025. The 2-4% annual growth rates projected in the 2023-2024 CARD cycle have been revised upwards to a range of 4-12% (current prices) over the same period beyond 2026 (Figure 4). The most pronounced acceleration is estimated to occur between 2023-2026, averaging 19% in current prices. Nevertheless, in comparison with the average annual real growth rate of 6% observed over the 2014-2024 period, the early phase of acceleration among MS was significantly higher (Figure 4).

€454 BILLION PROJECTED EU MS
DEFENCE SPENDING IN 2026

Figure 4. Projected total defence expenditure against average Compound Annual Growth Rate (CAGR) between 2014-2025 growth from 2025 (current prices)⁴



Personnel spending is a key enabler of defence capabilities. In 2025, both spending per soldier and investment per soldier increased further (Figure 5), in line with overall defence spending. Total expenditure per active military personnel,⁵ reached €297 000 in 2025, up from €253 000 in 2024. This indicator captures the overall level of resources allocated per soldier, including salaries, support and sustainment, while investment per soldier reflects the level of equipment investment associated with each soldier. This is attributable to both an increase of sophistication and complexity of defence equipment, as well as a potential widening gap between the personnel requirements for such equipment.

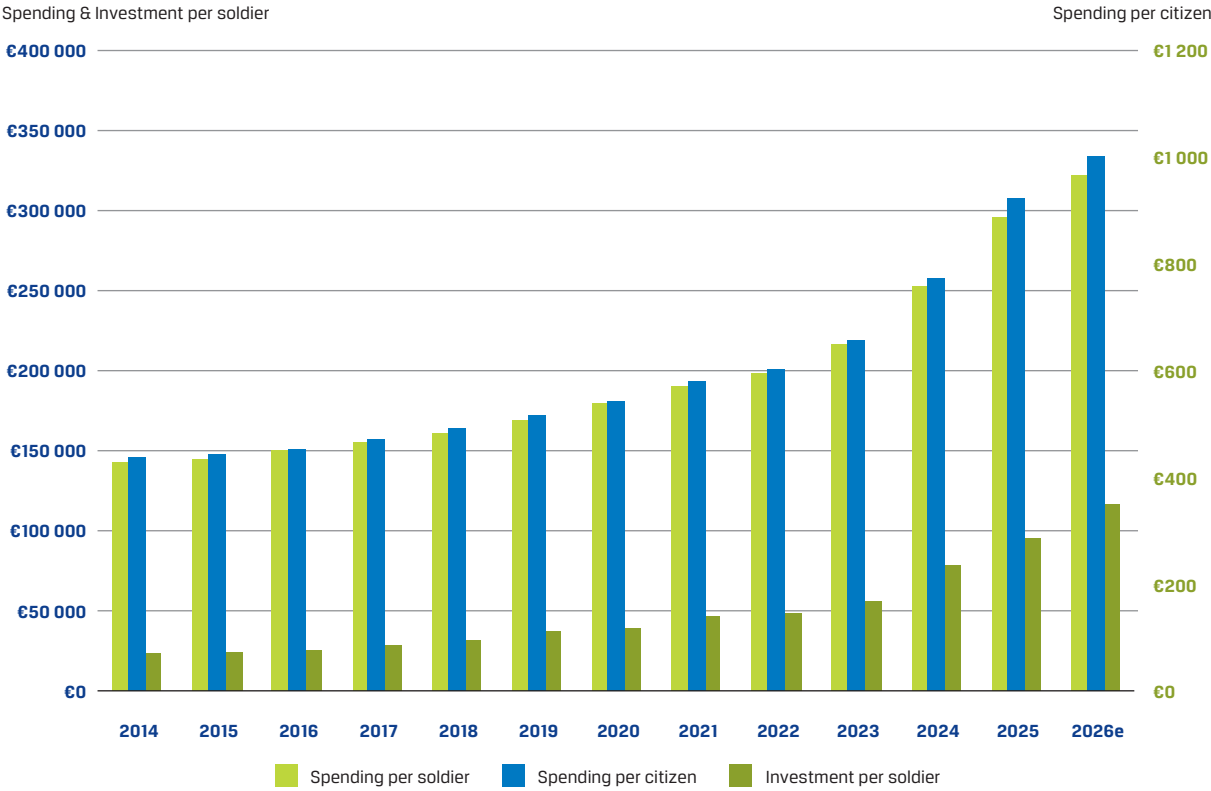
The societal share of defence spending, measured as total expenditure per capita⁶, continues to increase, reaching just under €1 000 per citizen per year, more than doubling since 2014 (Figure 5).

4. The GDP figures up to and including 2026 are obtained from DG ECFIN's AMECO database (November 2025), and the EUSTAT GDP growth forecast, assuming each year as the average growth over the previous 10 years (N-10). The path towards the 3,5% target follows a compound annual growth rate (CAGR) of approximately 7,3% from 2025 towards 3,5% in 2035.

5. PSS (per soldier spending) = total defence expenditure/total number of active military personnel for any given year.
PSI (per soldier investment) = total defence investment/total number of active military personnel for any given year.
PCS (per citizen spending) = total defence expenditure/total population for any given year.

6. AMECO database, DG ECFIN.

Figure 5. Per soldier and per citizen spending and investment



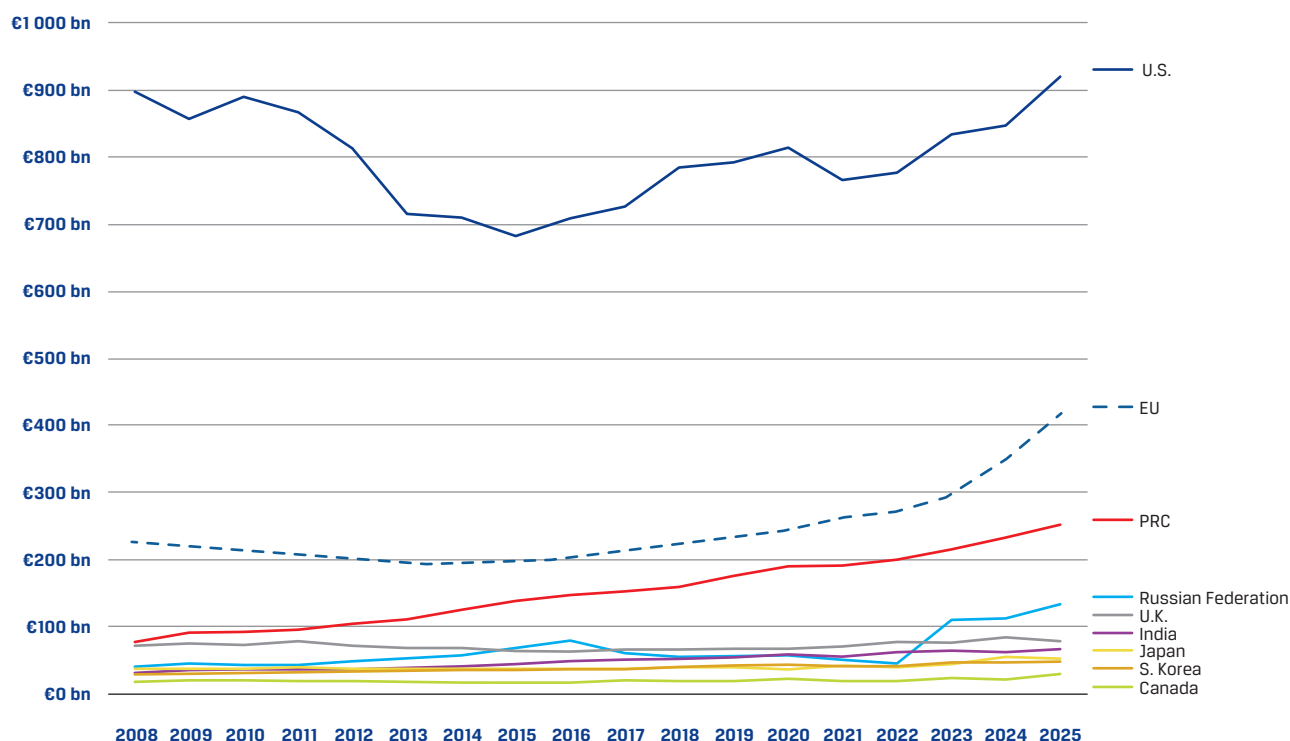
INTERNATIONAL COMPARISON

In 2025, United States' (U.S.) defence expenditure reached approximately €920 billion,⁷ to sustain its global military posture (Figure 6). While the U.S. continues to spend significantly more than EU countries combined, the gap is narrowing. Given that the U.S. has maintained high levels of defence spending since 2008, fluctuations have had a smaller impact on the overall coherence of its defence posture compared with the EU, where variations in defence spending between the MS highlight challenges related to the sustainability and continuity of defence investment. Despite increasing global and regional instability, the defence expenditure of other partners such as the United Kingdom (UK), Canada, South Korea, Japan and India has remained comparatively stable.

The recent sharp increase in EU defence expenditure is prominent after the significant budgetary reductions between 2008 and 2014 (Figure 6).

7. Janes' defence budget figures (02/03/2026), in constant 2025 prices. Exchange rate is the DG ECFIN AMECO database 2026 exchange rate (retrieved November 2025): USD 1 = €0,8606.

Figure 6. Total defence expenditure of other major players (Russian Federation, People's Republic of China (PRC), U.S., UK, India, Japan, Canada, South Korea since 2008)



The Russian Federation's defence spending was estimated to have reached €132 billion in 2025 (Figure 6), equivalent to approximately one third of EU defence spending.^{8,9} Actual defence spending is likely to have been underestimated due to the limited transparency surrounding defence expenditure, combined with the intentional misclassification of expenditure within the defence budget, which reduces the accuracy of available estimates. In addition, other expenditures related to recruitment incentives and non-Ministry of Defence interministerial or regional funds further complicate accurate assessment.¹⁰ In terms of operational output, Russia's defence expenditure is significantly impacted by its ongoing war effort, with a large share of spending directed towards replenishment of losses rather than long-term capability development. However, purchasing power parity (PPP) terms-based estimates suggest a higher relative spending capacity (estimated at around €282 billion).¹¹ Overall, these figures should be interpreted with caution and do not directly translate into sustained military capability development.¹²

The People's Republic of China (PRC) is the only major defence actor that is estimated to have consistently increased its defence budget since 2008. Considering limitations in the reliability of data due to the opaqueness of both the PRC and Russian Federation's communication regarding expenditure data, exact comparisons remain uncertain. In addition, comparing expenditure at a global scale, including in PPP-terms, does not account for the efficiency in expenditure's ability to translate funding into operational output. This latter indicator is even more challenging to assess on a global scale.

8. Janes' defence budget figures (12/02/2026).

9. Currency conversions are based on the 2015 12-month average of the DG ECFIN reference exchange rate USD 1 = €0,9016.

10. Janes' defence budget figures estimates regarding Russian defence spending were adapted to better showcase the peak in defence spending after the Russian Federation's 2022 invasion of Ukraine.

11. Implied Purchasing Power Parity (PPP) conversion rate for Russia and the Eurozone MS World Economic Outlook (April 2025) – Implied PPP conversion rate.

12. The simple PPP adjustment reflects the price of an average bundle of goods and services produced in an economy and is not tailored to defence spending. Conversion based on a PPP ratio specific to a defence bundle of goods and services would likely yield an even higher expenditure figure.

Nevertheless, as MS assume greater responsibility for their own security, EU defence spending is becoming more relevant to the regional strategic balance in the context of great power competition. Even if Russian defence expenditure in PPP terms remains around €100 billion below the combined spending of European countries, on the EU side fragmentation, duplication of efforts and diversity in platforms remain key structural factors affecting the efficiency of its defence spending.

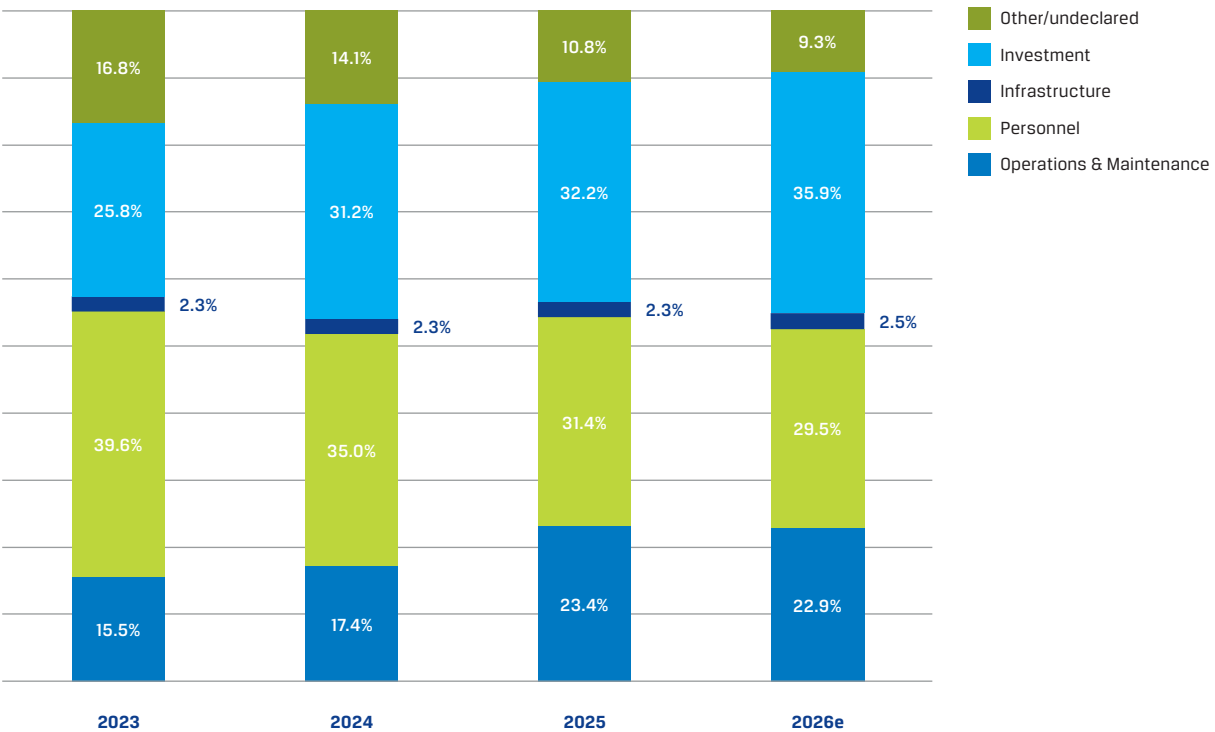
BALANCING BUDGETS

The composition of defence budgets is a key determinant of how increased spending translates into effective capability delivery and operational readiness. When one category increases, such as defence investment (Figure 7), it generates corresponding requirements across personnel, Operations and Maintenance (O&M) and infrastructure, which are all financed from finite resources.

The increase in funding therefore requires greater efficiency, prioritisation and transparency in spending to support EU-level defence readiness. This is achieved by means of careful planning, as the timely delivery of capability objectives relies on the right balance between defence equipment procurement, personnel, and O&M expenditures to deliver on capability development timelines and objectives. Defence budgets reflect full life-cycle planning, including both short-term acquisition and longer-term capability development across budget categories and across the entire Doctrine, Organisation, Training, Materiel, Leadership, Personnel, Facilities/Infrastructure and Interoperability (DOTMLPFI) spectrum. The DOTMLPFI spectrum defines all the essential lines of development that must be aligned to transform resources into effective, operational military capabilities.

The distribution of expenditure at EU-level indicates a visible prioritisation of equipment investment. Although personnel remains the largest spending category, its relative share is decreasing. O&M expenditure is projected to stabilise (Figure 7). The 'Other/Undeclared' category may also include expenditure relevant to these areas.

Figure 7. Defence expenditure sub-categories



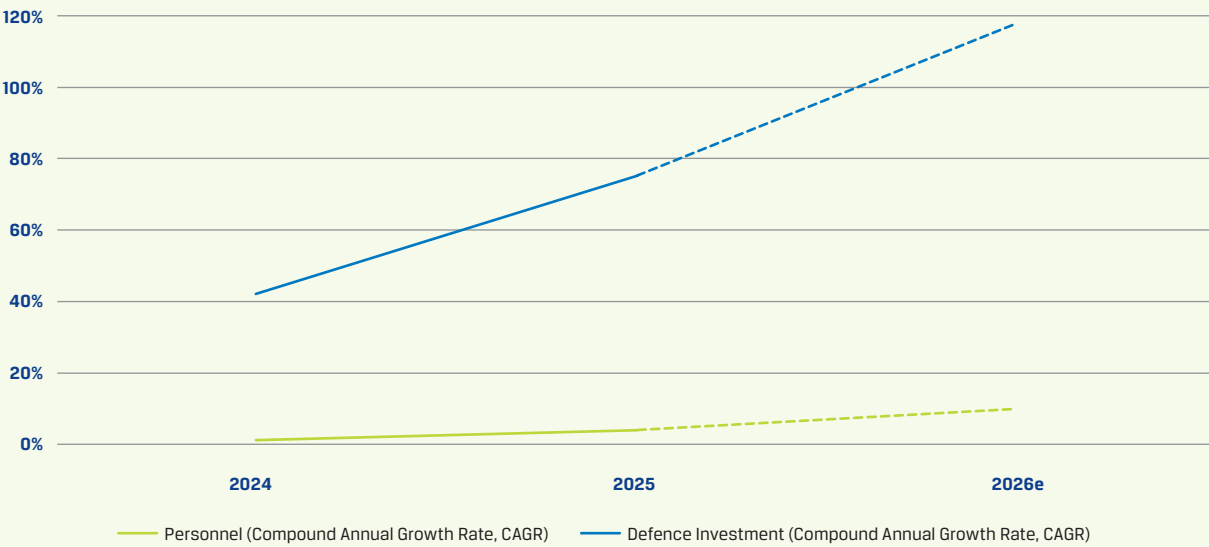
In 2025, **defence investment** is estimated to have reached 32.2% of total defence expenditure (Figure 7).¹³ Of the declared investments, MS allocated close to 28.2% of their total defence expenditure to defence equipment combined with 4.0% spent on R&D (Figure 13). This reflects continued efforts to address past underinvestment and accelerate capability delivery in the short-term, with R&D lagging behind equipment expenditure.

Operations and maintenance accounted for 23.4% of defence expenditure in 2025 (Figure 7). However, differing national approaches to O&M accounting may inflate this figure and limit the comparability of data across MS. Differences in national accounting practices and classification methodologies may affect the comparability and accuracy of reported O&M data across MS. Strictly speaking, O&M expenditure includes day-to-day operations, availability, serviceability, and sustainability of equipment, exercises and training as well as non-salary personnel costs.¹⁴ The importance of O&M is illustrated by the distinction between force inventories and operationally available forces.

Personnel expenditure represented 31.4% of defence expenditure in 2025, remaining the largest budget category since the professionalisation of many MS' armed forces (Figure 7). It covers the salaries and pensions of military and civilian personnel.

Personnel vs. investment imbalances: Growth in personnel more than doubled from 1% between 2023 and 2024 to over 2.5% the following year. Yet, the increase remains well below the 23% growth in defence investments over the same period (Figure 8). Between 2023 and 2025, personnel increased by 3.8%, while defence investments grew by 75% in real terms.

Figure 8. Personnel growth projections vs. defence investment in terms of Compound Annual Growth Rate (CAGR)



INVESTMENT HAS GROWN 75% SINCE 2023, PERSONNEL INCREASED BY 3.8%

13. Some major contributors to R&D and defence equipment provided estimated and incomplete figures for 2025, official data has therefore been complemented with official government openly available data.

14. O&M expenditure funds day-to-day military operations including fuel, training ammunition and IT systems as well as the maintenance and sustainment of equipment including routine repairs and spare parts. In addition, it covers joint and national exercises including specialist training and non-pay related personnel costs such as food, clothing and housing as well as funding for the maintenance of military bases and infrastructures from utilities to airfields and ports. Other categories include logistics, administration and deployment support, including fuel.

Infrastructure expenditure represented 2.3% of total defence expenditure in 2025 (Figure 7). It covered the construction, modernisation and upgrade of fixed assets such as airfields and ports, barracks, training facilities and strategically sensitive infrastructure. The renewed importance of territorial defence, infrastructure's relative vulnerability and its role in multinational integration in the current strategic environment increase the relevance of this budget category. This highlights infrastructure as a critical enabler of readiness, not a residual expenditure category, particularly for mobility, deployment and force sustainment.

The definition does not capture additional dual-use infrastructure investments that directly support core defence expenditure, notably in military mobility. Additional non-defence funds and EU instruments also support the armed forces, highlighting the importance of the whole-of-government nature of the defence effort, and the resulting coordination requirements in long-term planning.

Dual-use EU funding: MS have shown a clear and growing interest in leveraging dual-use and civil-military funding tools to support defence-related capabilities, particularly in areas such as space, cyber, artificial intelligence (AI), and industrial ramp-up, where civilian and defence investments are mutually reinforcing. These priorities align with existing EU funding instruments under the 2021-2027 EU long-term budget framework, demonstrating that many defence-relevant capabilities are already eligible within civilian programmes. For instance, space systems and the EU Global Navigation Satellite System (GNSS) are supported through the EU Space Programme, Horizon Europe, and Connecting European Facility (CEF) Digital, while cyber, AI, and data-related technologies may be funded via Horizon Europe and Digital Europe Programme. Industrial scaling and innovation, particularly for small and medium enterprises (SMEs) and manufacturing, are addressed through cohesion policy, InvestEU, the Recovery and Resilience Facility, and Strategic Technologies for Europe Platform (STEP) alongside civil-military innovation schemes and structural funds. MS are increasingly using these instruments to support the EU's Defence Technological and Industrial Base (EDTIB) through dual-use approaches.

MS' military and financial support to Ukraine also represent a portion of national defence budgets, spread across defence equipment, O&M and other expenditures. From 2025, the EU share allocated to support for Ukraine increased compared with previous years.¹⁵ Official EU sources report that 15 MS will undertake projects with Ukraine under SAFE.

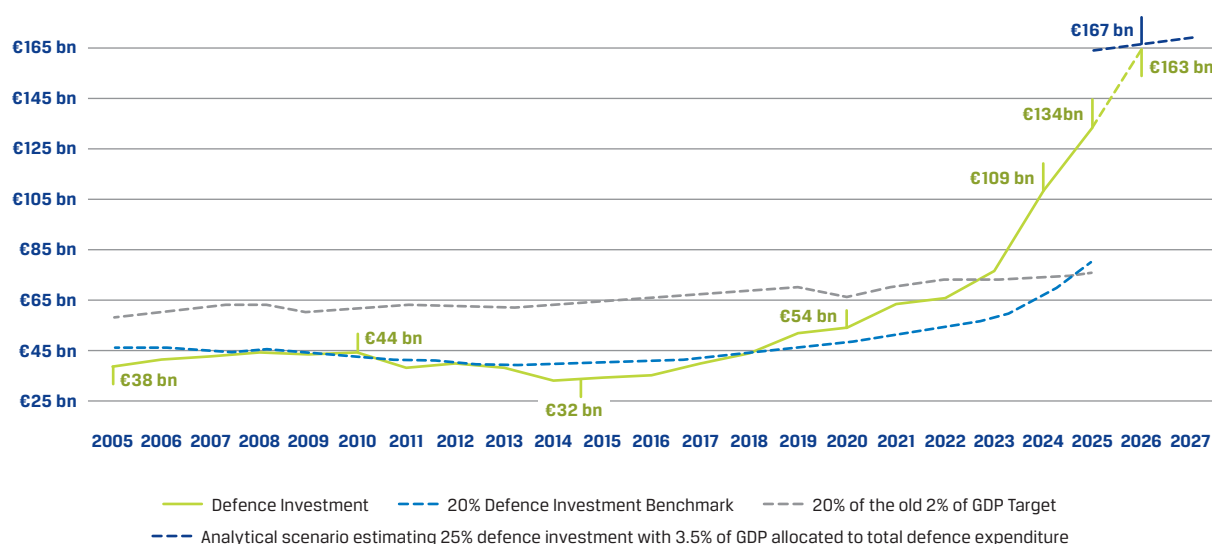
Support to Ukraine: At EU-level, the European Peace Facility (EPF) constitutes a central mechanism for coordinating and financing military assistance funded directly by MS' budgets. As of 2025, approximately €6.1 billion has been approved under the EPF to support the Ukrainian armed forces, including the provision of lethal and non-lethal equipment. In parallel, broader estimates indicate that over €10 billion has been committed under the EPF framework for Ukraine since 2022, reflecting successive increases in the facility's financial ceiling and the establishment of dedicated instruments such as the Ukraine Assistance Fund. To complement this support, the EU has introduced mechanisms such as European Investment Bank (EIB) guarantees to support Ukrainian defence supply chains and equipment sustainment, alongside civilian funding under the Ukraine Facility, and macro-financial assistance (MFA), indirectly supporting Ukraine's defence effort. In addition, within the €90 billion Ukraine Support Loan that the European Council is preparing to adopt, €60 billion is earmarked for military assistance to Ukraine including €28.3 billion for 2026.

15. Kiel Institute for the World Economy, 'Ukraine Support Tracker' (retrieved 11/05/2026).

2. DEFENCE INVESTMENT

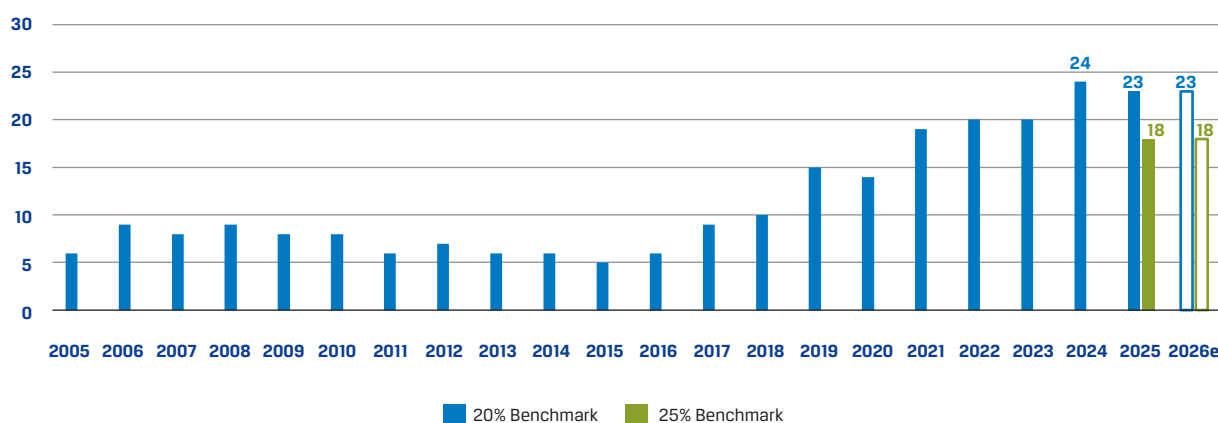
Defence investment continues to increase in real terms and as a share of expenditure. Total defence investment, encompassing both defence equipment procurement and defence R&D, reached €134 billion in 2025 (Figure 9), representing a 23% real increase from 2024 following a 42% growth reported between 2023 and 2024. Looking ahead, defence investment is projected to rise to €163 billion in 2026, representing a further 23% increase.

Figure 9. Defence investment and a new 25% investment benchmark, based on 3.5% of GDP allocated to defence spending



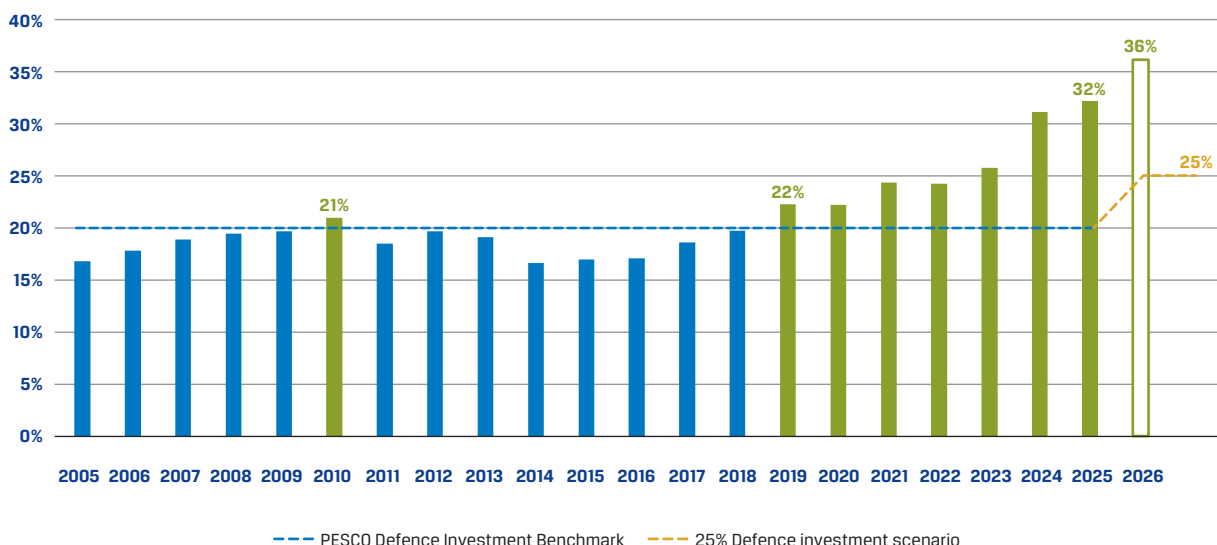
In 2025, the number of MS achieving the Permanent Structured Cooperation (PESCO) 20% collective defence investment benchmark remained relatively stable at 23 MS, one less than 2024 (Figure 10). A higher collective defence investment benchmark (e.g. 25%) could be used as a reference for analytical purposes. If such a benchmark were applied, in 2026, 18 MS would be expected to meet it, based on current projections.

Figure 10. Number of MS reaching the 20% and 25% benchmarks for defence investment



Collectively, MS spent over 32% of their defence expenditure on investment in 2025, surpassing the benchmark of 20% (Figure 11). In 2026, investment is expected to account for 36% of defence spending, highlighting the continued emphasis in this area.

Figure 11. Aggregated Defence Investment as a % of total defence expenditure



DEFENCE EQUIPMENT PROCUREMENT

Within the category of defence investment, defence equipment procurement reached €115 billion in 2025. It represents a 26% increase in real terms compared with 2024. In parallel, the share of defence investment allocated to equipment continues to increase, accounting for approximately 85% of defence investment in 2025, and is projected to rise further to around 87% in 2026.

Within the framework of the European Defence Industry Programme (EDIP), the EU has introduced European Defence Projects of Common Interest (EDPCIs) as a means to support cooperative capability development in areas demonstrating clear added value at the EU-level, while incentivising industrial cooperation. An allocation of €325 million is foreseen for 2026–2027. Funding levels under the forthcoming EU long-term budget, the Multiannual Financial Framework, remain subject to future decisions. MS' defence priorities and investment patterns provide indications of capability requirements and emerging convergence trends, including potential areas for cooperation.

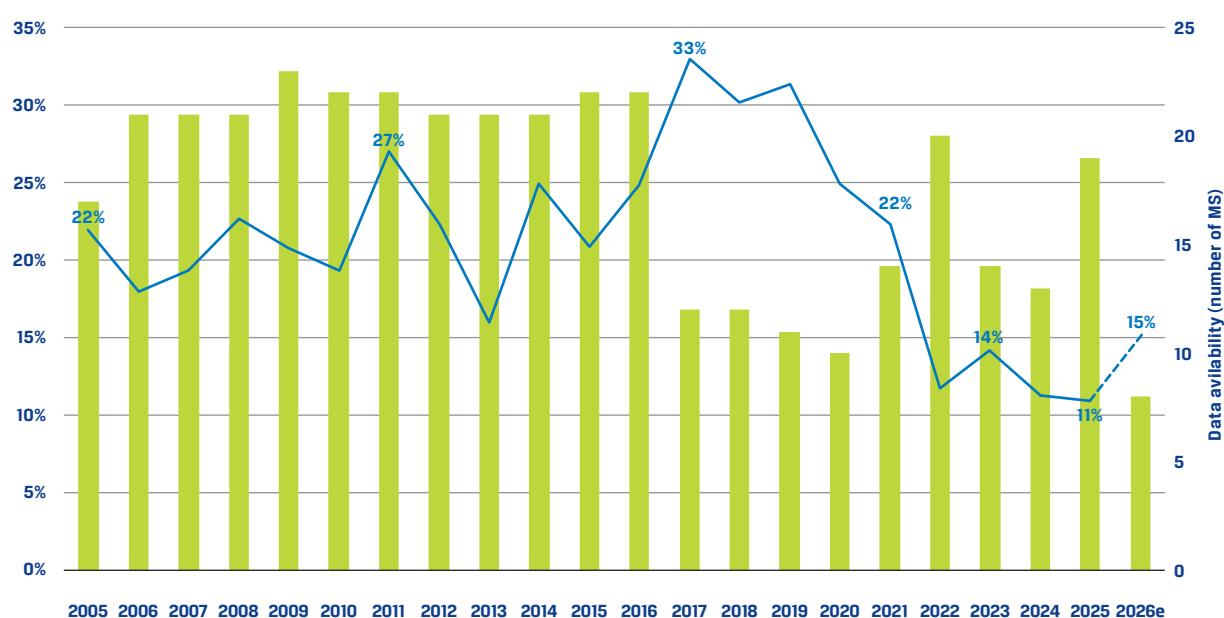
DEFENCE EQUIPMENT PROCUREMENT REACHED €115 BILLION IN 2025, +26% FROM 2024

3. COLLABORATIVE PROCUREMENT

Despite sustained political emphasis, collaborative procurement remains limited and uneven across MS. At the aggregate level, collaborative defence expenditure, combining EU and/or third-party investments, represented 24% of defence equipment procurement in 2025 (Figure 12). Individual MS reported variable collaborative equipment expenditure, ranging between 0% and 55% of defence equipment expenditure. The wide variation and potential underreporting reflect ongoing challenges in data collection and methodological divergences.

In 2025, 19 MS reported European collaborative figures representing 11% of investment at aggregated level (Figure 12), with two exceeding 50% of their defence equipment expenditure.

Figure 12. European Collaborative Procurement as a share of Defence Equipment Procurement



EU INSTRUMENTS

To incentivise cooperation, increase the pace of rearmament and strengthen the EDTIB, the EU is guided by the EU White paper on Defence – Readiness 2030 presented in March 2025. On this basis, it has proposed an ambitious "ReArm Europe/Readiness 2030" framework to mobilise defence investments at EU-level. Up to €800 billion aim to support MS' defence expenditure through fiscal flexibility, EU-backed SAFE loans, and the mobilisation of private capital, including via the EIB. By easing national budgetary constraints via €150 billion in SAFE loans and an escape clause to the public deficit ceiling (NEC), the easing of budget constraints should enable MS to front-load defence procurement. However, only a limited number of MS has made full use of these initiatives, suggesting that their fiscal uptake, and therefore macroeconomic impact, may remain below the headline €800 billion associated with the broader policy framework.

The conditions of access to these tools, linked to a European dimension, aim to strengthen the EDTIB by incentivising industrial cooperation. Attitudes towards EU cooperation are showing early signs of change, as the reduced time for submitting cooperative programmes for access to SAFE loans has generated initial effects. MS started to open existing contracts via EDA's Government to Government (G2G) platform created for this purpose. Though still in its early stages of use, the platform provides insight into short-term joint procurement, as payments end in 2030 and eligibility for SAFE funding requires at least two MS, with some exceptions.

4. INNOVATION, DEFENCE RESEARCH & TECHNOLOGY AND DEVELOPMENT

INNOVATION

Defence R&D and innovation represent distinct but interlinked stages of capability development. R&D focuses on generating underlying technologies, while innovation concerns their adoption, scaling, and integration into operational use across the full doctrine, organisation, training, material, leadership, personnel, facilities/ infrastructure and interoperability (DOTMLPFI) spectrum of capabilities.

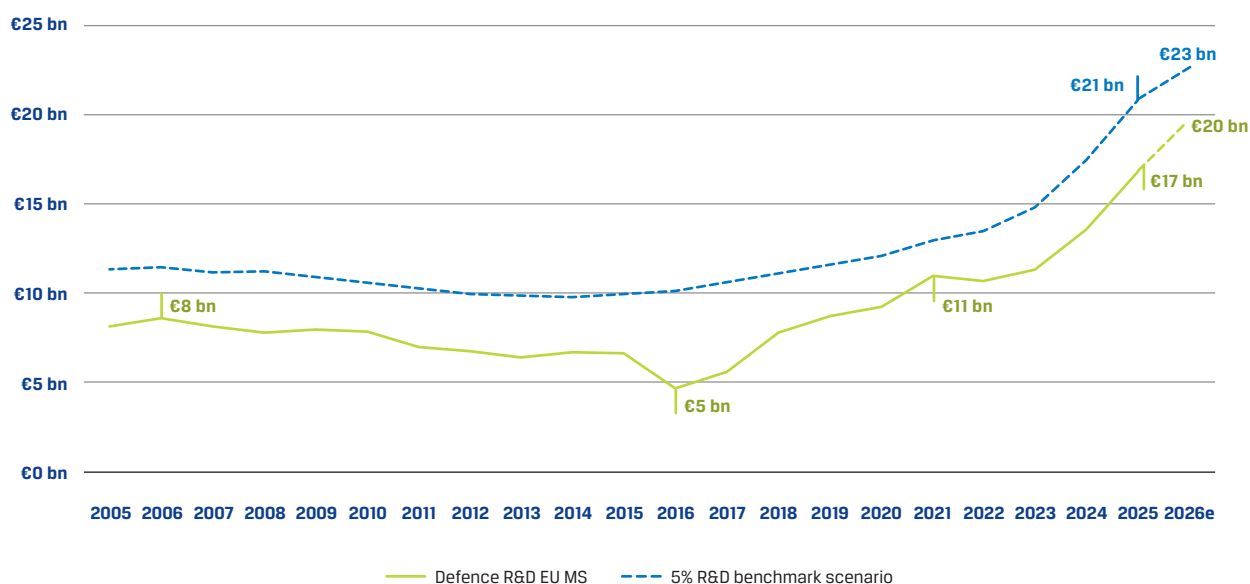
EU-level cooperation in innovation

EU-level cooperation can reduce fragmentation, improve efficiency and accelerate capability development by pooling resources and aligning R&D with procurement, helping bridge the gap between research and operational deployment. The Hub for EU Defence Innovation (HEDI) at EDA represents a step towards supporting cooperative capability development. As a pan-European platform, it supports cooperative design and experimentation, embedding innovation directly into capability development processes.

RESEARCH, TECHNOLOGY AND DEVELOPMENT

MS expenditure on R&D reached €17 billion in 2025, (Figure 13), as projected by this publication in 2024. In 2026, MS are collectively projected to spend €20 billion.¹⁶ At 4.0% of total defence expenditure in 2025, the portion allocated to R&D is slightly higher than the 3.9% allocated in 2024.

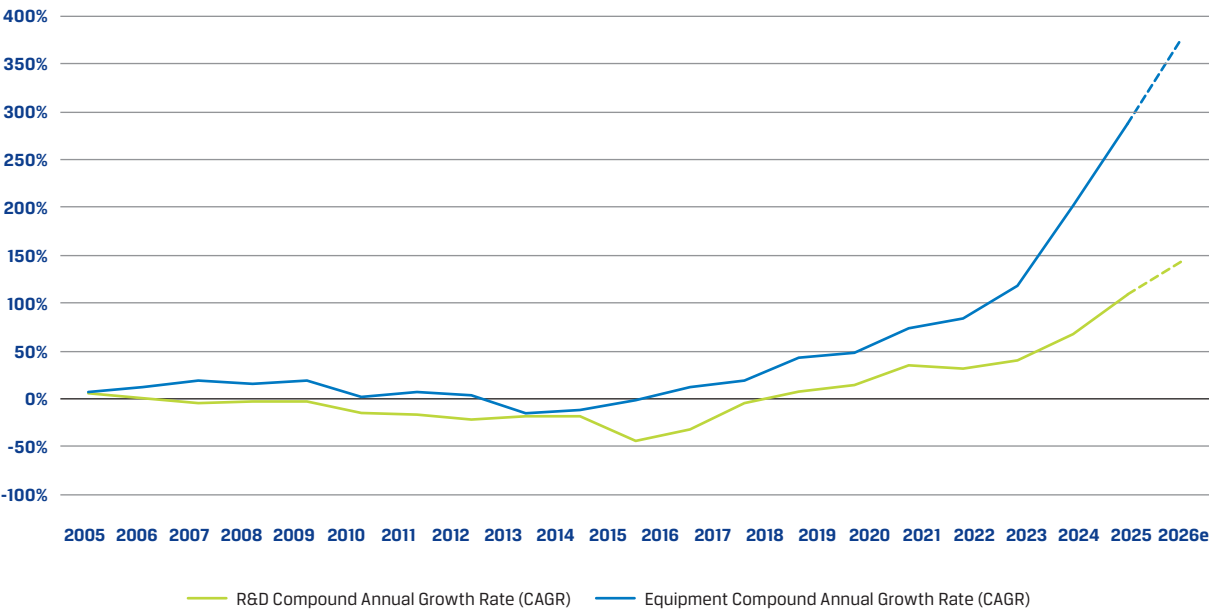
Figure 13. Defence R&D and 5% R&D Benchmark



16. R&D figures are not fully comparable across MS due to differences in national reporting methodologies. Some MS calculate R&D for major equipment in their major equipment expenditure, rather than reporting the figure separately.

Despite a 24% real-term increase, R&D continues to lag behind defence equipment spending (Figure 14), reinforcing a growing gap between short-term procurement and longer-term innovation. Over time, defence equipment expenditure has increased significantly faster than R&D (Figure 14). In addition, R&D remains concentrated among a small number of MS, highlighting its uneven distribution. Private sector involvement, particularly from startups, scale-ups, and venture capital, remains limited, while the integration of dual-use innovation (e.g. AI, space, cybersecurity) is uneven. Strengthening links between defence and civilian innovation ecosystems remains critical to scaling innovation uptake.

Figure 14. Change in R&D and equipment expenditure by year compared to 2006 in terms of Compound Annual Growth Rate (CAGR)



EU-level instruments, such as the EDF, play a key role in enhancing collaboration by incentivising industrial cooperation, reducing duplication, and improving interoperability. Launched in 2021, the 2025 EDF call mobilises over €1 billion in EU (co-)funding. This funding earmarks €460 million for defence research and €605 million for capability development. In addition, the dedicated support for SMEs through the European Defence Innovation Scheme (EUDIS) aims to bridge innovation and capability development.

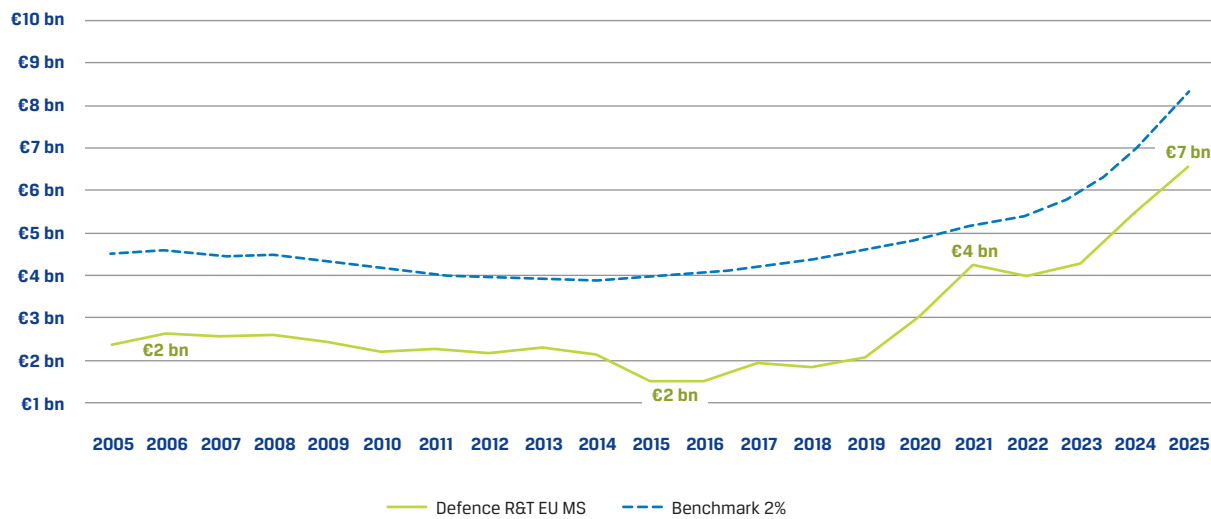
Following the Preparatory Action on Defence Research (PADR), designed as a precursor programme to the EDF, and the European Defence Industrial Development Programme (EDIDP), the EDF aims to leverage and consolidate collaborative efforts while supporting defence supply chains. EDF capability development projects aim to bridge the gap between industrial innovation, research, and MS' capability needs. Representing a higher level of technology readiness, the co-financing requirement from MS aims to help bridge the "valley of death" in innovative research, through early planning and increased coordination on capability needs, despite persisting challenges in efficient integration.

Defence Research and Technology

Defence Research and Technology (R&T), a subset of R&D, continued to grow in 2025, as MS' actual and estimated expenditure is expected to reach €6.5 billion, €500 million above projected levels (Figure 15). This corresponds to a 20% real term increase compared to 2024, although growth has moderated relative to the 27% increase observed between 2023 and 2024. Defence R&T provides a foundation for longer-term innovation but requires sustained and long-term investment.

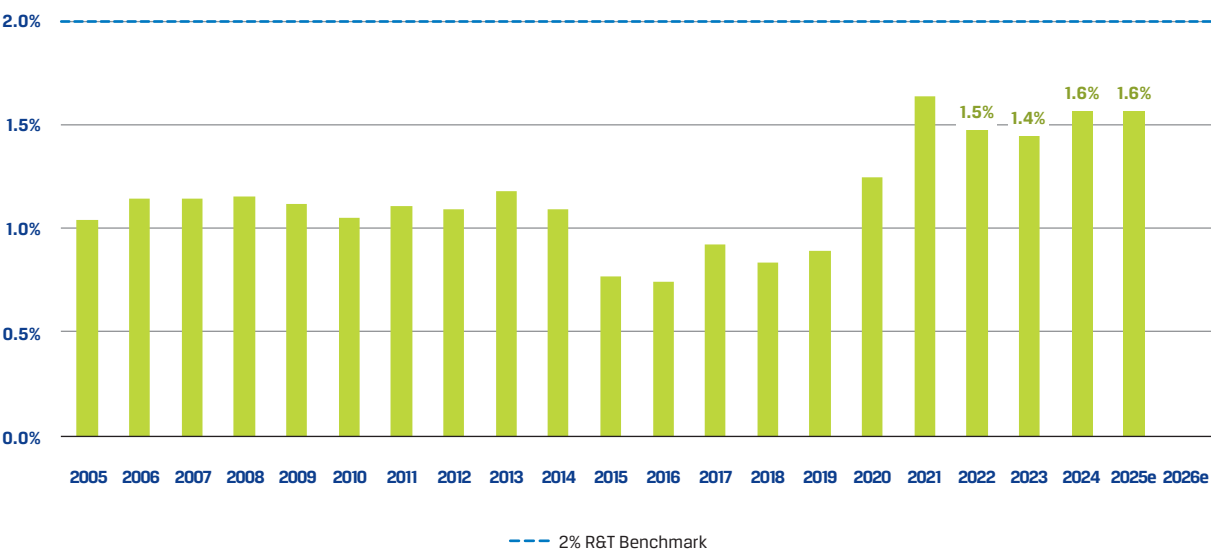
However, these figures likely underestimate total R&T expenditure, as data coverage remains incomplete due to divergent national reporting methodologies. In particular, the absence of data from several major spenders limits the robustness of the assessment and prevents a reliable projection for 2026.

Figure 15. Defence R&T and 2% defence R&T benchmark



As a share of total defence expenditure, R&T remained at 1.6% in 2025. This represents an increase in real terms from 2024, however, because total defence budgets grew by 20% over the same period. However, MS' efforts are still below the 2% benchmark agreed in 2007¹⁷ (Figure 16). As with broader R&D spending, R&T investment is highly concentrated among a small number of MS.

Figure 16. Defence R&T as a share of total defence expenditure¹⁸



17. EDA Ministerial Steering Board November 2007.

18. Percentages in 2024 and 2025 have been updated with data received after the publication of the 2024-2025 Defence Data Brochure, explaining the change in percentage in 2024. 2026 figures remain estimates.



Beyond administrative hurdles, MS' reporting is complicated by the blurred line between defence and non-defence R&T. Research initially developed for civilian use can later generate dual-use or militarily relevant outcomes, requiring ex-post classification and reporting. This spillover effect is evident in areas such as satellite navigation and AI, including space situational awareness. Together with growing defence funding, further investment in R&T is expected.

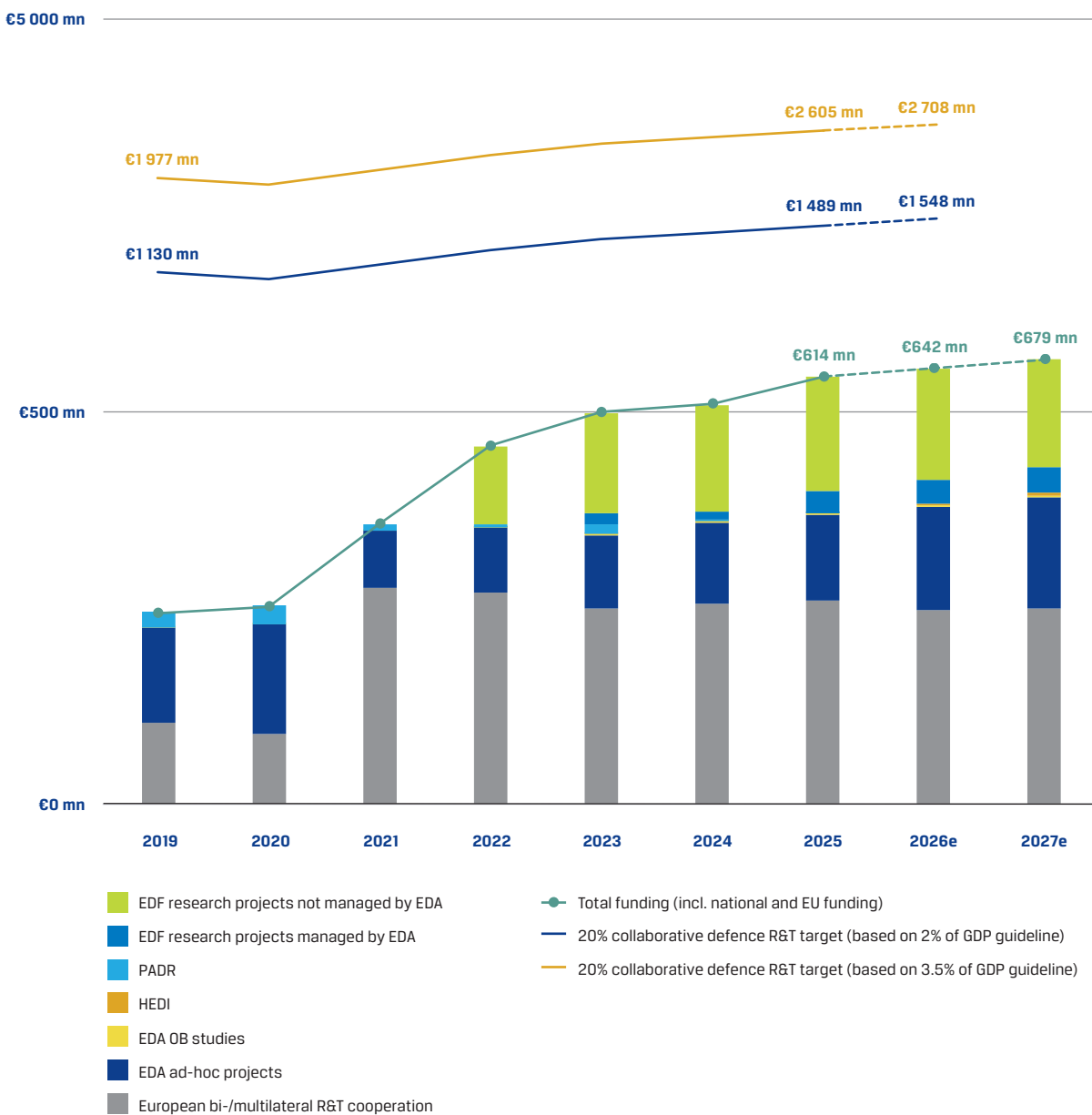
EUROPEAN COLLABORATIVE R&T

EU-level initiatives aimed at strengthening collaborative defence R&T can support greater cooperation among MS in this area. They also contribute to linking R&T more closely to capability development and fostering innovation, including in dual-use domains where civilian and defence applications increasingly overlap.

Despite a continued increase in EU collaborative defence R&T funding (Figure 17), overall levels remain below those required to meet the 20% collective benchmark, indicating that cooperative R&T efforts remain below benchmark levels. Only nine MS have reported collaborative R&T expenditure. Consequently, the figures reflect projected spending trends rather than reported outcomes. EDF-related data for 2026 and beyond is indicative and based on anticipated funding profiles.

DEFENCE R&T IS EXPECTED TO
REACH €6.5 BILLION, €500 MILLION
ABOVE PROJECTED LEVELS



Figure 17. EU collaborative defence R&T by funding source¹⁹

19. The graph shows an estimate of the annualised financial impact of collaborative defence R&T by funding source. The value of EDF Research Actions has been calculated as follows: Figures for EDF2021, EDF2022, EDF2023 and EDF2024 have been calculated on the total budget of each individual project. A fixed percentage of 55% as initial pre-financing (n+0, which is the start of implementation) and 10% as last grant payment (last year) are calculated per each project, with the remaining 35% equally split among the remaining years of implementation as interim payments. Information regarding each project's duration and budget has been retrieved from the EU Commission website funding and tender. Example:

- 2-year long project: n+0, 55%; n+1, 35%; n+2, 10%;
- 3-year long project: n+0, 55%; n+1, 17,5%; n+2, 17,5%; n+3, 10%;
- 4-year long project: n+0, 55%; n+1, 11,6%; n+2, 11,6%; n+3, 11,6%; n+4, 10%;
- Etc...

For EDF 2026, EDF 2027 figures are estimates based on taking the total annual EU budget available per each Work Programme for research actions and dividing it for an average of a three-year long project implementation. EDF2026 amounts are estimated by using the same data as EDF2025. For other funding sources, actual expenses have been considered until 2024, while estimates have been calculated for 2025 onwards.



CONCLUSION

Defence spending across European Union Member States continued to increase in 2025, with growth rates exceeding those observed in recent years, reflecting higher levels of investment, particularly in equipment procurement. Defence investment profiles remain concentrated on equipment expenditure, with comparatively lower shares allocated to personnel, infrastructure, operations and maintenance, and R&D. R&D expenditure has increased in absolute terms, but has grown more slowly than overall defence spending, resulting in a widening gap between equipment investment and R&D. Collaborative procurement remains uneven across Member States, with significant variation in participation levels and limited aggregation at EU-level. Recent EU instruments and funding mechanisms are reflected in national plans and programmes, with early indications of their use, although their full impact is not yet observable within the current data cycle.

"Member States are making unprecedented investments in defence, with spending projected to reach up to €547 billion by 2029 on current trends. Combined with the instruments mobilised at EU level under the Defence Readiness 2030 initiative, these investments should strengthen Europe's defence capabilities, expand industrial capacity, and enhance readiness and resilience."

André Denk, EDA Chief Executive





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