

Through the Looking Glass: NATO, the EU and the European Defence Industry. Competitive Complementarity

Resumen:

El artículo analiza cómo la OTAN y la Unión Europea han pasado de ser marcos de coordinación a actuar como motores del ecosistema industrial de defensa europeo, especialmente desde 2022. Sostiene que su relación se viene configurado como una complementariedad competitiva: ambas organizaciones se solapan en miembros, funciones e instrumentos, pero generan sinergias en planeamiento de capacidades, proyectos cooperativos, agregación de demanda, resiliencia de las cadenas de suministro e innovación tecnológica. La Alianza define prioridades operativas y criterios de interoperabilidad; la Unión despliega herramientas regulatorias, financieras e industriales para reforzar la base industrial de defensa con sello europeo. Esta doble arquitectura condiciona el esfuerzo inversor europeo y abre una ventana de oportunidad para la industria española. Plantea además una elección estratégica de primer orden para pymes y start-ups con nichos en tecnologías de uso dual, que difícilmente pueden decidir en qué marco participar sin orientación coordinada desde el Ministerio de Defensa. Gestionar activamente duplicidades y solapamientos es una condición de eficiencia inversora: el tamaño de la inversión comprometida determina quién diseña, quién produce y quién queda fuera.

Palabras clave:

OTAN, Unión Europea, industria de defensa, complementariedad competitiva, España.

How to cite this document:

CASTILLA, Juan C. *Through the Looking Glass: NATO, the EU and the European Defence Industry. Competitive Complementarity*. IEEE Analysis Document 49/2026.

Introduction

Competition and cooperation do not exclude one another, but can occur simultaneously and even serve to reinforce each other¹. "Complementarity" and "competitiveness" might seem to be opposite terms because the former implies cooperation and the latter rivalry. However, in complex institutional systems, two actors can functionally complement one other and compete for spheres of influence at the same time, without this being logically impossible.

There is a double overlap between NATO and the EU, in membership and in functions. Functional overlap in aspects related to the defence industry may prove fruitless if synergies of complementarity² are not found, something that both organisations, *a priori*, aim to achieve.

NATO uses its defence planning and political clout to guide the industry, whilst the EU deploys its regulatory, financial and industrial power to support its own defence market. With regard to the defence and space industry, the Euro-Atlantic agenda is structured around six key areas: capability planning, cooperative projects, demand aggregation, supply chain resilience, technological innovation and industry engagement.

The relationship between these international organisations when it comes to the defence industry should not be understood as an attempt at inter-institutional coordination, but rather as a competitive complementarity, the success or failure of which will determine the direction of European defence investment.

The Alliance defines what to develop and by when - setting operational priorities, capability targets and interoperability standards - while the Union aggregates demand, prioritises European production and deploys the regulatory and financial instruments to develop capabilities in a way that benefits its own market. Although duplications exist, the comparative advantage of each organisation can strengthen the other.

¹ BRANDENBURGER, A. M. and NALEBUFF, B. J. *Co-opetition*. New York, Doubleday, 1996.

² "Institutional actors can shape overlap with other international organisations [...] organisations will merely coexist without synergetic effect" if they do not manage complementarity. SCHUETTE, L. A. "NATO's responses to EU security and defence initiatives since 2014", *Journal of European Public Policy*, SAGE. 2023.

<https://journals.sagepub.com/doi/10.1177/13691481221079188>

Note: All hyperlinks are active as of 26 May 2026.

1. NATO and the EU in the European Defence Industry

Industry policies in NATO and the EU are observed through a translucent lens that allows for limited exchanges of information³; nevertheless, the mirror effect of this lens encourages institutional isomorphism and mimicry⁴.

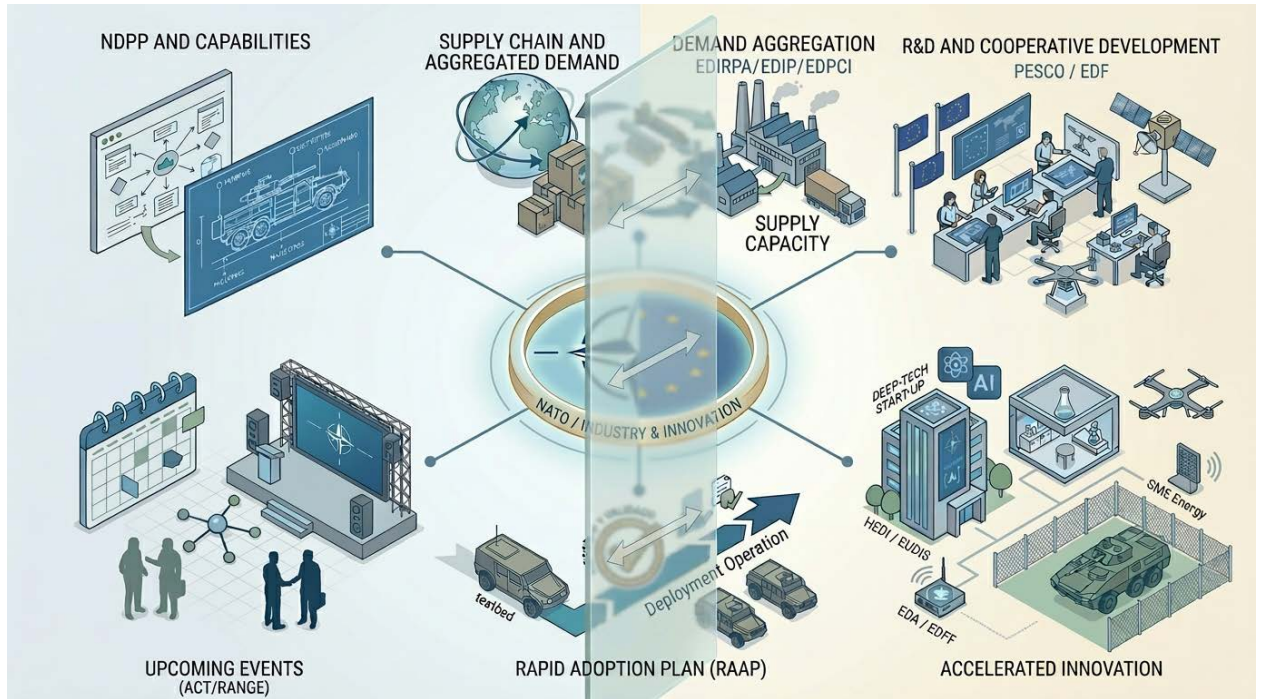


Figure 1. NATO-EU institutional mimicry in the defence industry.
 Source: Author's own work assisted by AI

Before analysing each dimension of these policies side by side, it is useful to introduce the institutional framework of each organisation.

At NATO, the last three summits have marked a gradual escalation in the industrial role the Alliance intends to assume: in Vilnius (2023) the Defence Production Action Plan (DPAP) was launched⁵ and the demand aggregation and the prioritisation of munitions were promoted; the Industrial Capacity Expansion Pledge was approved and efforts to enhance the replenishment of ammunition stockpiles and Integrated Air and Missile

³ The political issues arising from Turkey's membership of NATO and the Republic of Cyprus's membership of the EU hinder or formally prevent the exchange of official documents.

⁴ DIMAGGIO, P. J. and POWELL, W. W. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields", *American Sociological Review*, 48(2). 1983, pp. 147-160.

⁵ [Updated Defence Production Action Plan](#)

Defence (IAMD) were accelerated;⁶; in the Hague (2025)⁷ a commitment was made to allocate 5% of GDP⁸ to security and defence by 2035, with allied spending already reaching 497.2 billion euros,⁹ consolidating NATO's role as the architect of the Euro-Atlantic industrial ecosystem for the development of the Capability Targets assigned to the allies. The status of the DPAP will be discussed at the upcoming summit in Ankara in July; negotiations are currently underway within the Alliance on the so-called NATO Innovation Scale-up Package¹⁰.

Institutionally, since 2025 the Alliance has had a specific Defence, Industry, Innovation and Armaments Division¹¹ (generated from the Defence Investment Division) in the International Staff, which coordinates with allied armaments, procurement, support and standardisation agencies - the National Armaments Directors (CNAD), the Defence Industrial Production Board, the NATO Industrial Advisory Group (NIAG), the NATO Communications and Information Agency (NCIA), the Allied Command Transformation (ACT), the NATO Support Procurement Agency (NSPA) and the NATO Standardisation Office (NSO)-, which constitute the backbone of its industrial and innovation ecosystem.

Within the EU, the introduction of industrial policies into the field of security and defence can be clearly identified in 2021 with the European Defence Fund (EDF), covering aspects of research and development, and has intensified rapidly since 2022 with initiatives for joint procurement (ASAP, EDIRPA), economic and financial measures such as the activation of the escape clause and loans for procurement (SAFE), as well as the removal of bureaucratic obstacles (OMNIBUS), etc.

Furthermore, the arrival of the Directorate-General for Defence Industry and Space (European Commission – DG DEFIS) has led to its institutional alignment with the European Defence Agency (EDA). Both entities constitute a single voice for industry,

⁶ <https://www.nato.int/en/about-us/official-texts-and-resources/official-texts/2024/07/10/nato-industrial-capacity-expansion-pledge>

⁷ <https://www.nato.int/en/about-us/official-texts-and-resources/official-texts/2025/06/25/the-hague-summit-declaration>

⁸ CASTILLA, J. C. "Burden sharing: real solidarity or arbitrary mathematics in NATO and the EU?," *Elcano Analysis*, Madrid, Elcano Royal Institute, 27 July 2025. <https://www.realinstitutoelcano.org/en/analyses/burden-sharing-real-solidarity-or-arbitrary-mathematics-in-nato-and-the-eu/>

⁹ RUTTE, M. [The Secretary General's Annual Report 2025](#) Brussels, NATO, 2026.

¹⁰ "We are working to facilitate and matchmake these companies that have the solutions but not necessarily manufacturing capacity with those civilian companies that have the manufacturing capacity and could potentially provide manufacturing services or lease their production facilities" (*Tarja Jaakkola*) ALLISON, G. [NATO looks to civil industry to scale drone production](#), 2026.

¹¹ NATO. *Assistant Secretary General – Defence Industry, Innovation and Armaments: Tarja Jaakkola*. 2024. <https://www.nato.int/en/about-us/organization/who-we-are/international-staff/assistant-secretary-general-defence-industry-innovation-and-armaments>

albeit with two distinct tones: whilst the former is responsible for regulation (through the Commission), the latter provides a technical and operational perspective.



Figure 2. NATO industry, innovation and defence market policies.
 Source: Author's own work assisted by AI

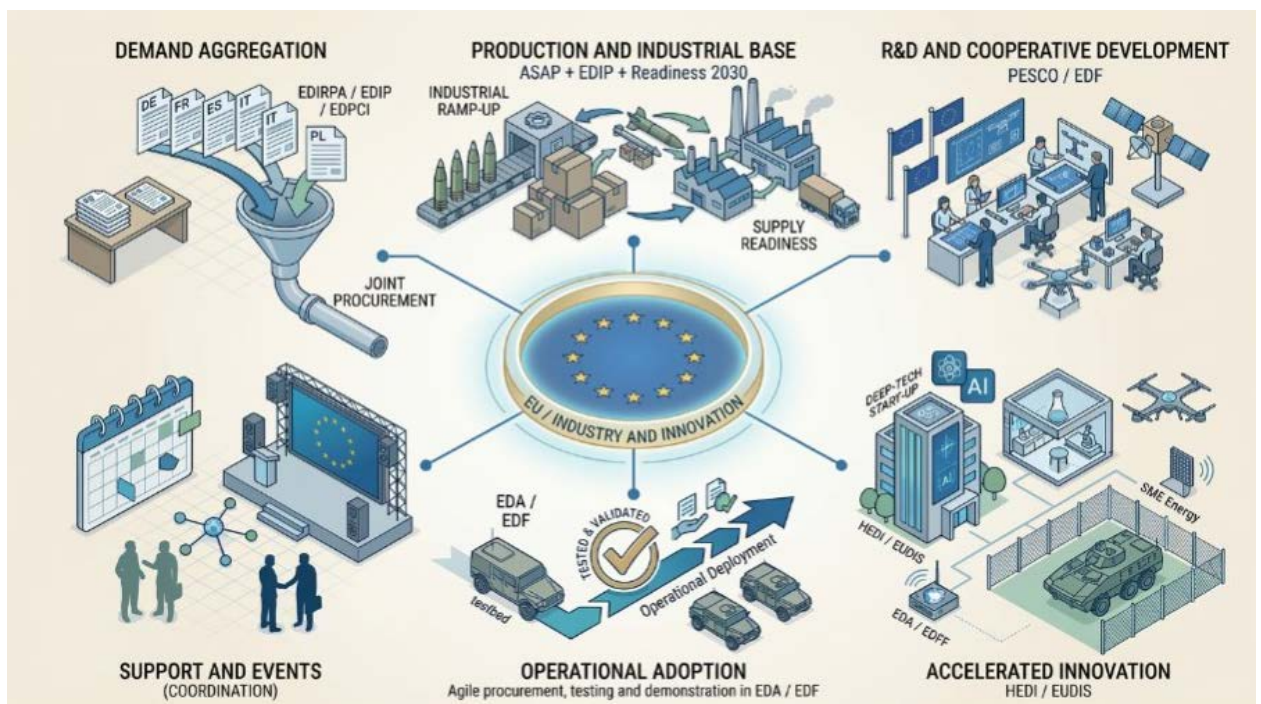


Figure 3. EU policies on industry, innovation and the defence market.
 Source: Author's own work (assisted by AI)

1.1 Capability Planning and Guidance

The NATO Defence Planning Process (NDPP) assigns the Alliance the role of the facilitator in the development of capabilities, which is the responsibility of the member countries¹². NATO not only establishes areas where military capabilities are lacking and sets specific targets for each ally but also endeavours to translate these into demand signals for the industry.

The Capability Targets set for 2025 represented a quantitative increase of approximately 30% compared with those for 2021¹³; the requirements for air-defence and missile-defence ammunition rose fivefold, and there is a need for more ground combat vehicles and more artillery and long-range munitions.

The EU's capability planning has evolved from the Capability Development Plan (CDP) and the Headline Goal Process (HLGP). Whereas the CDP, led by the EDA, previously incorporated information on the National Implementation Plans, the EU Military Staff now seeks to incorporate the so-called National and International Capability Objectives (NICO) into the HLGP¹⁴.

The identification of capability shortfalls was accompanied by initiatives for multinational implementation (Permanent Structured Cooperation – PESCO) and to verify progress (Coordinated Annual Review on Defence – CARD).

On that basis, a progressive chain of instruments has been added: EDF (2021), ASAP (ammunition) and EDIRPA (joint procurement), both in 2023; the European Defence Industrial Strategy (EDIS, 2024), and the European Defence Industrial Programme (EDIP) (whose regulation is from 2025 and is allocated €1.5 billion¹⁵ till 2027).

The aim is to cover the entire cycle, from collaborative R&D through to the large-scale production of projects of common interest and even potential export.

The EU's industrial vision is embodied in the EDIS and its implementing instrument, the EDIP. In 2025, the White Paper for European Defence - Readiness 2030 and the Defence

¹² Except in some cases where capabilities are intended for the Alliance itself rather than for national inventories, such as the NAEW&C (NATO Airborne Early Warning & Control Force).

¹³ LAPSLEY, A. and VANDIER, P. «[Why NATO's Defence Planning Process will transform the Alliance for decades to come - Atlantic Council](#)», *Issue Brie*. Washington D. C., Atlantic Council, 30 March 2025.

¹⁴ On the basis that the Member States are willing to share such information.

¹⁵ CASTILLA, J. C. *Critical Juncture in the EU Defence: Institutional Innovations, Market Integration and Governance Challenges*. IEEE Analysis Document, No. 47/2025. Madrid, Spanish Institute for Strategic Studies (IEEE/CESEDEN), 24 June 2025.

https://www.defensa.gob.es/documents/2073105/2595202/coyuntura_critica_en_la_defensa_de_la_ue_2025_dieeee_47.pdf

Readiness Roadmap 2030 were published, guiding industrial preparation and capability development. The path is built on several pillars: strengthening the technological competitiveness of the European industrial base through cross-border collaborations, including with Ukraine; driving investment through flexible fiscal instruments, European-backed loans (SAFE) and the reallocation of EU, national¹⁶ and private funds towards dual-use technologies. Support for Ukraine is a goal in itself.

In short, NATO translates operational requirements into capability targets that are theoretically binding on its members and into demand signals for industry; the EU provides Member States with industrial programmes funded in line with the internal market¹⁷.

Different instruments, but to some extent the same objective: to channel investment towards priority capabilities. The key difference is that the NDPP exerts political pressure on governments, whereas the EDIP provides financial incentives for companies (the logic of intergovernmental liberalism¹⁸).

The Commission's proposal for the MFF 2028–2034 allocates up to 131 billion euros for defence, security and space within a competitiveness fund¹⁹, a significantly higher amount than in the 2021–2027 period. As for whether economic incentives will be sufficient to modify or redirect the industrial policies of Member States, and especially those that are allies, and whether the associated bureaucracy will be manageable for companies, this remains to be seen.

1.2 Cooperative Projects and Interoperability

Within NATO, High Visibility Projects illustrate how the Alliance not only defines needs but also drives cooperative responses designed from the outset in accordance with Allied requirements and standards; other examples include the Allied Cloud and Edge Services (ACE), which is key to digital transformation²⁰; the Alliance Persistent Surveillance from

¹⁶ The additional defence investment requested by the Commission from Member States amounted to up to 800 billion euros over four years, which would represent approximately 3.5% of the EU's aggregate GDP by 2029.

¹⁷ The correlation between NATO capability targets and EU-incentivised industrial programmes is not exact; it depends mainly on the Member States.

¹⁸ MORAVCSIK, A. "Liberal Intergovernmentalism," *Oxford Research Encyclopedia of Politics*. Oxford, Oxford University Press, 2018.

¹⁹ EUROPEAN COMMISSION. [El presupuesto de la UE para 2028-2034, explicado](#)

²⁰ A project that bears similarities to the PESCO EU's Collaborative Warfare Capabilities (ECOWAR) project. See ELLISON, Davis and FIOTT, Daniel. "Between the Berlaymont and the Glass Palace The relative roles of the European Union and NATO in European defence," *The Hague Centre for Strategic Studies*. 2026, p. 24. [Between the Berlaymont and the Glass Palace: The Relative Roles of the European Union and NATO in European Defence](#)

Space (APSS) and its virtual constellation Aquila (a federation of space surveillance satellite assets), the Space Transportation and Responsive Launch Initiative for Transatlantic Forces (STARLIFT) for resilient space transport (including alternative launchers to US ones), and NORTHLINK (satellite communications in the Arctic).

Its main limitation is that the Alliance lacks formal mechanisms for enforcing compliance deadlines in multinational projects, although it can highlight instances of non-compliance by individual countries in the NDPP biennial reviews (capabilities report).

Within the Union, in light of the latest CARD reports²¹, cross-border European cooperation in capability projects remains below the levels required to address the main shortcomings. Although PESCO and the EDF have driven a growing number of collaborative projects, their contribution to reducing capability gaps and enhancing interoperability remains limited.

In 2025, the Commission announced four flagship projects—the Drone Defence Initiative, the Eastern Watch Shield, the European Air Shield and the European Space Shield—which can be regarded as an initial framework for the first European Defence Projects of Common Interest (EDPCI).

Within the EU, the EDIP Regulation organises joint development projects around these EDPCIs, which are subject to a hybrid governance mechanism: at least four Member States propose a project; the proposals undergo a technical review by the EDA (intergovernmental scrutiny) and are approved by a qualified majority in a committee²²; once approved, the DG DEFIS manages the funding as part of the EU's industrial competitiveness programme.

²¹ <https://eda.europa.eu/docs/default-source/eda-publications/2022-card-report.pdf> y <https://eda.europa.eu/docs/default-source/documents/card-report-2024.pdf>

²² The list of proposals is approved by a qualified majority in a committee — standard comitology — (Article 77 of the TEU).

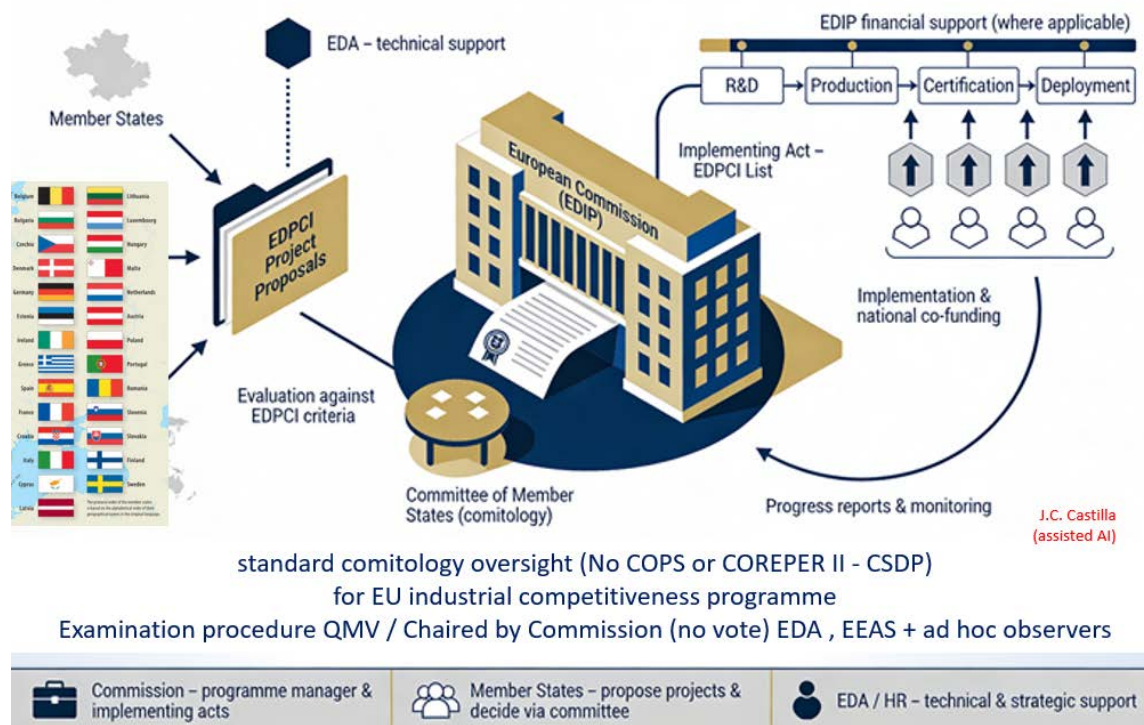


Figure 4. EU governance European Defence Projects of Common Interest (EDPCI).
 Source: Author's own work assisted by AI.

In other words, whilst NATO aims to guarantee technical interoperability from the design stage onwards through STANAGs, the EU promotes cross-border collaboration by providing incentives in the form of EU funding. Both approaches are complementary: essentially, NATO sets the technical standard, and the EU provides the funding to achieve it. Although, this complementarity is not without its challenges when it comes to guaranteeing interoperability, for example with regard to ammunition²³.

Given the recent approval of the EDIP, it remains to be verified whether the EDPCIs are consistent with the NDPP's capability targets; it is expected that they will provide a further example of complementarity. In these projects, the scale factor, as well as the future demand aggregation following the production phase, will be a critical variable for the industry.

²³ Nor is this division of tasks set in stone; some consider that NATO also provides funding, for example for NSIP projects or for the development of prototypes supported by ACT. On the EU side, for example, the restrictions arising from the REACH Regulation on the use of certain chemical substances in explosives and propellants effectively act as a common European standard for ammunition. If the substitution of substances under Regulation (EC) No. 1907/2006 (REACH) were to alter the characteristics of the ammunition and not be harmonised via updated STANAGs, this would create friction between "REACH compliance" and "NATO interoperability".

1.3 Aggregate Demand and Joint Procurement

Both organisations aim to aggregate demand, but through different levers: allied political signalling within NATO; and financial incentives within the EU.

The Defence Production Allied Action Plan (DPAP) and its REPEAD (Recurring Process for Aggregating Demand) process²⁴ aggregate demand and send signals to the market. REPEAD 2024 identified uncontracted requirements worth 34 billion euros, with an initial interest of converting 14.7 billion euros into multinational procurement; REPEAD 2025 quantified requirements for missiles, bombs, drones and missile defence systems worth up to 125 billion euros. By 2026, the focus will expand to include naval ammunition, ISR and ground-based capabilities. DPAP/REPEAD identifies requirements, and NATO aims for the NSPA to fulfil them through joint procurement.

The EDIP 2026–2027 programme (€1,467.5 million)²⁵ focuses on two priority areas: critical industrial capabilities (€700 million), aimed at reducing external dependencies on anti-drone systems, missiles and ammunition; and the EDPCI (€325 million), large-scale cooperative projects open to Norway and Ukraine. The rest of the budget is distributed between joint procurement, support for Ukrainian industry and access for SMEs to the defence market.

The EDIP Regulation considers the possible use of the NSPA, as well as the EDA and the OCCAR (Organisation for Joint Armament Cooperation), to manage joint procurement. These agencies may also be used throughout the lifecycle of future EDPCIs.

1.4 Supply Chains and Industrial Base

Supply chain security is a necessity for the defence industry in an increasingly fragmented world²⁶. The Alliance formulates political and technical guidelines on these issues, but its ability to influence how countries implement supply-chain security solutions is very limited.

²⁴ NATO. [The Secretary General's Annual Report 2025](#). 2026.

²⁵ EUROPEAN COMMISSION. [Programa de Trabajo 2026-2027 del Programa para la Industria de Defensa Europea \(EDIP\)](#), adopted on 28 March 2026. Brussels, European Commission. The first EDIP calls for proposals opened on 31 March 2026, with the first round closing in October 2026; the second round will open in February 2027. 2026.

²⁶ GIRARDI, B., PATRAHAU, I., CISCO, G. and RADEMAKER, M. [Strategic Raw Materials for Defence: Mapping European Industry Needs](#). The Hague, The Hague Centre for Strategic Studies (HCSS), 2023. ISBN: 9789083254180.

The 2024 Defence Critical Supply Chain Security Roadmap²⁷ identified twelve essential raw materials—ranging from aluminium and cobalt to rare earths and titanium—and established several lines of action. The Alliance is now addressing critical materials, external dependencies, stockpiling, recycling, material substitution and the logistical resilience of production chains.

The EU has taken the lead over NATO with legally binding instruments: the Critical Raw Materials Act (March 2023)²⁸ sets targets for 2030 whereby 10% of critical raw materials are to be extracted within the EU, 40% must be processed within the Union, 25% of annual consumption must come from recycling, and no third-party country may account for more than 65% of the supply of any strategic raw material.

The 2025 EDIP regulation adds a Defence Security of Supply Board²⁹ to monitor the aforementioned supply chains.

In short, the EU has a competitive, regulatory and financial advantage in this area; whereas NATO has more limited implementation and enforcement capabilities. There is limited coordination between the allied Supply Chain Roadmap and the European Critical Raw Materials Act; both instruments address the same structural dependencies, albeit with their own nuances.

China's dependencies are not understood or managed in the same way within NATO as they are within the EU. The Alliance is primarily concerned with strategic security and military resilience, whereas the EU treats the issue as a matter of economic and industrial security.

1.5 Technological Innovation and Rapid Operational Adoption

The allied innovation chain operates with several links: ACT drives transformation through the adoption of disruptive technologies; DIANA (Defence Innovation Accelerator for the North Atlantic)³⁰ selects start-ups and SMEs with technological solutions that are not yet fully developed (TRL 3–6) through competitive calls for proposals addressing ten

²⁷ NATO. [Defence-Critical Supply Chain Security Roadmap](#). 2024.

²⁸ EUROPEAN COMMISSION. [Critical Raw Materials Act](#). 2024.

²⁹ [Reglamento EDIP \(UE\) 2025/2643](#), art. 40-43.

³⁰ By 2024, DIANA was operating with 23 accelerator sites and over 200 testing centres; in January 2025, it welcomed 70 companies into its second cohort and currently supports up to 150 companies. NATO. [“Defence Innovation Accelerator for the North Atlantic \(DIANA\)”](#), NATO Official Page, updated June 2025. Brussels, 2025.

technological challenges³¹; the NATO Innovation Fund (NIF)³² (€1 billion) invests in companies that have demonstrated their technology through DIANA.

The Rapid Adoption Action Plan (RAAP), approved in The Hague (2025), stipulates that a validated solution must be able to be integrated into the military force within 24 months. The aim is to facilitate operational demonstrations at the NATO Innovation Ranges (NIR) — facilities already active in Latvia³³, with the Swedish-Finnish facilities expected to be ready soon; Italy, the Netherlands and Estonia may be added to the list, , enabling companies to aspire to the incentive of a kind of NATO quality mark (the NATO Innovation Badge, the governance of which is still to be agreed within the Alliance). The RAAP thus serves as a gateway for innovative industry to join NATO, translating the NDPP’s priorities into signals that the market can understand.

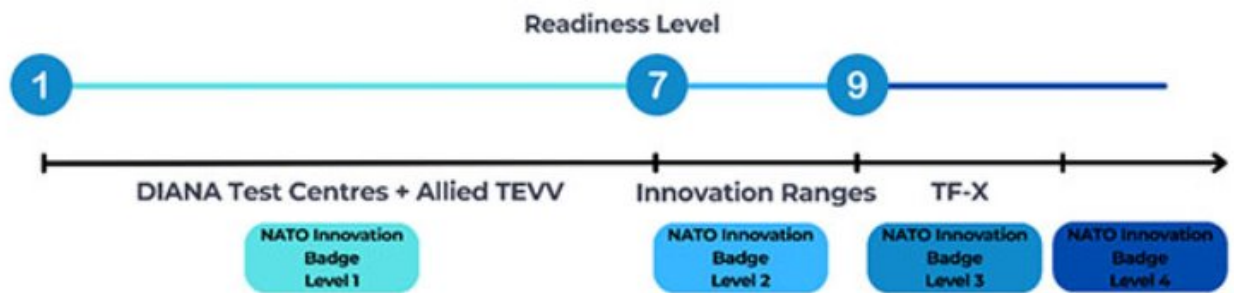


Figure 5. NATO. Rapid adoption of technological innovations.

Source: <https://www.nato.int/en/about-us/official-texts-and-resources/official-texts/2025/06/25/summary-of-natos-rapid-adoption-action-plan>

Within the EU, the functional equivalent of NATO’s innovation pillar is a multi-level ecosystem comprising the EDA and the DG DEFIS at European level, alongside national and regional industrial innovation systems³⁴ (multi-level governance).

At the highest level, the central tool is the EDA’s Hub for EU Defence Innovation (HEDI), which aims to shorten the cycle from R&D to the deployment of innovative solutions.

The ecosystem is completed by the DTEB network (Defence Test and Evaluation Base, comprising over 300 national centres) —linked to the EDA/HEDI (similar to the DIANA

³¹ ELLISON, D. and FIOTT, D. *Ibíd.* 2026, pp. 14-17.

³² NIF. *About the NATO Innovation Fund.* The Hague, NATO Innovation Fund. 2025. Available at: <https://www.nif.fund/about> The NIF has a portfolio of up to 26 companies (e.g. the Spanish firm Kreios Space) and capital funds.

³³ NATO. “[New NATO Innovation Range starts counter-drone technology testing in Latvia](#)”, NATO News. Brussels, NATO, 18 March 2026.

³⁴ SILLERO ILLANES, C. *et al.* [Case Study of Andalusia Space Ecosystem: Unlocking Regional Potential through Dual Use and Defence Industry — Insights from the Exploratory Research Activity REGDUALOSA](#). Luxembourg, Publications Office of the European Union, JRC143531, 2025.

network)—, operational experimentation (OPEX) campaigns with live forces, and EUDIS (part of the EDF fund) as a gateway for start-ups and SMEs with niches in dual-use technologies.

The AGILE programme ³⁵ (Programme for Agile and Rapid Defence Innovation), proposed by the Commission in March 2026, establishes for the first time an explicit timeframe comparable to that of the allied RAAP: grants awarded within a maximum of four months from the closing date of the call for proposals, and deployment of the solutions within the armed forces within 1 to 3 years.

The EDIP regulation also includes the creation of an EU-backed technology marketplace (for companies already supported by the EDF or the EDIP), scheduled for the fourth quarter of 2026, which will enable direct procurement without the need to repeat national tendering processes.

Some countries and organisations incorporate testing centres into both the allied network (DIANA) and the Union network (DTEB).

The INTA (“Esteban Terradas” National Institute of Aerospace Technology) of the Spanish Ministry of Defence has incorporated CEHIPAR (El Pardo Hydrodynamics Centre) into DIANA, and has added four centres to the DTEB network: CIAR (Rozas Airborne Research Centre, Castro de Rei, Lugo), CEAES (Special Environmental Testing Centre), CEDEA (El Arenosillo Experimentation Centre, Huelva) and CEUS (Test Centre for Unmanned Systems, Moguer, Huelva)³⁶.

The potential DIANA-DTEB overlap would be the most verifiable example of competitive complementarity: both networks seek the same objective: accelerating defence innovation from testing through to deployment within the armed forces, and could end up using the same national facilities, yet they operate under different institutional governance structures—NATO vs. EU—with no formal coordination mechanisms beyond limited information exchanges through staff-to-staff contacts.³⁷

³⁵ AGILE is also the name of a proposed regulation, which, following the legislative process, may be incorporated into the EDIP Regulation. See https://defence-industry-space.ec.europa.eu/eu115-million-programme-agile-and-rapid-defence-innovation-agile-2026-03-26_en and <https://tecnologiaeinnovacion.defensa.gob.es/-/la-comisi%C3%B3n-europea-lanza-el-programa-agile-para-acelerar-la-innovaci%C3%B3n-disruptiva-en-defensa>

³⁶ Information provided by Mr. Bertín Calvo Otero (INTA).

³⁷ GRÆGER, N. *EU-NATO Cooperation: European Security as Informal Practice*. Abingdon, Routledge (Routledge Studies in European Security and Strategy), 2016. ISBN: 978-1-138-84928-0.

1.6 Events with Industry

The Alliance supplements its industrial architecture with a regular cycle of meetings with the industry. Since the Washington Summit (2024), the NATO Summit Defence Industry Forum (NSDIF) has been taking place; this is a high-level political-industrial forum designed to align the expansion of the allied industrial base with the demands of modern deterrence and combat. NATO Industry Forums³⁸ and thematic industry days³⁹ at the NSPA, national centres of excellence, etc. continue to take place, translating the NDPP's priorities into concrete market signals.

Within the EU, the highest level of political engagement with the defence industry takes place through the Commission's high-level dialogues, which are held to discuss initiatives and instruments (EDF, EDIP/EDIS). The EDA also organises a regular cycle of sector-specific conferences and workshops that function as dedicated spaces for defence industry actors to connect and identify demand (matchmaking). Examples of this include the Defence Industry Conference in Brussels in February⁴⁰ and the workshop on naval capabilities in San Fernando (Cádiz) in May 2026.

In addition to this, there are events promoted by nations and attended by representatives from both NATO and the EU, such as the French initiative, the European Session for Armaments Representatives (SERA), which serves as a strategic platform between Brussels, the Member States and major industrial groups. The most recent of these meetings took place in April in Madrid⁴¹.

The Alliance and the Union use events as demand-signalling mechanisms, with limited coordination and hardly any joint events. For companies, participating in the various initiatives represents a growing burden that disproportionately penalises smaller firms.

³⁸ ACT. "[NATO–Industry Forum 2025: Innovate, Accelerate, Sustain.](#)" 2025.

³⁹ NATO. "[NATO Secretary General joins Industry during NATO's C-UAS Week.](#)" 2026.

⁴⁰ EUROPEAN DEFENCE AGENCY. [EDA Defence Industry Conference 2026](#). European Parliament premises, Brussels, 26 February 2026.

⁴¹ [Defensa reúne a instituciones e industria europeas para reforzar la defensa común](#)

Table 1. NATO-EU industry policy comparison table

Dimension	NATO	EU
Capability planning and guidance	NDPP: defines capability targets and translates them into demand signals for the industry.	NICO, CDP, EDIS, EDIP and Readiness 2030: define national and international capability targets and guide industrial and capability priorities from a regulatory, operational and financial perspective.
Cooperative projects and interoperability	High Visibility Projects: interoperability by design and a collaborative response to capability gaps.	PESCO, EDF and flagship projects with the potential to become EDPCIs: European cooperative development and the structuring of projects of common interest.
Aggregate demand and joint procurement	DPAP and REPEAD: aggregate Allied requirements and send market signals; while the NSPA strengthens the multinational procurement dimension.	ASAP, EDIRPA, EDIP, EDPCI: coordinate joint production and procurement, aggregate demand and reduce fragmentation, supported by the EDA's matchmaking function.
Supply chains and industrial base	Defence Critical Supply Chain Security Roadmap: industrial resilience, critical materials, stockpiling and reducing dependencies.	The Critical Raw Materials Act, the Defence Security of Supply Board and a new budgetary priority: security of supply and strengthening the European industrial base.
Technological innovation and rapid operational adoption	DIANA, NIF, Innovation Ranges and RAAP: acceleration, testing, validation and transition to acquisition.	HEDI, EUDIS, DTEB, OPEX, AGILE and the EDIP technology marketplace: identification, testing, scaling and bridging the gap between innovation and procurement and deployment.

Dimension	NATO	EU
Events with industry	NATO Summit Defence Industry Forum, NATO Industry Forum and Industrial Days	<i>DG DEFIS and EDA events (Defence Industry Conference) and specific workshops</i>

Source: Author's own work

2. Implications for Spanish Industry

The domestic strategic framework for the industry aligns with the opportunities presented by NATO and the EU. The Defence Industrial Strategy (EID 2023)⁴² sets out a vision⁴³, establishes principles, key areas and lines of action, with a focus on strategic (i.e. national) autonomy in critical capabilities, the consolidation of leading companies (or national champions), the integration into multinational programmes, the modernisation of the industrial and technological base (BITD), and the transition towards dual-use and disruptive technologies. The EID recognises that Euro-Atlantic cooperation is fundamental for maintaining a competitive BITD, positioning Spain as a preferred partner in multinational programmes.

This strategic approach is implemented through specific instruments. The Industrial and Technological Plan for Security and Defence (PITSD 2025)⁴⁴ and the Defence Technology and Innovation Strategy (ETID 2026)⁴⁵ are aligned with the idea that international cooperation acts as a capability multiplier. They prioritise active participation in the innovation programmes of both the Alliance and the Union.

The ETID 2026 recognises, however, that there are structural barriers limiting this participation: the fragmentation of funding instruments, the difficulties faced by SMEs and start-ups in meeting the operational requirements of the Armed Forces, and the slowness of public procurement processes.

⁴² [Estrategia industrial de defensa 2023](#)

⁴³ "The vision...to strengthen and consolidate the national defence industry by enhancing industrial capabilities with broad export capacity, reinforcing international cooperation and increasing external support for the industry. This vision also takes into consideration the guidelines and lines of action set out by the European Union (EU) and the North Atlantic Treaty Organization (NATO)" EID 2023, p. 10.

⁴⁴ [230425-plan-industrial-y-tecnologico-para-la-seguridad-y-la-defensa.pdf](#)

⁴⁵ [Estrategia de Tecnología e Innovación para la Defensa \(ETID\) - ETID](#)

Overcoming these barriers—which the ETID itself identifies as an area for continuous improvement—is a prerequisite if the window of opportunity in the Euro-Atlantic sphere is to translate into a sustainable industrial position for Spain.

Spain is well placed in the international defence market; it ranks among the world's top ten exporters. In 2024, the defence sector accounted for 29% of industrial investment in innovation⁴⁶.

Within NATO, it has accredited test centres in DIANA— including infrastructure belonging to the INTA, Telefónica Tech, the Technical University of Madrid and the CLAEX of the Spanish Air and Space Force—and the company Kreios Space is part of the NATO Investment Fund's portfolio. Within the EU sphere, the most relevant instruments for Spanish industry are the EDIP, which offers the opportunity to participate in EDPCI proposals, and the EDA's DTEB network, which includes Spanish infrastructure.

The presence of Spanish infrastructure within the DIANA (NATO) network of test centres and the DTEB (EU) may represent a specific competitive advantage. Organisations such as the INTA and the CLAEX, operating within both networks, could offer companies that use their facilities a certification recognised in both ecosystems, thereby reducing the certification costs for start-ups and SMEs that need to validate their technologies in order to access both the wider Allied procurement market (via RAAP) and the European market in particular (via HEDI/the EDIP Marketplace).

For this advantage to be realised, the centres themselves and the Ministry of Defence must actively promote it, both as a means of attracting companies and as a lever for positioning themselves within the value chains associated with consortia for EDPCI projects, which in turn are linked to NATO capability targets.

Spanish industry can aspire to lead European consortia in the aerospace and naval sectors. In the space sector, companies such as GMV, Indra and Sener are renowned throughout Europe; similarly, Navantia has the critical mass and experience in multinational programmes.

Within the EDF and EDIP programmes, EU funding may cover up to 100% of the costs for certain actions, but Spain's capability to attract or lead projects will depend on its relative weight in consortium negotiations.

⁴⁶ [La industria de defensa en España. Informe 2024](#)

It is the procurement commitments that truly determine the industrial return for Spain: participating in the development of a system without committing to acquire it reduces the chances of an industrial return to a minimum and undermines Spain's negotiating credibility in such projects.

Within the NATO framework, the NDPP's Capability Targets constitute the clearest external signal of the capabilities that Spain should develop or acquire. National planning does not fully align with Alliance planning, nor does the latter fully align with EU initiatives relating to capability planning. In this respect, the measurement of national commitment is more detailed and comprehensive within the Alliance than within the Union. The discrepancies between allied requirements and national compliance, for Spain as for other countries, may have a political and operational reputational cost. That said, Spain is expected to receive a positive assessment in this year's upcoming NATO Capabilities Report.

Within the EU framework, the EDPCI and the EDIP's joint procurement lines offer explicit financial incentives (alongside potential VAT exemptions) for genuine commitments: the greater the investment committed, the greater the capacity to influence design, the supply chain and industrial location.

In areas where Spain is unable to take the lead, the optimal strategy is to enter the market early as a specialist subcontractor before the first consortia are formed.

Conclusions

With regard to the defence and space industries, the competitive complementarity between NATO and the EU is not a problem to be solved, but a structural reality to be actively managed. Their coexistence generates real duplication—in planning, innovation and procurement—but also synergies which, if properly harnessed, can maximise European defence investment.

Optimising national investment linked to the objectives of the Alliance and the Union requires identifying the potential synergies arising from cooperative competition between the two as a strategic objective for Spain. To this end, efforts should be made to strengthen the inter-institutional mechanisms between the two organisations that guide decision-making processes, so as to enhance coordination and realise these synergies.

This should also help to ensure that, in an increasingly Europeanised NATO, the EU's voice is integrated more structurally into Allied defence industry and innovation initiatives.

NATO defines where capabilities should be developed through the NDPP and the capability targets, whilst also establishing interoperability standards (STANAG) that influence industrial design. The EU, meanwhile, proposes initiatives that reduce industrial fragmentation, promoting cross-border collaboration in the acquisition and development of capabilities in line with these NATO Capability Targets, but through its own regulatory and financial instruments (EDF, EDIP, EDPCI, etc.).

This division of roles—with the Alliance acting as the architect of operational requirements and the Union as the driving force behind European industrial consolidation—defines the framework within which large companies compete for leadership of programmes and SMEs/start-ups compete for specialised niches.

Capability planning is not a theoretical exercise: it determines which systems will be developed, to what technical standards and within what timeframe, thus shaping market opportunities for the next decade. Industrial policies—both national and European—determine who will produce them and which supply chains will be used.

For SMEs and start-ups in the defence sector or with niches in dual-use technologies, this dual architecture poses a strategic decision of major importance: NATO and EU frameworks are governed by different institutional logics, timetables and eligibility criteria, and the human, financial and relational resources required to participate actively in both exceed the capacity of most smaller companies. Prioritising one area over another is not purely a commercial decision, but a bet on where the relevant market will consolidate; it is a decision that can hardly be made in isolation, which highlights the value of the strategic guidance provided by the Ministry of Defence, in coordination with industry.

For Spain, the window of opportunity is clear-cut and time limited. There is an appropriate national strategic framework for the defence industry and innovation, but the industrial return that can be agreed with other European countries and their respective industries will depend—to a large extent—on the scale of national investment commitments, and on how those negotiations fit in with the commitments entailed by EU and NATO objectives.

If national investment were insufficient and this led us to postpone those commitments, we would have to bear the costs in terms of reputation, operations and opportunity. The potential early involvement in consortia—as a leader where feasible, and as a specialized

subcontractor where not— will determine the position Spain achieves in the European defence technological and industrial base over the next decade.

Actively managing the overlaps between both organisations is not a diplomatic choice: it is essential for investment efficiency. In this context, the scale of the investment committed is not a mere budgetary detail, but the key factor determining who designs, who produces and who is left out.

Col. Dr. Juan C. Castilla

PhD International Security
IEEE Analyst