TASK FORCE REPORT

MORE EUROPE IN DEFENCE – THREE PATHWAYS

Chair

Sauli Niinistö

Rapporteur

Steven Blockmans

Contributors

Edward Arnold

Bob Deen

Daniel Gros

In partnership with

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The Task Force process was one of structured dialogue among experts, (former) politicians, diplomats, policymakers, representatives from industry, NGOs, academia and/or think tanks who were brought together for four hybrid meetings in the period from September 2025 to the end of January 2026. The core group met on two additional occasions to refine the analysis and recommendations in light of fast-moving developments in the period from February to May 2026.

This report is the final output of the research carried out independently by CEPS, Clingendael, IEP and RUSI in the context of the Task Force. It reflects the views of the members of the Task Force. The views expressed in this report do not necessarily reflect the position of the Konrad Adenauer Foundation.

The content of the report and any remaining errors are solely attributable to the authors. The report's recommendations do not necessarily represent the views of their respective institutions. For any element or recommendation to be featured in the report, a consensus or broad agreement among Task Force members was required. Where consensus on a recommendation coexisted with a significant minority view, the report features this minority view next to the relevant recommendation.

The Rapporteur of this Task Force report is Steven Blockmans, with written contributions by Edward Arnold, Bob Deen and Daniel Gros. The Chair of the Task Force is Sauli Niinistö.

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CEPS
Place du Congrès 1, B-1000 Brussels
Tel: 32 (0) 2 229 39 11
email: info@ceps.eu
internet: www.ceps.eu

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EXECUTIVE SUMMARY

Russia's war of aggression against Ukraine and destabilising actions by the second Trump administration have sent geopolitics into a tailspin. As turmoil in the Middle East and around the world grows, the US is reviewing its approach to NATO and is considering deploying its assets away from Europe. These and other factors have pushed Europe towards an inflection point in considering how to safeguard its own security.

Public support for defence has never been greater. This solidifies a trend that has accelerated since Russia's full-scale invasion of Ukraine in February 2022. Most political parties across Europe agree on the need to address public anxiety by moving from words to deeds and implementing an agenda that gives them more security and agency in the defence of the European theatre by 2030.

The European policy response so far has consisted primarily of committing more money to defence at the national level and developing instruments to boost joint production and procurement mostly at the EU level. Yet concerns remain about the uneven nature of defence spending, countries' ability to follow through on the needed capability ramp-ups and the limitations of existing measures for driving the needed defragmentation of Europe's defence industry.

Meanwhile, concerns have grown about the possibility of a Russian kinetic or hybrid attack against one or more European allies, along with uncertainties about public willingness to take up arms. So too have doubts about the timing and nature of support that the US would be willing or able to provide in an Article 5 situation. Despite the return of full-scale war on the European continent with Russia's renewed invasion of Ukraine, Europe still appears to be treating this existential security crisis like a regular bureaucratic undertaking that it can address at its leisure.

It is at this critical juncture that CEPS, RUSI, Clingendael and IEP have joined forces to substantiate what politicians often casually refer to as a European pillar of NATO – though few can say what this means in practice or whether it would offer a credible deterrent. This report outlines three possible pathways to shore up Europe's defences: a more European NATO; a new European multilateralism; and EU-led defence cooperation.

The report argues that European policymakers are at present in no position to discard any of these options. But given the lack of viable alternatives to NATO as well as dependencies on American arms manufacturers, software and strategic enablers until at least the end of the decade, the report recommends that Europeans continue with the Europeanisation of NATO as a matter of priority (Pathway 1). This would rebalance the transatlantic contribution to the Alliance and enable them to take it over if the US were to leave NATO. This effort should consist not just of Europeans gradually assuming leadership positions

from US generals and replacing American officers at lower levels. It should also entail reconstituting the 'Eurogroup' for political coordination within the Alliance. A geographical redistribution of joint command centres should be explored so they could be led and operated by European allies should the US decide to be less or no longer involved.

Pathway 2 – a new European multilateralism – provides additional means for preparation and action by subsets of allies should the US, or any other ally, render NATO dysfunctional from within, for example by slow-rolling or blocking political decision-making or frustrating operational command in an Article 5 situation. Europeans should already be taking steps to strengthen, connect and consolidate existing minilateral arrangements for security and considering how they could be knitted together into a more coherent whole.

Enhanced minilateralism should include a political consultation and decision-making body akin to NATO's North Atlantic Council, such as a European Security Council (ESC), to enable a coalition of the willing to act[1]. Such an ESC should include the secretary general of NATO and presidents of the European Council and Commission, each acting within their own prerogatives. This ESC would have to be supported by the appropriate command structures, operational capacities and dedicated budget. Placing such a body for European security on the footing of an intergovernmental agreement would connect decision-making to a national democratic backstop that works for a membership of both militarily powerful and less powerful European states.

Pathway 3 concerns EU-led defence cooperation. In terms of capability development, the EU has a comparative advantage in supporting not just those 23 Member States allied to NATO, but also its associated, candidate and like-minded countries (e.g. Norway, Ukraine and the UK) in translating defence spending targets into concrete investments and deployable military assets. Obstacles preventing NATO and the EU from creating maximum synergies in capability development should be removed. Furthermore, NATO should share the necessary information with the corresponding EU structures.

For its part, the EU should rebalance defence industrial relationships with the UK and other non-EU members of NATO to serve mutual strategic interests. This entails, among others, opening up the EU's loan instrument, Security for Action in Europe (SAFE), to a wider group of like-minded countries, such as the UK, to finance priority capabilities; accelerating the integration of Ukraine's defence industry into the single market; and instilling more reciprocity in the transatlantic industrial alliance.

[1] Discussion of the idea of a European Security Council among core members of the Task Force revealed differences of opinion. The proposal is supported by CEPS, Clingendael and IEP/Bocconi but not by RUSI.

EU Treaty reform is not on the cards anytime soon. Progress towards a genuine European Defence Union will therefore be incremental and partial. Priority should nevertheless be given to operationalising the EU's mutual defence clause within the present institutional configuration. Existing command structures and EU force packages should be readied accordingly to supplement tasks performed by national armies.

POLICY RECOMMENDATIONS

Keep the US close, while swiftly reducing dependencies, to protect the European theatre.

- **Invest in transatlantic diplomacy.** As Europe assumes greater responsibility for collective security across the continent, sustained investment in transatlantic diplomacy will be essential to prevent differences in priorities from further undermining the Alliance and endangering the Ukrainian war effort.
- **Put contingency plans in place.** Given the unpredictability of American politics, Europeans should prepare for all eventualities. They should keep the door open for a potential future change of course towards more American involvement. At the same time, the complex global landscape forces European NATO allies to put contingency plans in place for scenarios where the US might disengage from the Alliance or frustrate its decision-making and operations.

Pathway 1: a more European NATO

- **Work to keep the US engaged in NATO in the most critical areas while simultaneously building a more European NATO.**
- **Stick to the NATO capability targets and defence plans** to reach full deterrence in 2035. Spend 3.5% of GDP on military budgets, yet review and revise these targets and plans if the US decides to phase out faster.
- **Europeanise NATO's command structures.** To build a stronger Europe, NATO should continue to review its command structure to align with the current threat landscape. It should promote greater European leadership, resourcing and, in extremis, an ability to execute the regional plans with minimal or no US support.
    - Building on recent decisions, European military leaders should **assume leadership** from one- to four-star US generals and shape command structures so that they can better work for Europeans if the US chooses not to be heavily involved. Much more needs to be done at the lower levels, where European allies need to take over many positions currently held by US staff officers as well. To sustain US military engagement in Europe (land forces in particular) and preserve the credibility of US extended nuclear deterrence and critical enablers, the position of the Supreme Allied Commander Europe should ideally remain held by a US military officer for the foreseeable future. Sufficient time will be needed for European allies to develop the conventional capabilities and strategic enablers to hold their own.

- **Reconstitute a Eurogroup within NATO.** A permanent mechanism for political coordination among European allies, fully transparent to the rest of the Alliance, would enable long-term dialogue on strategic matters. These include joint capability development and task specialisation in support of NATO capability targets, and the organisation of military posture in regional groupings of European NATO countries (e.g. on the eastern flank, in the Arctic and the Mediterranean).

- **Shorten geographical distances and time differences between joint command centres and regional theatres.** Increase capacities for land command in Finland and shift responsibility for NATO's eastern flank from the joint force command (JFC) in Brunssum in the Netherlands to a new land command in Poland. Set up a European NATO headquarters at JFC Brunssum to plan and conduct European-led NATO operations, fully transparent and in coordination with Supreme Headquarters Allied Powers Europe.

- **Deepen NATO–EU cooperation** in ways that capitalise on the comparative strengths of each institution and ensure close coordination rather than competition. The EU has a comparative advantage in supporting member, associated, candidate and like-minded countries in turning defence spending targets into concrete (joint) investments. Obstacles preventing NATO and the EU from creating maximum synergies should be removed. In the area of capability development, NATO needs to share more information with the corresponding EU structures (such as the European Defence Agency and European Commission). For its part, the EU needs to accept like-minded countries like the UK as equal partners and keep participation fees in financial instruments (cf. SAFE) to a minimum.

Pathway 2: a new European multilateralism

- **Map and layer existing security arrangements**. European states should put contingency plans in place for scenarios where the US or any other ally renders NATO dysfunctional. A core group of able, willing and trusted European states should waste no time in mapping, layering, connecting and consolidating minilateral arrangements that leverage today's most capable and functional minilateral groupings for regional security. This effort should aim at enhancing their intelligence sharing, planning, command and control, operational abilities and defence procurement, and at adding to security guarantees. In regions or domains where an effective minilateral does not yet exist, consideration should be

given to which country might act as a framework nation for organising one. At a minimum, there should be one minilateral for each NATO regional plan.

- Establish a mechanism for political consultation and decision-making such as a European Security Council, which is not subject to unanimity in the North Atlantic Council. A new pillar for European security requires a body that has the authority and legitimacy to offer strategic direction and political control in cases when the North Atlantic Council is obstructed. This could take the form of a coalition-of-the-willing construct whereby an existing political grouping such as the E3 (France, Germany and the UK) or the Northern Group is expanded and empowered to authorise an operation subject to unanimity among its members. The NATO secretary general and presidents of the European Commission and European Council, each acting within the realm of their prerogatives, would be members. The ESC would be based on an intergovernmental agreement that gives its membership decision-making procedures anchored in a national democratic backstop.

- Organise NATO-compatible support structures. Regional minilateral groupings should be supported by NATO-compatible command structures inspired by or incorporating existing headquarters, possibly including Eurocorps and the European Air Transport Command. As these partnerships evolve, members might opt for a dedicated military budget or establishment of a multinational defence force. The latter could consist of troops for high-intensity combat operations drawn from a coalition of the willing, like that for Ukraine, the German–Netherlands Army Corps, an upgraded Joint Expeditionary Force, and/or any other bi- or plurilateral standing force package. Once Russia's war of aggression ends, Ukraine should be invited to join this force. To raise their level of readiness and integration, able and willing states might also agree on joint procurement and production arrangements.

Pathway 3: EU-led defence cooperation

- Operationalise the EU mutual defence clause. The European Parliament's resolutions of 2012 and 2026 on implementation of Article 42(7) TEU provide a good basis for doing this and also for connecting to initiatives being developed to put into effect the internal solidarity clause. In this vein, the upcoming European Security Strategy should go beyond the 2022 Strategic Compass. Within the current legal and institutional framework, it would be useful to flesh out the obligation of aid and assistance by clarifying that Member States will assist the victim of armed aggression by action which restores security and deterrence in the EU area. The present command structures of the EU should be readied

accordingly. A consultation and decision-making process should be put in place to allow like-minded non-EU countries to offer aid and assistance by any means within their power.

- Rebalance the EU's defence industrial relationships to serve mutual strategic interests. This entails, among others, opening the SAFE loan instrument to a wider group of like-minded countries; investing in and sourcing from Ukraine's defence industry, accelerating its integration into the single market; and instilling more reciprocity in the transatlantic industrial alliance. Beyond the EU's four initial flagship projects (Eastern Flank Watch, the drone initiative, air shield and space shield), the focus should be on upscaling the production of deep precision strike capabilities, as well as on cloud computing to allow for greater data-sharing between Europe's militaries.

- Upgrade designated EU force packages. The integration of the European Drone Defence Initiative for the Eastern Flank Watch into the operations of the European Border and Coast Guard Agency (Frontex) provides an opportunity for protecting the EU's external borders against hybrid attacks and interdicting Russia's shadow fleet. The EU's Rapid Deployment Capacity and the Cyber Rapid Response Teams should be trained and equipped to provide supplementary services to the national armed forces of Member States.

More Europe in defence

Three Pathways

A MORE EUROPEAN NATO

Strengthening Europe's leadership, coordination, and operational role within NATO to rebalance transatlantic responsibilities and ensure the Alliance can function effectively even with reduced U.S. involvement.

A NEW EUROPEAN MULTILATERALISM

Strengthening and connecting European minilateral security arrangements into a more coherent framework, potentially centred on a European Security Council, to enable coalitions of willing states to act effectively if NATO becomes politically or operationally blocked.

EU-LED DEFENCE COOPERATION

Leveraging the EU's strengths to coordinate defence investment, strengthen industrial cooperation, and develop joint capabilities, while deepening collaboration with partners like the UK and Ukraine, to gradually build a more integrated European defence capacity.

POLICY RECOMMENDATIONS

- Work to keep the US engaged in NATO in the most critical areas
- Meet NATO defence targets by 2035 and adapt plans if US support declines faster
- Establish a Eurogroup within NATO: a permanent mechanism for political coordination among European allies
- Increase European leadership in NATO command structures
- Shorten distances between joint command centres and regional theatres
- Remove obstacles preventing NATO and the EU from creating maximum synergies

POLICY RECOMMENDATIONS

- Construct a European security pillar from the bottom up and the top down
- Map, layer and connect regional defence and intelligence partnerships across Europe
- Create a mechanism for political consultation and decision-making such as a European Security Council
- Strengthen NATO-compatible European command structures, force packages and joint procurement
- Base this new structure for defence cooperation on an intergovernmental agreement

POLICY RECOMMENDATIONS

- Operationalise the EU mutual defence clause with clearer coordination lines and command readiness
- Clarify that Member States will assist the victim of armed aggression by action which restores security and deterrence in the EU area
- Design a larger SAFE 2.0 loan instrument with stricter conditions on cross-border procurement, open to a wider group of like-minded countries, esp. the UK
- Rebalance EU industrial relationships by integrating Ukraine into the single market for defence and insisting on stronger reciprocity with the US

1. THE THREAT LANDSCAPE

1.1. RUSSIA AND ITS SUPPORTERS: HOW TO MANAGE A MANIFOLD THREAT?

The Russian Federation poses both a short- and long-term threat to Europe. Through invasions of Georgia and Ukraine, its presence on the territory of Moldova and de facto control of Belarus, Russia has shown willingness and ability to deploy military force to achieve its political objectives. It is striving to regain dominance over Central and Eastern Europe and to restore a Yalta-style European order[2]. In the Russian threat perception, NATO is an adversary that Russia is to some extent already at war with and should be weakened as much as possible.

Russia's wartime economy is running in overdrive but is showing signs of strain. Hit by Western sanctions, it is being propped up by China, which is buying its energy, providing an alternative to the US dollar and replacing Western supplies – from electronics and other dual-use goods to manufacturing parts for weapons. President Vladimir Putin is spending roughly half his country's budget on the military (SIPRI, 2025; BND, 2026). Russia's ailing economy has failed to recover even though rising oil revenues resulting from the US–Israeli war against Iran have provided the Kremlin with some relief.

Still, the Russian threat should not be overstated: Russia knows it lacks the conventional military might, economic breadth and scale, and industrial base to fight and win simultaneous wars with Ukraine and a unified NATO. However, helped by China, North Korea and others, it may believe that a 'window of vulnerability' is opening through delayed European rearmament, combined with an early or uncoordinated withdrawal of American assets from the continent to engage in other theatres. (In Iran, for instance, the US has already used a significant proportion of precision missiles and air defence, which will take years to restock.) This could offer an opportunity to further undermine the Alliance. Several European military intelligence agencies (e.g. Germany and Denmark) have warned that Russia could test Europe's readiness to defend itself by 2030 or even earlier, depending on when and how the war in Ukraine ends.

Whether or not a kinetic attack occurs in the next three to four years, it is highly likely that Russia will continue to use a combination of hybrid aggression (e.g. disinformation campaigns, cyber-attacks, political interference and sabotage) and limited incursions to exploit the domestic vulnerabilities of NATO allies. This low-risk high-reward approach poses a threat to the entire continent and may destabilise collective security arrangements, especially in scenarios involving limited incursions that fail to trigger a sufficient collective response. In September 2025, NATO's struggle to come up with a unified and resolute response to the drones – in all likelihood Russian – that violated the

[2] See the Draft documents on legal security guarantees from the United States and NATO, 2021.

airspace of Poland, Romania, Germany and seven Nordic–Baltic countries underlined the urgency of a reflection on Europe's own role within the Alliance.

European countries have declared their security to be inextricably linked to Ukraine's and have invested significant resources to support Ukraine, but their 'whatever it takes' rhetoric comes with political and economic limitations. Europe sees Ukraine as its own first line of defence and knows that if Kyiv loses the war with Russia, this will strengthen and embolden the Kremlin, thereby further threatening their security. Europe is better off deterring Russia together with the sizeable and courageous Ukrainian military than without it.

But in light of the window of vulnerability, Europe also seeks to minimise the risk of a direct military confrontation with the Russian Federation without an American backstop. Hard security guarantees to Ukraine could be tested by Russia and could drag Europe into a war it is not ready to fight. European military and economic assistance to Ukraine will be needed for years to come. Inversely, the battle-hardened armed forces and inventive engineers of Ukraine offer Europe an enormous potential to strengthen its own military-industrial base and strategic depth.

1.2. THE UNITED STATES: A TRUSTWORTHY ALLY?

During the first year of President Donald Trump's second administration, the decades-old debate on the role of a European pillar within NATO rose to the top of the agenda. Ahead of and during the June 2025 NATO summit at The Hague, European allies and NATO Secretary General Mark Rutte undertook extensive diplomatic efforts to engage with Washington and to understand US intent towards its role in NATO. European leaders then scrambled to respond to the US–Russia summit in Alaska, amid the risk of it dictating the terms for an end of the war in Ukraine, and to secure a seat at the negotiating table going forward.

Greater clarity on US intent emerged with the publication of the US National Security Strategy in November 2025 and the National Defense Strategy in January 2026. While the two documents contained mixed signals on the threat from China and Russia, both were clear that the US expects European allies to take primary responsibility for conventional defence in Europe, even as the US continued its commitment to NATO and to extended nuclear deterrence in Europe. In asserting a 'Trump corollary' to the 1823 Monroe doctrine for the Western Hemisphere, the document broke new ground by providing executive licence for intervention elsewhere in the Americas and by implicitly confirming President Trump's consistent messaging since 2019 that the US should acquire the territory of Greenland.

Buoyed by the spectacular operation of removing Nicolas Maduro from the Venezuelan presidential seat in the early days of 2026, the US president renewed pressure on

Copenhagen. He reiterated his long-standing demands that Denmark sell Greenland to the US and indicated that the use of military force could not be ruled out if it declined. This sparked the biggest crisis in the transatlantic relationship for decades, shaking the very foundations on which NATO is built: respect for members' sovereignty and the principle that collective security is achieved through cooperation rather than coercion among allies.

Even if President Trump has since pivoted away from military intervention towards a NATO-brokered arrangement on Greenland, the crisis shattered trust and left NATO and the EU compromised. European allies have struggled to work out whether the US president's pressure campaign to take over the Arctic territory is truly finished. In his address at the 2026 World Economic Forum in Davos, President Trump tied European compliance on Greenland to the future of NATO: 'You need ownership to defend something. You can't defend it on a lease.'

This feeling of insecurity was reignited in April 2026 by President Trump's demands that allies join the US–Israeli war against Iran by helping to secure commercial shipping through the Strait of Hormuz or else face a 'very bad future' for NATO. Europe's initial collective refusal to be drawn into the conflict was as striking as it was short-lived. When President Trump upped the stridency and threatening nature of his long-standing complaints, suggesting that he is 'absolutely' considering withdrawing the US from the 'paper tiger' Alliance[3], some European states offered various forms of support.

Whether intended as political rhetoric, negotiation tactics or concrete policy proposals, the pronouncements by the US president and his team have created uncertainty and unease among European allies.

1.3. NATO'S ARTICLE 5: IRONCLAD OR BRITTLE BRONZE?

The Trump administration's recurrent questioning of the value of European allies and of NATO has undermined belief in the collective defence of Europe. Fears about a substantially different interpretation by Washington of NATO's Article 5 were confirmed when President Trump linked allies' commitment to spending 5% of GDP with US willingness to come to their defence. US security guarantees have become conditional, transactional and potentially unreliable. This fundamentally erodes the psychology of deterrence embedded in Article 5.

The credibility of deterrence rests on the shared belief that an attack on one ally will reliably trigger a unified and timely military response from all, especially the US. This belief is sustained by political cohesion, forward-deployed forces, integrated command

[3] A full withdrawal of the US from NATO needs an unlikely two-thirds majority in the US Senate.

structures and a demonstrated willingness to bear costs in defence of the Alliance. Changes in any of these weakens deterrence. Deterrence is most brittle when it is inconsistently applied and unevenly signalled. It introduces doubt in the minds of adversaries about whether collective defence commitments will be honoured. Such ambiguity increases the risk of miscalculation and invites probing or incremental aggression that tests NATO's resolve, as seen in Russia's hybrid war against European allies.

Amid the uncertainty surrounding the impending review of force posture by the US, expectations of Europe taking primary responsibility for its own conventional defence and calls by the Trump administration to return NATO to 'factory settings' are leading Europe to operate under the assumption that, sooner or later, it will have to bear the chief burden of its collective defence. Indeed, it would be an abdication of duty *not* to have contingency plans in place for scenarios where the US scales down its presence in Europe, pulls out of NATO, sits out in a crisis, or displays more predatory behaviour towards allies. Such contingency planning is the only responsible, sound way to reduce Europe's exposure to these risks.

Nevertheless, as long as there is a belief in European capitals that careful diplomacy and US domestic opposition can keep President Trump's anti-NATO instincts in check, that democracy in the US can rebound and that there remains near-term hope of a change in administration and a shift in US policy towards Europe, it is not in the European allies' interest to unravel NATO or declare it finished. Europeans also know that they face their own divisions in Europe, and that a unified, credible response to aggression by an adversary such as Russia is not a given.

Seen through this prism, it is not surprising that Europeans have been insistent that the US remains an indispensable ally within NATO and are still reluctant to contemplate a world in which this is no longer the case. When options are limited, selectivity is a luxury. For the foreseeable future, allies remain largely dependent on American leadership, command and control, industry, and strategic enablers (see the next section). It is thus in Europe's immediate security interest to simultaneously keep the US close and swiftly reduce any overdependencies.

A far stronger and autonomous European defence is no longer a matter of ambition or prestige – it is a necessity that, done properly, will give Europe more agency and make it a better partner for the US. The old order, based on a benign US and a dependent, free-riding Europe, has been 'ruptured'. 'There can be no return to the comforts of asymmetric reliance' on a single ally. It is therefore incumbent on other members of NATO to cooperate and guarantee their own collective security.

2. LEVEL OF PREPAREDNESS

2.1. A SURGE IN DEFENCE SPENDING

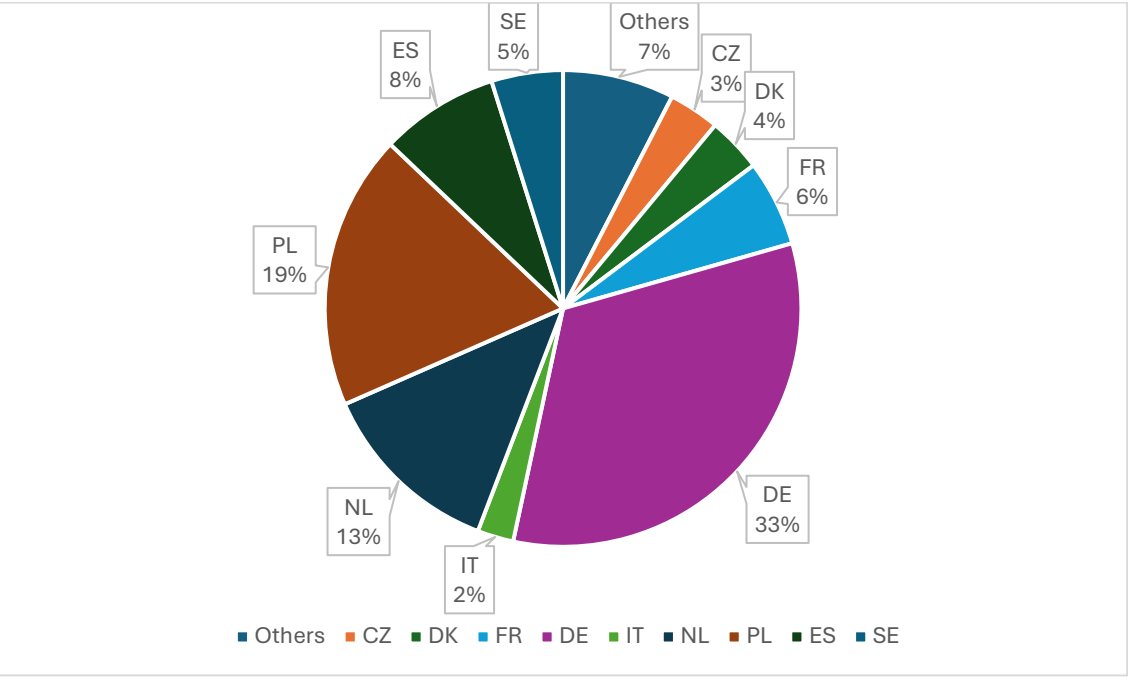
As governments have responded to heightened threat perceptions, defence spending in Europe has risen sharply, notably since Russia's full-scale invasion of Ukraine. Combined outlays by EU Member States have shot up from close to EUR 234 billion in 2020 to EUR 381 billion in 2025 (estimated) – a near 63% rise in current terms. UK defence spending rose from about EUR 52.5 billion in 2020 to around EUR 76.7 billion in 2025 (estimated), representing a roughly 46% increase over the period.

Discounting for inflation, these increases are less impressive, but still marked (from 1.5 to 2.1% of GDP in 2025). Moreover, investment (equipment plus research, development and technology) has doubled since 2022, amounting to about EUR 100 billion in 2024, or around 30% of total defence spending. These figures also imply that half the growth in military spending was devoted to equipment. This should not be surprising given that past expenditure on equipment had been below NATO targets and European allies have transferred some of their stockpiles and (mostly older) equipment to Ukraine. Equipment is thus likely to dominate the ongoing hike in defence spending, as in the short run it is easier to augment orders for new tanks, artillery or ammunition than to find thousands of new soldiers. In terms of spending on equipment, European NATO members already spend a similar share of GDP as they did during the 1980s[4].

So far, the overall surge is not evenly distributed. According to data published by the European Defence Agency, three countries (Germany, the Netherlands and Poland) together account for about two thirds of the EU's total increase in investment spending (see Figure 1). Nordic countries are also important relative to their weights in the EU economy. The German share might rise further given the boost planned for the next few years. By contrast, southern Member States have so far added very little to their defence investment spending, with the partial exception of Spain.

[4] See the CEPS Explainer accompanying this Task Force report: Gros, D. (2026), *Mind the gap: the economics of more Europe in defence,* CEPS, Brussels.

Figure 1. Share of the increase in total EU defence investment (2022-24)



Source: European Defence Agency.

Germany's relaxation of its constitutional debt brake and loosening of fiscal rules allow Berlin to borrow hundreds of billions for defence and infrastructure investment. Given Germany's economic heft and the focus of its armed forces on territorial defence, this sea change in fiscal policy could enable the country to become the bedrock of European security and defence.

Data on military expenditure is always subject to some margin of error given the different definitions adopted by different organisations.

Based on the NATO *Secretary General's Annual Report* published in March 2026, all NATO allies are now spending 2% or more of GDP on defence. Furthermore, almost all NATO allies are meeting or exceeding the long-standing pledge to devote at least 20% of defence expenditures to major equipment (a narrower category than investment). European allies and Canada raised their defence spending by 20% in 2025 compared with 2024, a significant step forward. This confirms a positive trend in expenditure on equipment and the predominance of Germany, Poland and the Nordic states. While Poland has been responsible for a large share of the increase over the last few years, Polish spending in absolute terms (USD 44 million) is still about a third of that of Germany (USD 120 million). France comes in at USD 69 million. The NATO report also provides figures for the UK (USD 92 million), Turkey (USD 36 million) and Norway (USD 16.5 million), which are not covered by the European Defence Agency.

The composition and uneven distribution of the build-up in military spending, especially on equipment expenditure, also imply an uneven distribution of the demand impulse. One would expect an upturn in equipment expenditure to have a stronger impact on demand than an increase in personnel or operational expenditure because equipment expenditure, especially if it can be expected to continue, will lead to more investment by the armament producers.

2.2. MIND THE GAP

Funding is only a means to an end, not an end in itself. Despite the sudden jump in spending, investments do not translate directly into meaningful fighting power. European nations – individually and collectively – face multiple gaps in military capability. These stem from historic and enduring over-reliance on the US, underinvestment in core capabilities, a post-Cold War focus on expeditionary operations and poor procurement practices. More than four years since Russia's full-scale invasion of Ukraine, European allies continue to face critical deficiencies in key areas such as intelligence, surveillance and reconnaissance (ISR), long-range precision strikes, integrated air and missile defence for both high- and low-tier threats, logistics and mobility.

Recent planning exercises and assessments have also revealed systemic shortfalls in the mass and readiness of available forces. European armies currently lack the scale, depth and readiness needed to sustain high-intensity warfare. Many units remain under-manned, under-equipped and insufficiently prepared for rapid deployment and sustained operations. Moreover, force regeneration plans with reserves, essential for replacing frontline losses, have largely been neglected since the Cold War and have yet to be re-established.

Without swift progress in closing these gaps, Europe will continue to be heavily reliant on the US for ready force and crucial enabling systems – dependencies that ultimately tie the continent's security to Washington's political will and strategic priorities. A recent report suggests that it might take 10 to 12 years for Europe to replace vital US military capabilities[5].

To be clear, this is not about being able to fully substitute the US, which is not realistic, even in the long term, but primarily about taking steps in the direction of being able to autonomously deter Russia.

[5] See Röhl, K. and Bardt, H. (2025), *Mehr Verteidigung mit weniger USA? Geld-, Personal- und Zeitprobleme als sicherheitspolitische Herausforderungen für die deutsche Verteidigungsindustrie*, IW-Policy Paper No 7/2025, Institut der deutschen Wirtschaft, Köln, April.

There are many challenges for Europeans in addressing these deficits, including disagreements on the requirements and timeframes for readiness, a lack of defence industrial capacity and promotion of national champions over pan-European efforts. Yet, with NATO allies agreeing to a new defence spending target of 3.5% on hard military capabilities by 2035, and an additional 1.5% on defence-related expenditures, the finances are – at least in theory – in positive shape. The imperative is to make the most of the available funds to build European deterrence and defence against Russia.

2.3. CAPABILITY SHORTFALLS …

The gaps in European military assets are comprehensive and can be grouped into three categories: nuclear, enabling and combat capabilities.

2.3.1. Nuclear deterrence

The shortfalls in the European nuclear arsenal are the most obvious. Credible nuclear deterrence remains reliant on US assets, with only France and the UK possessing independent nuclear arsenals. Most European allies depend entirely on NATO's extended deterrence as underpinned by the US, creating a structural imbalance between Europe's conventional strength and its nuclear autonomy.

Measures to extend UK and French nuclear deterrence to the continent are being explored. The July 2025 Northwood Declaration and establishment of a UK–France Nuclear Steering Group will allow for better coordination of European nuclear policy, planning and posture. It will also help strengthen what Paris has referred to as the 'European dimension' of its nuclear deterrent, while enabling France to maintain the separation from NATO's nuclear planning, which is critical to the independence of its nuclear deterrent. While the British nuclear deterrent is committed to NATO and the UK engages in joint nuclear planning with NATO allies, France's nuclear deterrent sits strictly outside NATO frameworks. The UK–France agreement is a precursor to a broader conversation on extending their deterrents across Europe – and sharing the cost, which amounts to a growing portion of British and French defence budgets.

President Emmanuel Macron recently announced a strategic dialogue with Chancellor Friedrich Merz and other European leaders to discuss how France can 're-articulate nuclear deterrence' within its constitutionally enshrined national doctrine. The dialogue would include 'special cooperation, common exercises, and common security interests with some key countries', including Sweden. While this formula does not currently suggest international governance of the *force de frappe*, it nevertheless makes sense to have these conversations among EU Member States to de-risk more than the Anglo–American

extended nuclear deterrence would be able to achieve. The dialogue could also shortcut discussions about the need for national nuclear proliferation[6].

2.3.2. Strategic enablers

The US provides many of the enabling military capabilities in Europe. Some enablers are expensive to procure and maintain, and in many cases European industry cannot offer credible alternatives in the near term.

Intelligence, surveillance and reconnaissance. There has been a persistent ISR capability gap in Europe, especially in the north, where the Russian threat is most significant. Furthermore, the growth of space-based ISR has increased the disparity, with the US outspending Europe.

Logistics and mobility. In air-to-air refuelling, Europe has the required technology but would need to spend considerably more to level up with the US, although this is less relevant when operations are confined to the European theatre. Despite sustained efforts to increase military mobility through permanent structured cooperation among 24 EU Member States, the US, Canada, Norway, Switzerland and the UK, the ability to move troops and equipment rapidly across Europe remains constrained without the US. According to one 2025 estimate, a EUR 70 billion investment is still required to adapt transport infrastructure (air, rail, road and sea) for rapid movement.

Research and development. The overall transatlantic difference in technological abilities is the result of decades of under-spending on military R&D. OECD data show that over recent decades, US military R&D spending has been more than 10 times higher than the European total. In 2024 (the latest available data), the US spent about USD 100 billion on advancing military systems, against less than USD 10 billion by Europe. European high-tech capabilities will continue to lag the US as long as this gap remains. This is an area where common efforts should focus. But the EU's contribution to European military R&D, at about EUR 1 billion annually, is much too small to move the needle.

2.3.3. High-intensity combat capabilities

Deep precision strike. The war in Ukraine has demonstrated Russian vulnerabilities to deep precision strike. With enhanced organic capabilities, Europeans would be able to threaten Russian political and military centres of gravity, strengthen deterrence and target Russian bombers before they launch, protecting European cities. Europeans have a variety of deep precision strike weapons under development to extend the range (1 000 km+ to match

[6] See Bunde, T., Davis, J.W., Major, C. et al. (2026), *Mind the Deterrent Gap: Assessing Europe's Nuclear Options*, Report of the Nuclear Study Group, February.

the US Tomahawk) and abilities of current capabilities (Stormshadow/SCALP and TAURUS). But these are fragmented, with too many concurrent projects and programmes, and they lack the industrial scale required. The recent US announcement that it will no longer deploy a Long-Range Fires Battalion to Germany in 2026 as planned further undermines deterrence and increases the urgency of Europeans developing their own deep precision strike option.

Integrated air and missile defence (IAMD), including counter-drone systems. NATO's plans to quadruple Alliance air and missile defence systems constitute a challenging target, not only for European allies but also for the US. The need to continue providing Ukraine with air defence capabilities and replenish interceptors, coupled with the IAMD needs of the US–Israeli campaign against Iran (which has consumed vast quantities of air defence interceptors that were already in short supply), compounds this challenge. While European munitions and systems exist (e.g. IRIS-T, SAMP/T and NASAMS), the production of such alternatives – especially to US Patriots in order to counter ballistic and advanced cruise missile threats – is not yet happening at sufficient scale to meet ever rising demand.

Ammunition. With the US reducing its support for Ukraine, Europeans now provide more assistance, but the increased demand is drawing away from valiant efforts to replenish stockpiles.

Personnel and readiness. Most European militaries are facing a dual recruitment and retention crisis. For example, Germany has the ambition to create 'the strongest conventional army in Europe'. To do so, the Bundeswehr needs to reach 260 000 troops by 2035, from approximately 180 000 today. The goal of 80 000 additional professional troops with multi-year contracts should not be too difficult to attain, given annual cohorts of 600 000 or 300 000 personnel. Increasing the pool of reservists to the target of 200 000 will be harder. This is one of the reasons for the 'soft conscription' in the form of mandatory registration and tracking recently implemented in Germany. Some form of conscription model is likely to be adopted by other countries as well.

2.4. … AND CHALLENGES THAT EUROPEAN STATES FACE IN BRIDGING THEM

Time. European assessments vary on when Russia will be able to recapitalise its military and thus pose a threat to the continent, ranging from three to seven years. Confidence in these assessments will drive the prioritisation of which capability gaps to address first and the technology mix required. To meet NATO defence spending targets by 2035, many countries are backloading their increases instead of frontloading them. Meanwhile, Germany is committed to reaching the 3.5% spending target by 2027.

Requirements and technology. It is at present very difficult to estimate the hardware requirements even a few years ahead. Tactical adaption cycles in Ukraine are between six

and eight weeks; hence, it is problematic for Europeans to set requirements for capabilities that usually take years to develop and procure, possibly making them obsolete on delivery. What is more, European militaries already technologically overmatch many Russian capabilities, and so must balance increasing volume with increasing technology.

Support for Ukraine. Maintaining and increasing support for Ukraine creates an additional demand point for the European defence industry, which will reduce the ability to replenish stockpiles. Inversely, cooperation with the rapidly expanding and innovative Ukrainian defence industry might help Europe to strengthen its own capabilities and adopt new ways of fighting in its plans. A revamped Security for Action in Europe instrument – SAFE 2.0 – could be a game changer in this respect (see Pathway 3, below).

'Juste retour' and the European defence market. With so much cash flowing into defence, and growth being a domestic political imperative, countries are incentivised to promote national champions, which hinders pan-European procurement. Even though European countries know at a rational level that it is inefficient and outright wasteful to direct their defence expenditure to their national industries, and often declare that they should combine their financial power, the *juste retour* reflex nonetheless remains strong. Elected politicians will understandably always prefer to direct resources first and chiefly to their own constituencies. But inefficient and fragmented defence expenditure weakens the overarching aim of a stronger and more secure Europe. As the defence industrial pie grows, so do the vested interests of national industries – along with the need to change a fundamentally flawed system.

Overall, it seems that rapid progress can be made in low- to middle-tech areas where Europe has industrial strengths. The production of ammunition has quickly scaled up. Yet progress in high-tech fields like space and anti-missile defence require more time and collective solutions due to their cost and complexity.

The good news is that there is broad public support for European countries to take more responsibility for their own security, including in financial terms. Across the continent, most NATO allies have steadily increased their investment in defence. Although it would require political leadership and will, as well as difficult trade-offs in some countries, Europe has the economic might to rapidly strengthen its military and develop a competitive defence industry. Ultimately, the key problem is not so much whether enough money will be available, but how it will be spent in ways that close capability gaps and create more cohesive, usable European forces and capabilities.

3. PROGRESSIVE PATHWAYS TOWARDS ENHANCING EUROPEAN DEFENCE

As indicated above, Europe does not need answers to the question of *what* needs to be done. It needs to find the ways and means of *how* to go about it: how to ensure credible European deterrence and bolster Ukraine's ability to defend itself? How to improve European strategic autonomy and reduce its dependencies on the US? How to fortify the European defence pillar without precipitating the very decoupling from the US that Europe is trying to prevent? And how to reduce fragmentation of the European defence industry and increase the efficiency of European defence expenditures?

This report offers three pathways to gradually close the window of vulnerability and bolster Europe's ability to defend and deter. In a scenario where transatlantic relations and cooperation within NATO remains more or less as they are, i.e. tense and with American burden-shifting onto Europe, European allies would be best advised to keep the US close and engage it within the Alliance framework, while simultaneously building a more European NATO (**Pathway 1**). Conceptually speaking, this pathway could continue until the Europeanisation of NATO is nearly complete.

In a more demanding scenario where the US or another ally blocks political decision-making or frustrates operational command in an hour of need, allies and their partners would have to rely on relationships outside NATO. Such an approach would consist of core groups of able, willing and trusted states working together to enhance and connect existing minilateral arrangements for security to their mutual benefit (**Pathway 2**). This could be done by linking current groupings for regional security from the bottom up in a functional and complementary fashion, or by taking a top-down approach led by some form of political core group like an expanded E3. Enhanced minilateralism should include a political consultation and decision-making body akin to NATO's North Atlantic Council, such as a European Security Council (ESC), to enable a coalition of the willing to act. A majority of Task Force members suggested that this ESC be fitted with NATO-compatible command structures to deploy multinational forces, and placed on the footing of an intergovernmental agreement to give it a more permanent and institutionalised character.

The EU provides a viable channel for Member States and like-minded countries to beef up their defence capabilities in a joined-up manner, reducing inefficiencies and unnecessary duplications in the procurement and production of arms and weapon systems (**Pathway 3**). Apart from its potential to be a financial and economic enabler, the EU is ideally suited to improving the civilian defence readiness of its Member States. It also has structures to plan and conduct external civilian and non-executive military missions. Building up the capabilities and mandate of those structures to carry out high-intensity warfare, in particular for territorial defence, nonetheless remains contingent on unanimity among Member States on treaty reform, which is unlikely to materialise anytime soon.

3.1. PATHWAY 1: A MORE EUROPEAN NATO

Among NATO's most valuable assets are its structures for political consultation and decision-making, integrated planning mechanism, and command and control. Together, these provide a permanent, integrated framework for political decision-making and planning, and for conducting heavy-duty multinational military operations that no single European country, or the EU for that matter, could replicate alone. It enables shared situational awareness, standardised procedures and interoperable forces, allowing diverse national militaries to operate effectively under unified leadership during crises or collective defence missions. The framework also anchors US engagement in European security, reinforcing deterrence through transatlantic command arrangements while distributing responsibilities and expertise across the Alliance. For many European states – especially smaller and/or frontline allies – it offers access to advanced planning capabilities, intelligence integration and operational experience that shore up both national defence and collective resilience.

To date, allied command structures have been heavily reliant on the US. The US has held four-star leadership of one of NATO's two strategic commands, two of the three joint force commands (JFCs), and now leads all three component commands (air, land and maritime). To sustain US military engagement in Europe and preserve the credibility of US extended nuclear deterrence, the position of the Supreme Allied Commander Europe (SACEUR) should continue to be held by a US military officer.

However, the US is reducing four-star and other flag officers across the Pentagon. This measure is already impacting NATO commands, not only at the four-star level, but also and especially at the one- to three-star level in the directorates for intelligence (J2), operations (J3) and plans (J5).

As Europe takes on more responsibility for its own defence, European military leaders should assume more command of some of these positions and shape the structures so that they can still function if the US chooses not to be heavily involved. This entails a broader revision of the operational command structure than the planned replacement of American four-star generals by a British commander of JFC Norfolk and an Italian commander of JFC Naples. Revising existing flag-to-post arrangements to allocate added responsibilities to European allies is a welcome aspect of burden sharing[7]. Even so, greater emphasis should be put on expanding the geographical distribution of JFCs to

[7] According to a study published by the RAND Corporation at the beginning of 2025, the US carried 39% of the total burden (military aid, sanctions, etc.) of NATO. That number is expected to have gone down since then.

align with current threats and allow for greater European leadership with European contributions.

JFC Norfolk remains an important guarantor for maritime and Arctic security[8]. The recent extension of its area of responsibility to Denmark, Sweden and Finland should be accompanied by a significant increase in the capacity of the Mikkeli-based land command in Finland. In addition, responsibility for NATO's eastern flank – now held by JFC Brunssum in the Netherlands under a German or Polish four-star general – should shift to a command in Poland with senior representation from other Eastern European states[9]. At the same time, Brunssum should be designated as the European NATO command for the planning and conduct of European-led NATO operations, fully transparent and in coordination with SHAPE. A revision of the Berlin Plus arrangements could be envisaged to ensure more effective cooperation with EU-led operations. This would not be easy in light of tensions between NATO member Turkey and EU member Cyprus.

Apart from the Europeanisation of command structures, a strong European pillar within NATO would rest on common political positions, ensuring cohesion among European allies before engaging with the US. From 1968 to 1993, members of the NATO Eurogroup, created by the UK without treaty change, worked together to strengthen the European contribution to the Alliance, in support of more equal burden sharing. The Eurogroup advanced cooperation on, among other things, the harmonisation of defence procurement, standardisation of equipment, training and logistics[10].

Re-establishment of the Eurogroup or the creation of a similar forum would enable European allies to coordinate, on a permanent basis, their national positions, joint initiatives or plans for the Europeanisation of NATO. This is not about building an anti-American caucus. The focus of discussion would not be on areas of tension or conflict with the US, such as coordinating common positions on Greenland or the Gulf War. Instead, a political coordination mechanism like the Eurogroup would enable long-term dialogue on strategic matters, such as joint capability development or task specialisation in support of the NATO capability targets.

Another logical item for a Eurogroup agenda would be the organisation of defence planning and military posture in regional groupings of European NATO countries (e.g. Germany and Poland as focal points for the eastern flank, the Nordics with an eye on the

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[8] D. Ruiz Palmer and L. Simon, in their paper on *Rebalancing NATO's Command: European Operational Responsibility and Transatlantic Defence* (CSDS In-Depth Paper No. 22, January 2026) recommend that JFC Norfolk be relocated to Europe, with the UK as the most appropriate host.

[9] See also Hooker Jr., R.D. and Molot, M. (2025), *Building a Stronger Europe: A Companion to a New Transatlantic Bargain*, Belfer Center, Cambridge, MA, 12 February.

[10] See Tardy, T. (2024), 'Unpacking the European Pillar in NATO', *Future Europe Journal*, Issue 5, July.

Arctic region and southern allies with a view to the Mediterranean). A political coordination mechanism would also enable joint agenda preparation for NATO ministerial meetings and NATO summits, speeding up decision-making. This would strengthen the Alliance as a whole.

In parallel, NATO–EU cooperation should be deepened and reinforced in ways that capitalise on the comparative strengths of each institution and ensure close coordination rather than competition.

In terms of capability development, NATO plays a central coordinating role by setting out the military requirements that guide national defence planning across the Alliance. Through capability targets and the NATO Defence Planning Process, allies collectively assess threats, identify shortfalls and agree on priorities – from air and missile defence to logistics, cyber and high-readiness land forces. This process promotes interoperability and coherence by aligning national investment decisions with common operational needs, ensuring that European militaries develop forces that can operate together effectively under NATO command. NATO can also catalyse multinational cooperation by encouraging clusters of allies to pursue joint initiatives, such as pooled procurement, shared training or role specialisation, helping smaller states to contribute meaningfully to collective defence.

NATO's role remains primarily one of coordination and standard-setting rather than direct resourcing. The Alliance has only modest common funding mechanisms, mainly for shared infrastructure, command structures and limited joint capabilities. The vast majority of defence spending, procurement and force generation remains under national control. This means that progress ultimately depends on the political will, budgetary choices and industrial capacity of individual allies, which can lead to uneven implementation and persistent capability gaps. As a result, NATO must rely on persuasion, peer pressure and political consensus to drive capability development.

Through regulatory approximation and resourcing, the EU can be a force multiplier for the 23 allied Member States, helping to turn agreed targets into concrete investments and deployable military assets. The ramp-up in the production of 155mm artillery shells, facilitated through the EU's ASAP instrument, has set a positive precedent in this regard. It has the potential to be even more effective if non-EU allies (the UK, Turkey and Norway) are allowed to participate as associates in the EU's novel activities (see Pathway 3).

3.2. PATHWAY 2: A NEW EUROPEAN MULTILATERALISM

Amid growing doubt about US willingness to uphold NATO's Article 5 security guarantee and fears that Washington might block political decision-making or frustrate operational command within NATO, fallback options should be strengthened. A proverbial 'quick fix'

might consist of connecting and consolidating existing minilateral arrangements for security in the spheres of decision shaping, strategic enabling, command and operations. By working across specialised clusters – such as the E3, the Northern Group and the Nordic–Baltic 8 – various forces and capabilities could be oriented under a single strategic direction and form a strong pillar of European defence that acts outside NATO where it must and buttresses it where it can.

As a symptom of Europe's search for security amid geopolitical uncertainty, minilateral security arrangements have proliferated in recent years. A recently updated dataset captures over 160 bilateral and plurilateral defence arrangements that have been signed since 2014 between EU Member States, the UK and Ukraine. Most of these partnerships have emerged in the wake of Russia's full-scale invasion. About half of the 160-plus arrangements are comprehensive in nature; around 50 deal with procurement and industrial cooperation; 30 are operational; and 6 focus on cybersecurity[11].

Eurocorps and the European Air Transport Command (EATC) are prominent examples of voluntary arrangements that supplement those of the national armed forces. Eurocorps is a unique multinational headquarters – without troops – built around the Franco–German corps and based on the 2004 Treaty of Strasbourg, which is open to all EU Member States. So far, eight 'Framework Nations' have joined. Turkey is an 'Associated Nation', as Canada has been in the past. A two-year rotation plan allows each Framework Nation to occupy key positions within the Command Group. The 1993 SACEUR Agreement (amended in 2002) allows Eurocorps to be put under NATO command when needed and regulates the information exchange and training between the two partners in peacetime. The signature of a Letter of Intent between Eurocorps and the EU Military Staff on 18 January 2016 has also made Eurocorps available to the EU.

EATC is a single multinational command that evolved from the bilateral cooperation between France and Germany in the field of air transport. The ground rules for EATC were set in 2010 and aim at improving the effectiveness and efficiency of the military air transport efforts of seven participating EU Member States. EATC pools command over more than 180 assets, including in air-to-air refuelling and aeromedical evacuation within Europe, which are valuable strategic enablers.

Minilateralism brings both strength and strain. These arrangements deepen trust, build interoperability, offer opportunities for complementary procurement, and can be more easily upscaled since they require fewer states to agree. They can be crucial building blocks of a European pillar outside (and for) NATO. But simple coordination between them

[11] See Kefferpütz, R. and Bruck, A. (2025), *Phalanx of defence pacts? Mapping bilateral defence partnerships in Europe*, Böll EU Brief 05/2025, Heinrich Böll Stiftung, Brussels.

might not meet collective needs, and for a minilateral group to be able to defend and deter, it will need intelligence, operations and planning.

In the operational sphere, for instance, a subset of allies might deploy a maritime operation in the Arctic or in the North Atlantic gap between Greenland, Iceland and the UK via groupings – such as the UK-led Joint Expeditionary Force or the five-country Nordic Defence Cooperation – to fulfil crisis-management functions. Yet they would be incapable of fulfilling defence and deterrence functions across the NATO area of responsibility, as they would lack the ability to operate, plan, enable or sustain deployments more broadly. This will require strengthening existing formats.

In terms of rearming Europe, the cost and complexity of modern military programmes make a truly sovereign capability development a rarity. Addressing capability gaps in smaller groups can be beneficial in avoiding industrial competition, speeding up procurement, lowering the overall cost and improving interoperability. However, political disagreements and the goal of maintaining domestic manufacturing capacity can slow or block cooperation. Two such Franco–German programmes, the Future Combat Air System and Main Ground Combat System, are in trouble. Decision-making in these arrangements remains intergovernmental, which means that the deployment and strategic decisions of European forces require unanimity among participating states.

Turning minilateralism into strategy is essential to move 'from patchwork to phalanx'. One promising way to create order is through 'layering': bilateral partnerships would make up one layer, regional groupings another and NATO would be the ultimate collective-defence layer. With its actions in support of participating states, the EU would work across all layers. European states would identify what works well. Then they would build a pillar of European security from the bottom up through various overlapping groupings, *and* from the top down with a governance structure for political decision-making.

In the absence of an institutional home to lead this effort, able, willing and trusted European states should waste no time in mapping, layering, connecting and consolidating existing minilateral arrangements. Political governance could leverage and expand political consultation groups such as the E3. One option envisages the creation of a European Security Council that has the authority to provide strategic direction and political control on a more permanent basis. Pitched in 2018 by Chancellor Angela Merkel and President Macron, an ESC was primarily thought of as vehicle to allow non-EU countries like the UK to join forces with powerful EU Member States like France and Germany to decide on matters of European security. Arguably, the idea of creating a bureaucratically light directorate – where Europe's powers that pack the most military punch decide on the continent's strategic orientation – would earn more legitimacy if its

governance had decision-making procedures that provide the national parliaments of all participating states with a democratic backstop.

Rather than relying on informal constructs with decentralised support mechanisms, which are more vulnerable to changing political winds in the participating states, a core group of European states should take the lead in hammering out an intergovernmental agreement. This would feature an ESC supported by a NATO-compatible command structure (inspired by precedents such as Eurocorps and EATC), a dedicated military budget and a multinational defence force.

Such an arrangement would function as a parallel and autonomous mechanism, available to NATO or using NATO mechanisms if agreed. Operating outside the constraints of the EU's formal financial (Article 41(2) TEU) and unanimity decision-making (Article 42 TEU), it would preserve the constitutional set-up of the EU Treaties. It would also expand operational capacity – just like the Western European Union, which was commissioned to perform tasks for the EU in the 1990s.

3.3. PATHWAY 3: EU-LED DEFENCE COOPERATION

The EU is not generally perceived either at home or abroad as a provider of strong security guarantees, but rather as a financial and economic enabler. Even if its treaty packs a mutual assistance clause akin to NATO's Article 5, the EU as an organisation above and beyond its Member States has no political or operational mandate to defend the 'homeland' by military means. Political divides between Member States lead to frequent blockages in Council decision-making procedures that require unanimity and delay or derail action on foreign and security policy issues. Treaty reform is not on the horizon.

And yet, 'the progressive framing of a common defence policy that might lead to a common defence' is an EU Treaty-based competence (Article 24(1) TEU) that can and should be used to support, coordinate and supplement the actions of Member States, especially when other avenues are closed. Whether or not Europe will ever be able to defend itself without the US is a matter of opinion. But a realistic scenario of burden-shifting would entail Europe taking responsibility for regional deterrence with conventional and rapid reaction capabilities, while the US continues to provide air power and the nuclear deterrent. This is where the EU can help.

The EU can leverage its influence both internally and externally, among associated, candidate and like-minded partners (e.g. Norway, the UK and Canada) to convert spending commitments into tangible military capabilities.

To enable this cooperation to work better, current obstacles preventing NATO and the EU from achieving maximum synergies in capability development should be removed. NATO

needs to share the necessary information with the corresponding EU structures (such as the European Defence Agency and European Commission), and vice versa.

In 2024, the Letta report called for a 'radical transformation' of the EU's industrial capacity and the creation of a common market in the fields of security and defence. Months later, the Draghi report rightly called the major investments needed to cover shortfalls in the defence industrial sphere an 'insurance cost' for Europe to become more strategically autonomous. The Niinistö report of that same year advised on how to join up the existing administrative, budgetary and operational instruments to bolster civilian and defence readiness in a 'whole of Europe' approach. It is here that the EU can really add value.

The need for an integrated approach was further underlined in the March 2025 Joint White Paper for European Defence Readiness 2030. Accompanied by a roadmap published six months later, the White Paper was a clarion call for the rearmament of Europe through a 'once-in-a-generation surge in European defence investment'.

The EU has adopted a set of measures to support the defence industry. These include the EUR 150 billion SAFE loan instrument, a relaxation of eurozone fiscal rules and a revision of the EU's cohesion policy. Post-Covid recovery and resiliency funds are being directed towards military investments and the European Investment Bank's mandate expanded. The mobilisation of private capital through the Capital Markets Union to fund security-related projects requires more work.

Although these initiatives and pledges in military expenditures are dearly needed after years of austerity, the Commission's proposal to relax fiscal rules under the Stability and Growth Pact will be of limited help to countries with high deficits and debts seeking to borrow more. And while the SAFE instrument is off to a quick start, it cannot overcome the handicap that the national borrowing costs of low-debt countries (Germany, Sweden, the Netherlands and Denmark) are less than the cost of EU bonds. This means that SAFE will be useful only for countries with large debts (Italy, Spain and Greece) or small countries with insufficient domestic debt markets (e.g. Latvia or Lithuania). The EUR 150 billion available under SAFE should be sufficient for this group of countries as it is much larger than their combined expenditure on defence investment.

That said, an escape clause in SAFE seems to allow a substantial part of SAFE funding to go on national procurement. Any SAFE 2.0 should not only increase the envelope of EU bonds but also impose stricter conditions regarding cross-border procurement to promote greater convergence in the deeply fragmented defence market.

Moreover, a SAFE 2.0 should be open to a wider group of like-minded countries, in particular the UK, to finance strategic capabilities. Financing procurement from Ukraine or Canada is already possible under the present SAFE mechanisms. If Ukraine were also

able to receive funding under a second edition of this scheme, it would provide another important avenue to support the country.

Now is the time to push for rebalancing the EU's defence industrial relationships and spell out what it means to make them mutually beneficial. Recognising that Europe's security is inextricably linked to that of Ukraine, heads of state or government in the EU have rightly called on the Commission to integrate the country's defence industry into the emerging single market for defence. It is of mutual strategic interest. These efforts should be accelerated and widened to other geopolitically aligned candidate countries.

Going forward, the transatlantic industrial alliance will also have to be imbued with more reciprocity. With the growing weight of an increasingly integrated defence market, from which the US benefits so much, comes the need to renegotiate the terms and conditions of industrial cooperation with Washington. More specifically, when Europe produces for US consumption, it should no longer be subject to American control of its value chain. When Europe buys American, there should be guarantees that upgrades and resupply will not be withheld for political reasons. In this context, the EU should intensify its quest for digital sovereignty, among others by upgrading its cyber defence capacity and building a combat cloud.

For more than two decades, the EU has performed *external* military functions in line with its Common Security and Defence Policy, with strategic value in terms of capacity building and monitoring, especially on its outer periphery (as in the training of more than 90 000 soldiers through the EU Military Assistance Mission in Ukraine). The EU should stand by all geopolitically aligned candidate countries and beef up its military assistance to increase the resilience of Moldova and countries of the Western Balkans (cf. NATO's Kosovo Force). Not only would this be a way to ensure 'forward defence', it would also prepare for the duty of collective security once these countries become members. In this respect, it is worth noting that it is the EU that is keeping Ukraine in the field. The recent agreement on a EUR 90 billion support package shows the importance of the EU framework in raising the necessary funds that Ukraine is transforming into real fighting power.

It has long been a matter of debate to what extent the EU can use military means for territorial defence. By referring to Member States rather than EU institutions, the EU's mutual assistance clause (Article 42(7) TEU) establishes a mechanism for direct intergovernmental dialogue and support. It bypasses the involvement of EU bodies, as happened in the single instance when the clause was triggered in 2015, in response to the Bataclan attacks in France. This mechanism enables an EU country to request assistance from other Member States, even in scenarios where a given threat originates from a NATO ally.

However, the legal geography of Article 42(7) in the Common *Foreign* and Security Policy part of the EU Treaty would suggest that assistance can be rendered outside EU territory,

as happened in 2015-16. Pending a decision by the European Council to put territorial defence by the EU on an operational legal basis, domestic EU action would be limited, for instance, to the integration of the European Drone Defence Initiative for the Eastern Flank Watch into the operations of the European Border and Coast Guard Agency (Frontex).

As part of the process of drawing up a new European Security Strategy, the European Commission and High Representative should go beyond the 2022 Strategic Compass in operationalising Article 42(7) TEU and offering guidance for Member States on how to make use of the EU's support structures. The European Parliament's resolutions from 2012 and 2026 provide a good basis on which to build and connect initiatives that are being developed to flesh out the *internal* solidarity clause (Article 222 TFEU) and the EU's March 2025 Preparedness Union Strategy. These initiatives include setting up a crisis hub to support Member States and enhance Europe's ability to prevent and respond to emerging threats that fall under both treaty provisions, notably hybrid and cybersecurity threats, foreign information manipulation and interference.

The arrangements for civ-mil preparedness touch directly on the work of the EU's military command structures, which require more advanced planning. It would be useful to increase the readiness of these structures also in view of a desirable clarification. In complementarity with NATO's Article 5 and national defence policies, the obligation of aid and assistance by EU Member States to one or more of their own that fall victim to armed aggression should constitute action that restores security and deterrence in the EU area. After all, the first sentence of the Schuman Declaration of 1950 states that 'peace cannot be safeguarded without the making of creative efforts proportionate to the dangers which threaten it'. To be sure, a consultation and decision-making mechanism should be put in place to allow competent and like-minded non-EU countries to offer aid and assistance by any means within their power.

Ultimately, unified political leadership is needed to forge a genuine European Defence Union, which has designated EU forces at its disposal to perform supplementary tasks under the single concept of security. While a pioneering group of Member States may explore avenues of differentiated integration to set up camp, fully integrating the new structures will inevitably take more time than is currently available to close the window of vulnerability by 2030.

The evolving threat landscape and US insistence that Europe takes responsibility for its own conventional defence nevertheless demand a shift in how the EU is perceived. It should no longer be viewed as just a financial enabler but rather as a more fully-fledged agent for fairer burden sharing in a wider architecture for the defence of the European security order. In this role, it would serve as a much-needed buffer against uncertainty, which requires the necessary structures to act autonomously.

4. CONCLUSION

Since the end of the Cold War, Europe's security architecture has been designed primarily around crisis response. This approach assumes a stable baseline of normality, punctuated by episodic disruptions that require temporary intervention before a return to normal.

Yet, this assumption no longer reflects today's strategic environment. Europe is now operating in a context where major powers are actively reshaping the underlying rules of the international system. Two permanent members of the UN Security Council are currently engaged in armed conflict that they have initiated on spurious legal grounds; a third one may soon follow, raising serious concerns about the erosion of established legal and normative frameworks governing the use of force. In such an environment, the perceived threshold for military action appears to be lowering, with broader implications for global stability.

Against this backdrop, a reactive crisis-management model is ever more insufficient. Both the mitigation of risks and the ability to capitalise on emerging opportunities require earlier, anticipatory decision-making.

Recent developments in the Gulf illustrate this point. Despite the foresight and clear warning signs of escalating tensions involving Iran and the potential closure of the Strait of Hormuz – with well-understood global economic consequences – Europe's response was largely reactive. Following the outbreak of conflict, efforts were characterised by urgency and improvisation, including questions around rapid deployments, the protection of regional assets and the defence of Cyprus, an EU Member State and host to British military bases. A more proactive posture – such as sustained engagement with regional partners and support for counter-drone and air defence resilience – could have been pursued in advance. The constraint was not a lack of information, expertise or capabilities, but rather a structural issue within decision-making processes, which do not consistently incentivise or compel early ministerial engagement.

The central lesson for Europe is clear: our defence, security and governance frameworks must evolve to enable timely, forward-looking decisions in an increasingly contested and unpredictable strategic landscape.

APPENDIX A. MEMBERS OF THE TASK FORCE

Chair: Sauli Niinistö, former President of Finland

Core group

Edward Arnold, Senior Fellow, Royal United Services Institute (RUSI)

Steven Blockmans, Senior Fellow at CEPS and at ICDS

Bob Deen, Head of the Security Unit, Clingendael Institute

Jaap de Hoop Scheffer, Chairman of Clingendael Institute and CEPS board member

Rachel Ellehuus, Director-General, Royal United Services Institute (RUSI)

Daniel Gros, Professor of Practice and Senior Fellow, IEP at Bocconi University

Sven Kilemet, Diplomatic Adviser to former President Sauli Niinistö

Sergen Kizilhan, Project Officer, CEPS

Karel Lannoo, Chief Executive Officer, CEPS

Lord Peter Ricketts, Vice Chairman of RUSI and CEPS board member

Monika Sie Dhian Ho, General Director, Clingendael Institute

Nathalie Tocci, Professor at Johns Hopkins University, Senior Fellow at IEP/Bocconi

Bart van den Berg, Programme Lead Security and Defence, Clingendael Institute

Auke Venema, Senior Research Fellow, Clingendael Institute

Members

Ben Crampton, Director, Security and Defence, European Government Affairs, Microsoft

Oliver Cusworth, Senior Policy Officer, Security and Defence, European Investment Bank

Thor Vidar Indreeide, Deputy National Armaments Director, Ministry of Defence, Norway

Emmanuel Jacob, President, EUROMIL

Larysa Marchenko, Project Expert – Defence Industry & Dual-Use Technologies, EY

Eric Michel, Public Affairs – Helicopters, Airbus

Jean Philippe Scherer, Head of EU and NATO Public Affairs for Defence and Space, Airbus

Benjamin Tallis, Senior Government Affairs Manager, Helsing

Simon Tiller, Director, Stichting HALO Trust Europe

Observers

Julien Daemers, Political Advisor to the Deputy Secretary General for Peace, Security & Defence, European External Action Service

Steven De Bruyn, Partner, PwC Belgium

Elena Lazarou, Director General, Hellenic Foundation for European and Foreign Policy (ELIAMEP)

Stephan Lepoutre, Director Aerospace and Defence, PwC Belgium

Panos Politis Lamprou, Research Fellow, ELIAMEP

Ramunas Staionis, Cabinet member of the European Commissioner for Defence and Space

Asimina Trismpioti, Policy Officer, Strategy and EU-NATO cooperation, DG DEFIS, European Commission

Arno Van der Hasselt, Global Account Manager for NATO and Senior Manager for Aerospace and Defence Consulting, PwC Belgium

APPENDIX B. OPERATING PRINCIPLES OF THE TASK FORCE

Aims

- This Task Force report is meant to contribute to policy debates by presenting a balanced set of arguments, based on available data, literature and views.
- The report seeks to provide readers with a constructive basis for discussion. It does not seek to advance a single position or misrepresent the complexity of any subject matter.
- The report also fulfils an educational purpose and is drafted in a manner that is easy to understand, without jargon, and with any technical terminology fully defined.

Process

The Task Force process was one of structured dialogue among experts, (former) politicians, diplomats, policymakers, representatives from industry, NGOs, academia and/or think tanks who were brought together for four hybrid meetings in the period from September 2025 to the end of January 2026. The core group met on two additional occasions to refine the analysis and recommendations in light of fast-moving developments in the period from February to May 2026.

Participants

- The chair steered the dialogue during the meetings and advised CEPS, Clingendael, IEP and RUSI, in partnership with KAS Europe, as to the general conduct of the activities of the Task Force.
- The rapporteur co-designed the Task Force, co-organised the meetings, conducted independent research, and drafted the final report under the auspices of the chair.
- Members of the Task Force provided input in their personal capacity.
- Observers refer to any policymakers or stakeholders who attended one or more Task Force meetings and provided oral input, but who wish to remain neutral as to the report's recommendations.

Report

- This report is the final output of the research carried out independently by CEPS, Clingendael, IEP and RUSI in the context of the Task Force.

- The report reflects the views of the members of the Task Force. The views expressed in this report do not necessarily reflect the position of the Konrad Adenauer Foundation.
- The content of the report and any remaining errors are solely attributable to the authors. The report's recommendations do not necessarily represent the views of their respective institutions.
- For any element or recommendation to be featured in the report, a consensus or broad agreement among Task Force members was required.
- Where consensus on a recommendation coexisted with a significant minority view, the report features this minority view next to the relevant recommendation.


CEPS
Clingendael
Netherlands Institute of International Relations
RUSI
Università Bocconi
IEP
Institute for European Policymaking
In partnership with
KONRAD ADENAUER STIFTUNG
Europe