

EU Member States' defence budgets

Russia's war on Ukraine has been a wake-up call for many EU Member States' defence budgets. Rising from €218 billion in 2021 to €326 billion in 2024, a further increase of at least €100 billion is projected by 2027. Despite these significant increases, most experts note that current geopolitical developments will require much more.

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The 23 EU Member States that are also NATO members (now Sweden and Finland have joined NATO) have long been guided by NATO's 2 % of GDP defence spending commitment [formalised](#) at the 2014 Wales Summit. Allies agreed to 'move towards' the 2 % 'guideline within a decade', but in 2021 only [7](#) of the 21 Member States that were also NATO members spent 2 % of GDP on defence. EU Member States participating in Permanent Structured Cooperation (PESCO – all except Malta) also agreed to 'regularly increase defence budgets in real terms' under their PESCO [commitments](#).

While defence budgets have [increased](#) in real terms since 2018/2019 (previously they had not even reached pre-2008 financial crisis levels), this follows years of chronic [underinvestment](#) in defence in most Member States. In 2021, their combined defence budgets stood at €218 billion.

Meanwhile, strategic rivals such as Russia and China increased their defence budgets by 300 % and 600 % respectively over the last decade, compared to a [collective](#) 20% increase in EU countries (to 2022). The European Commission notes that, if all Member States had spent 2 % of GDP on defence from 2006 to 2020, this would have amounted to an extra €1.1 trillion for defence spending.

The Russian war on Ukraine was a wake-up call for the EU. At the March 2022 [Versailles Summit](#), EU leaders agreed to spend 'more and better' on defence. The [Strategic Compass](#), a concrete plan of action for EU security and defence to 2030, reaffirmed this. At the 2023 Vilnius Summit, NATO leaders [adopted](#) a new Defence Investment Pledge, committing to allocate a minimum of 2 % of GDP annually to defence on a lasting basis. They also acknowledged that, in many cases, spending above the 2 % threshold will be necessary to address current capability gaps and meet current security demands. Significantly, the second von der Leyen Commission (2024–2029) has [made](#) defence a key EU priority. The first-ever Commissioner for Defence and Space was appointed and the European Parliament's Subcommittee on Security and Defence was elevated to a full Standing Committee. The Commission also pledged to advance the European Defence Union, launched significant initiatives to boost the European [defence industry](#) (such as the first-ever European defence industrial strategy), and proposed a defence industry programme. The EU also legislated to boost ammunition production and incentivise joint procurement of urgent defence equipment. On 4 March 2025, Commission President von der Leyen presented the [ReArm Europe plan/Readiness 2030](#). This aims to leverage €800 billion in defence spending to 2029, including €150 billion in proposed EU-backed loans through a new Security Action for Europe (SAFE) instrument and measures to encourage national defence spending by activating the National Escape Clause of the Stability and Growth Pact for an additional 1.5 % of GDP spending on defence, redeployment of EU cohesion funds, European Investment Bank support and private capital mobilisation. So far, 16 Member States have [requested](#) activation of the escape clause. On 19 March 2025, the Commission presented its [white paper](#) for European defence,

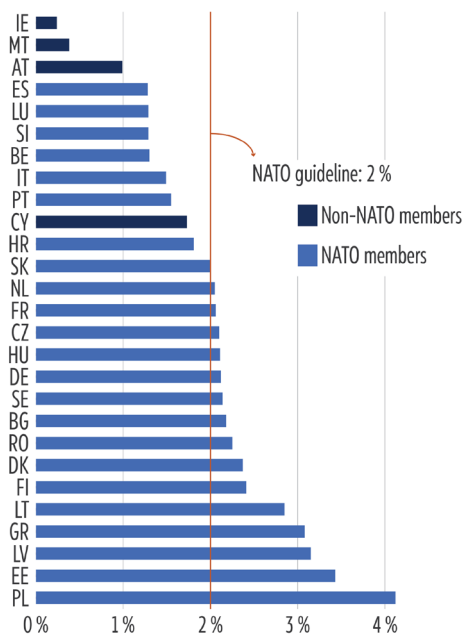
Defence budget definition

The EU [uses](#) the Classification of Functions of Government (COFOG) definition of defence spending, which [includes](#) 'Military defence; civil defence; foreign military aid, R&D related to defence; defence not elsewhere classified'. NATO's definition of defence spending is broader, as it includes military pensions, military healthcare (COFOG includes salaries but not healthcare) and, in some cases, spending on forces such as police or coast guards, but excludes civil defence, which COFOG includes. Moreover, discrepancies may arise from the timing of expenditure recording, particularly for military equipment, since NATO reporting does not adhere to national accounts rules on when such expenditure is recorded. Significant differences exist at national level: for example, NATO member Spain wants to [include](#) investment in cyber security, counterterrorism and curbing climate change in its defence spending definition.



outlining a strategic plan to close critical capability gaps, strengthen the defence industry and readiness, support Ukraine, and boost innovation and partnerships to ensure the continent's long-term security.

Figure 1 – EU Member State defence expenditure, 2024, in % of GDP



Data Source: [NATO](#) and [IISS](#), 2024.

Defence spending increases

In 2022, collective annual EU defence budgets had already [increased](#) to €240 billion, of which €58 billion (+24.2 % compared to 2021) was for defence investment (defence R&D and defence procurement), a real increase of more than 6 % compared to 2021. In 2023, Member States reached a combined €279 billion (1.6 % of GDP) and [€326 billion](#) in 2024 (1.9 % of GDP). Defence spending increased by over 30 % in real terms from 2021 to 2024. [Additional](#) spending of more than €100 billion is projected in real terms by 2027. The defence [expenditure](#) of the 23 EU countries that are also NATO members amounted to 1.99 % of their combined GDP in 2024, with a forecasted rise to 2.04 % in 2025. Of NATO's 32 members, 23 were expected to [meet](#) the 2 % benchmark in 2024 (16 of which are also in the EU). However, there are significant regional [differences](#) in the EU; while growth has been steady and has gained momentum in most of Europe, it has remained more subdued in southern European countries.

Given the size of its economy, Germany is the top spender in Europe in absolute terms, spending €90.6 billion (2.12 % of GDP) in 2024, driven more by expanded allocations from the €100 billion [Sondervermögen](#) (special fund for defence) than a core budget rise. In March 2025, German lawmakers [approved](#)

a historic shift to exempt defence and security spending beyond 1 % of GDP from debt limits, enabling a €500 billion fund for defence and infrastructure. France also continued to raise defence spending, to €59.6 billion (2.06 % of GDP) in the 2024 defence budget. President Macron intends to [increase](#) French defence spending to 3.5 % of GDP, but has not given a timeframe. In Poland, spending has skyrocketed since 2022 (up 52.3 % in 2023 and 16.9 % in 2024), bringing the budget to PLN151 billion (€34 billion, or 4.12 % of GDP). Poland has thus [become](#) NATO's top defence spender by GDP, with plans to reach 4.7 % in 2025. The largest southern European economies, Italy and Spain, have not followed the trend. Spain's defence budget remained flat for over a decade, with 2022 spending matching 2008 levels in real terms. Although an 18 % real-terms increase began in 2023, growth stalled again in 2024 when the country failed to pass a new budget, resulting in a real-terms decline. Italy also had a decade of stagnation until moderate growth resumed in 2022, bringing spending back to 2008 levels in real terms. However, Italy [plans](#) to double its spending over four years and Spain has also [vowed](#) to reach 2 % in 2025.

Meanwhile, **Russia and China** have [continued](#) to raise their defence budgets. Russia spends an estimated 9 % of GDP (up from 6 % in 2023) and is projected to exceed EU Member State defence spending in purchasing power parity terms (PPP) in 2025. China announced a 7.2 % [rise](#) in its defence budget to €220 billion for 2025 (an estimated [€515 billion](#) in PPP), though experts believe actual spending may be much higher.

NATO Secretary General Mark Rutte [warned](#) 'we are going to need a lot more than 2 %'. The United States [advocates](#) an increased spending target to 5 % of GDP. The US [spent](#) an estimated US\$967 billion or 3.38 % of its GDP in 2024. Reports note ongoing talks suggest a **potential compromise at around 3 % to 3.5 %**, with a final decision expected at the NATO leaders' summit at the end of June 2025. One [study](#) notes that defence spending may need to rise from 2 % to 3.5 % GDP in the short term to deter Russia without the US.

European Parliament position

Parliament has consistently called for an increase in defence spending and its 2024 Common Security and Defence Policy implementation [report](#) welcomed Member States' increased defence spending. It urged all EU countries to boost their defence budgets beyond NATO's 2 % of GDP benchmark and to significantly increase defence collaboration.

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ANNEX – EU MEMBER STATES' DEFENCE BUDGETS

Member State	Defence budget 2024 (expected) € billion (% GDP)*	Announcements
AUSTRIA	4.86 (0.99 %)	Austria aims to spend 2 % of its GDP on defence by 2032.
BELGIUM	7.9 (1.3 %)	Belgium aims to reach 2 % of GDP by the end of 2025.
BULGARIA	2.15 (2.18 %)	Bulgaria is projected to raise defence spending to 2.5 % over the next three years, driven by major military equipment purchases.
CROATIA	1.51 (1.81 %)	Croatia aims to increase defence spending to 3 % of GDP by 2030.
CYPRUS	0.55 (1.73 %)	In the 2025 budget, defence expenditure is set at €588.4 million.
CZECHIA	6.37 (2.1 %)	Czechia is aiming to reach around 2.3 % of GDP in 2025.
DENMARK	9.2 (2.37 %)	Denmark plans to increase defence spending by €6.7 billion over two years.
ESTONIA	1.3 (3.43 %)	Estonia aims to up defence spending to 'at least 5.0 % of GDP' from 2026.
FINLAND	6.7 (2.41 %)	Finland plans to raise defence spending to €11 billion by 2032, pushing annual expenditure to 3.3% of GDP.
FRANCE	59.6 (2.06 %)	France intends to increase defence spending to 3.5 % of GDP.
GERMANY	90.6 (2.12 %)	Germany approved a €500 billion spending package to boost military and infrastructure investments, leading to a large defence budget hike.
GREECE	7.1 (3.08 %)	Greece unveiled a €25 billion, 12-year defence plan to modernise its army.
HUNGARY	4.26 (2.11 %)	Defence spending is set to reach HUF1939 billion (€4.8 billion) in 2025.
IRELAND	1.23 (0.24 %)	Ireland plans to increase its defence spending to €3 billion annually.
ITALY	31.96 (1.49 %)	Italy plans to double its defence spending to 3 % of GDP over four years.
LATVIA	1.3 (3.15 %)	Latvia plans to raise its defence budget to 4 % of GDP by next year and has a long-term goal of reaching 5 %.
LITHUANIA	2.13 (2.85 %)	Lithuania pledged to raise defence spending to 5-6 % by 2026.
LUXEMBOURG	0.73 (1.29 %)	Luxembourg plans to reach 2 % of GDP by 2030.
MALTA	0.09 (0.38 %)	Malta's defence spending is set to rise to €95.5 million in 2025.
NETHERLANDS	19.9 (2.05 %)	The Netherlands' defence budget is expected to reach €30 billion in 2029.
POLAND	34 (4.12 %)	Poland became NATO's top defence spender by GDP, allocating 4.12 % in 2024 with plans to reach 4.7 % in 2025.
PORTUGAL	4.3 (1.55 %)	Portugal moved an initial target of reaching 2 % of GDP by 2029 forward, without indicating how much earlier it will be reached.
ROMANIA	8.04 (2.25 %)	Romania announced it aims to reach 3 % of GDP in stages in one to two years.
SLOVAKIA	2.6 (2.00 %)	Slovakia's defence budget is set to reach €2.775 billion in 2025.
SLOVENIA	0.88 (1.29 %)	An initial target of reaching 2 % of GDP by 2030 will be moved forward, to reach 1.6 % in 2026.
SPAIN	19.7 (1.28 %)	Spain aims to reach 2 % of GDP by the end of 2025.
SWEDEN	12.74 (2.14 %)	Sweden aims to reach 3.5 % of GDP by 2030.
TOTAL	326 (1.9 %)	Projected increase by more than €100 billion in real terms by 2027.

* According to NATO [data](#) (including military pensions) and [IISS military balance](#).