

EU defence funding

EU Member States' defence expenditure rose significantly between 2021 and 2024. The EU has introduced several initiatives to complement national efforts in order to boost defence spending and collaboration.

Member States' defence budgets

After severely [under-investing](#) in defence for years, EU Member States have significantly increased their defence spending since Russia's full-scale invasion of Ukraine in 2022. In 2021, the combined defence budgets of the 27 EU Member States amounted to around €218 billion. In 2024, defence spending across the EU-27 already amounted to [€343 billion](#), or 1.9 % of the EU's gross domestic product. Projections indicate that in 2025, expenditure could **reach €392 billion** at current prices (€381 billion in 2024 prices), or 2.1 % of GDP. North Atlantic Treaty Organization (NATO) member states agreed to a new defence investment commitment of 5 % of GDP at the 2025 NATO Summit in The Hague. By 2035, they vowed to [dedicate a minimum](#) of 3.5 % of GDP each year, to fund core defence needs and fulfil capability targets. In addition, they will allocate up to 1.5 % of GDP annually to tasks such as safeguarding critical infrastructure, securing networks, enhancing civil preparedness and resilience, fostering innovation, and reinforcing the defence industrial base. Increasing the guideline from 2 % to 3.5 % of GDP will demand significant additional spending for the 23 NATO member states that are also EU members, **requiring an extra €254 billion** and **raising total defence expenditure to around €635 billion**, according to the European Defence Agency.

Despite EU Member States' sustained efforts to enhance readiness and strengthen their armed forces, they **continue to lag behind other major powers in overall defence spending**. The United States has consistently devoted over 3 % of GDP to defence since 2008; in 2024, it spent €845 billion, or 3.1 % of GDP – nearly two and a half times the combined EU total of €343 billion. EU defence budgets are set nationally, leading to fragmentation, duplication of effort and reduced efficiency. Although EU spending exceeds that reported by Russia (€107 billion) and China (€250 billion) – and those amounts are probably much higher than officially communicated – these countries are likely to achieve greater cost-effectiveness due to centralised planning, lower prices and less fragmentation. Russia's defence budget reached an estimated €234 billion in 2024 in purchasing power parity terms (about 5.5 % of GDP) and is projected to rise further.

EU defence funding programmes

While **defence remains a national competence**, the EU plays a complementary role by [reinforcing](#) Member States' efforts through both support for higher national defence spending and the use of EU budgetary resources. The EU has launched a range of programmes to encourage stronger collaboration:

- the [European Defence Fund](#) (EDF), a **€8 billion** fund (2021–2027) to boost the competitiveness of the European defence technological and industrial base (EDTIB) by incentivising joint research and development of defence equipment. The EDF [received](#) a €1.5 billion increase through the mid-term review of the multiannual financial framework (MFF); however, rather than being used for additional projects under the EDF, these funds were earmarked for the future European defence industry programme (EDIP). By March 2025, the European Commission had adopted five annual EDF work programmes, committing a total of €5.4 billion to collaborative defence research and capability development (around €6 billion including the precursor programmes [EDIDP](#) and [PADR](#));
- the 2023 [Act in Support of Ammunition Production](#) (ASAP), with a budget of **€500 million**. Through ASAP, the EU offered funding to strengthen industrial production capacities for ground-to-ground and artillery ammunition, as well as missiles;



- the 2023 [European Defence Industry Reinforcement through Common Procurement Act](#) (EDIRPA), an EU instrument with a budget of **€310 million** aimed at incentivising cooperation in defence procurement between Member States to jointly coordinate and acquire the most urgent defence product needs. Five projects were [selected](#), e.g. [Mistral](#) air defence systems;
- the proposed **€1.5 billion** [European defence industry programme](#), which is still under negotiation and would run until the end of 2027. EDIP translates the objectives of the [European defence industrial strategy](#) into concrete action. It consolidates two existing EU initiatives – EDIRPA and ASAP – and introduces new rules designed to strengthen security of supply and promote sustained armaments cooperation;
- the [European Peace Facility](#) (EPF), a fund worth over **€17 billion financed outside the EU budget for a seven-year period (2021 to 2027)** that aims to enhance the EU's ability to prevent conflicts, build and preserve peace, and strengthen international security. Between 2022 and 2024, the **EU mobilised €6.1 billion under the EPF** to address Ukraine's pressing military and defence needs. Together with the military support provided by EU Member States, [overall EU support for the Ukrainian army](#) is estimated at **€63.2 billion**;
- the [ReArm Europe Plan/Readiness 2030](#). Member States aim to **mobilise €800 billion** under the plan to finance a massive ramp-up of defence spending through:
 - **activation of the national escape clause under the stability and growth pact**, allowing Member States to increase defence spending. The Commission estimates that a €650 billion fiscal space could be achieved if all EU Member States gradually increase their defence spending, reaching the maximum of 1.5 % of GDP by the end of the four-year national escape clause activation period. The Council has [activated](#) flexibility in EU fiscal rules at the request of only 15 Member States so far to increase defence spending; this is **EU Member States' defence spending**;
 - the **€150 billion** [Security Action for Europe](#) (SAFE) **loan instrument**. The funds will be raised on capital markets and disbursed to interested Member States on demand, based on national plans. SAFE was adopted in May 2025; [19 Member States](#) have so far requested a SAFE loan;
 - **contributions from the European Investment Bank Group** (EIB): the EIB, which has revised its lending policy and created a Security and Defence Office, plans to [allocate](#) 3.5 % of its 2025 financing (about €3.5 billion) to security and defence projects. Through the [Defence Equity Facility](#), the European Investment Fund will invest €175 million between 2024 and 2027 to mobilise about €500 million for private funds targeting innovative dual-use defence technologies;
 - **making existing EU instruments more flexible to allow greater defence investment**: for instance, the European Parliament and the Council have [adopted](#) amendments to the EU cohesion policy to better address current and emerging strategic challenges, including security and defence;
- **military mobility budget**: the EU has a [dedicated budget of €1.7 billion](#) for military mobility projects under the Connecting Europe Facility for the 2021–2027 period. Three calls for proposals in the field of military mobility were carried out in [2021](#), [2022](#) and [2023](#). In total, 95 projects were selected (all funds in the current MFF have already been allocated);

Moreover, the Commission has [proposed](#) **€131 billion for defence and space** in the 2028–2034 MFF.

European Parliament position

Parliament has [repeatedly](#) urged higher defence spending, supporting both increased national budgets and greater funding for EU defence programmes alongside deeper cooperation among Member States.