#118 - COMMENT

Armament Industry European Research Group

WHICH TYPE OF ARMAMENT COOPERATION DO WE WANT/NEED?

The Case of Spain

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December 2025

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ARES
Armament Industry European Research Group

The Armament Industry European Research Group (Ares Group) was created in 2016 by The French Institute for International and Strategic Affairs (IRIS), who coordinates the Group. The aim of the Ares Group, a high-level network of security and defence specialists across Europe, is to provide a forum to the European armament community, bringing together top defence industrial policy specialists, to encourage fresh strategic thinking in the field, develop innovative policy proposals and conduct studies for public and private actors.

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ABSTRACT

This ARES Group commentary examines how Spain perceives and approaches armament cooperation within the European Union (EU) level, asking “Which type of armament cooperation do we want and need?”. It argues that Spain views armament cooperation as a means to strengthen European strategic autonomy, industrial competitiveness and interoperability while improving cost efficiency. It finds that Spain’s performance in research cooperation under the European Defence Fund has been strong, but translating these successes into major joint procurement programmes remains a challenge. Persistent obstacles include a fragmented industrial coordination, limited managerial capacity and regulatory divergences. The commentary concludes that Spain seeks pragmatic but ambitious cooperation: capability-led, lifecycle-oriented and financially sustainable, with fair industrial returns and alignment between EU and NATO priorities. For EU joint defence procurement to be a success for Spain, Madrid must align its national strategy with EU instruments and strengthen domestic capacity to lead future cooperative programmes.

Keywords: Spain | Armament cooperation | Defence Industry | EDTIB | EDF

The European Union's (EU) ambition to deepen armament cooperation, especially through joint procurement, is longstanding: from the Maastricht era in the 1990s, through to the 2007 agreement to spend 35% of equipment budgets collaboratively, up to the recent proposals under the European Defence Industrial Strategy (EDIS) and Readiness 2030 Plan to reach 40% by 2030.[1] These objectives are predicated on two core rationales: enhancing interoperability and reducing expenditure. For Spain, these rationales resonate deeply amid an evolving security environment. Yet, Spain also sees that achieving these goals will require adjustments in industrial capacity, political culture, capability planning and institutional instruments. This ARES Commentary asks what armament cooperation Spain wants and needs at the EU level. It also probes what models are feasible, what obstacles remain and what steps must be taken to ensure that Spain is part of Europe's defence revival instead of being left behind.

To answer these questions, we must begin with Spain's objectives with respect to armament cooperation in Europe, assess whether prior cooperation has delivered those objectives, examine obstacles and then map the future cooperation models Spain considers desirable.

SPAIN'S OBJECTIVES

Spain's objectives for cooperation in the field of armaments are multifaceted. Strategically, Spain seeks greater European strategic autonomy, with less dependence on third-country suppliers, more resilience in supply chains and stronger industrial and technological capability in Europe. In the context of uncertainties in transatlantic relations and threats posed by Russia's war in Ukraine, and the need to reinforce NATO and to ensure EU-level capabilities[2], Spain hopes that European armament cooperation can help build credible deterrence and defence capacity. Economically, Spain has a strong incentive to reduce duplication, share development and acquisition costs, gain economies of scale and improve cost-effectiveness. Interoperability and standardisation also matter: Spanish forces need to operate with other EU and NATO partners, so overlapping systems, incompatible platforms, divergent logistics and maintenance regimes impose costs. Industrially, Spain has strengths in certain domains – naval shipbuilding, command and control systems, electronics, space, cyber-defence – and sees European armament cooperation as a way to foster innovation, attract investment and participate in flagship EU defence programmes. Politically, joint procurement and cooperation

[1] Arteaga, F. "Va de defensa : el Libro Blanco de la Comision Europea", Real Instituto Elcano, 20 March 2025. See: https://www.realinstitutoelcano.org/comentarios/va-de-defensa-el-libro-blanco-de-la-comision-europea/.
[2] Simon, L. "Entre dos aguas : Rusia, el sur y el futuro de la defensa espanola", Real Instituto Elcano, 13 October 2025. See: https://www.realinstitutoelcano.org/analisis/entre-dos-aguas-rusia-el-sur-y-el-futuro-de-la-defensa-espanola/.

offer increased influence over the shaping of European defence priorities and industrial policy. Lastly, Spain views a strong European Defence Technological and Industrial Base (EDTIB) as essential not only for homeland security or EU missions, but also as an element of economic and regional development, and of Spain's international role.

PERFORMANCE TO DATE: HAVE THE OBJECTIVES BEEN ACHIEVED?

When looking at how Spain engages various EU defence mechanisms, the picture is mixed. In the R&D domain, participation in the European Defence Fund (EDF) is largely a success story: Spain ranks among the top performers, with many Spanish entities (firms, universities, institutes) involved in EDF projects. Spain leads a number of these projects and has generally achieved a fairly strong return on investment from EU R&D support. Spanish economic entities have been able to further Europeanise their industrial partnerships and engagement under the EDF, using these projects to build expertise, European networks and credentials.[3]

Yet, Spain has struggled somewhat in engaging in joint procurement at the EU level. The European Defence Industry Reinforcement through Common Procurement Instrument (EDIRPA), a precursor to the EDIP (European Defence Industry Programme), shows Spain was successful in only one of five relevant projects, despite having industrial capacity that might have suited more. This single project refers, of course, to the procurement of 1,500 Mistral3 missiles from MBDA, which received €60 million from the EU and EDIRPA.[4] There are several reasons why Spain has struggled on these joint procurement initiatives, including questions about the national managerial, technical and industrial foundations that are necessary to absorb large collaborative procurement projects. Spain needs to revive the idea of joint procurement at the European level; otherwise, it will struggle to achieve the goal of procuring at least 40% of defence equipment collaboratively by 2030 (as set out in the European Defence Industrial Strategy and White Paper on Defence).

In terms of interoperability and defence capability convergence, there has been some movement: EU capability planning tools, PESCO, CARD, etc., have helped identify capability

[3] Fiott, D. "A Partner of Choice? Spain's Performance in the European Defence Fund in 2023", Real Instituto Elcano, 7 August 2024. See: https://www.realinstitutoelcano.org/en/analyses/a-partner-of-choice-spains-performance-in-the-european-defence-fund-in-2023/; Fiott, D. "Beyond Strategy? Industrial Strategy and the Future of European Defence", Real Instituto Elcano, 9 May 2024. See: https://www.realinstitutoelcano.org/en/analyses/beyond-strategy-industrial-strategy-and-the-future-of-european-defence/; Fiott, D. "Investing and Innovating? Spain and the European Defence Fund", Real Instituto Elcano, 28 August 2023. See: https://www.realinstitutoelcano.org/en/analyses/investing-and-innovating-spain-and-the-european-defence-fund/.

[4] MBDA, "Mistral 3 Project to Receive €60 Million from European Union", 18 December 2024. See: https://www.mbda-systems.com/mistral-3-project-receive-eu60-million-european-union.

gaps and areas where joint projects are possible. But fragmentation remains. The multiplicity of platforms, varying national requirement paradigms, differing threat perceptions and industrial protectionism all continue to hamper coherence. Spain, though committed to EU and NATO targets, is often confronted with domestic political constraints, budgetary pressures and the need for industrial protection, which sometimes pull in different directions. In its 2023 Defence Industrial Strategy, for example, Spain makes clear that the priority is its domestic industry over European industry, with other potential partners coming in third place.

While joint R&D offers cost and risk sharing, full system development and procurement often still carry a risk of overruns, delays and cost creeping, especially when split across many nations with differing specifications, regulatory regimes, certification and export control regimes. Spain has increased defence spending in recent years to meet NATO's past 2% target, but it has been lukewarm about the new 5% of GDP target, which calls for 3.5% of GDP on defence.[5] Still, it is worth recalling the importance of the sustainability of finances and the need to translate investments into actual military capability – Spain might be able to meet NATO capability targets with existing spending, but questions arise about the level of additional investments needed to engage in European capability projects. Spain has always argued that its contribution to collective defence should not be measured solely in terms of military expenditure. However, contributions are also measured through participation in industrial cooperative projects with EU partners (i.e. 40% goal for 2030 in the EU Readiness 2030 Plan). Therefore, if additional investments and the industrial base are not aligned with European needs, Spain will be unable to lead on flagship defence capability projects, and investment may not yield sufficient returns. This would not be good for European defence cooperation.

OBSTACLES FOR ARMAMENT COOPERATION

Normally, Spain participates in European cooperative projects when its industrial base cannot develop the necessary military capabilities alone (e.g., Eurofighter Typhoon, Airbus A400M, Eurodrone, FCAS/NGWS, and NH90). Otherwise, Spain's 2023 Defence Industrial Strategy and its 2025 Technology and Industrial Plan for Security and Defence reaffirm the principle of preferring domestic industry. However, the current exceptional strategic situation in Europe requires Spain to adjust its planning system and national preferences to align them with those

[5] Arteaga, F. and Simon, L. "La Cumbre de la OTAN en La Haya: *habemus* 5%", Real Instituto Elcano, 26 June 2025. See: https://www.realinstitutoelcano.org/comentarios/la-cumbre-de-la-otan-en-la-haya-habemus-5/.

of the collective.[6] Spain supports European initiatives for cooperation in armaments, but aligning national and collective needs takes time and the Ministry of Defence's management capacity is overwhelmed by the need to implement additional investments to reach 2% of GDP by 2025[7]. This overload makes it difficult to make decisions quickly enough to meet the schedule outlined in the Readiness Roadmap, even though Spain has announced that it will participate in five critical capability areas outlined by the EU, including maritime and cyber domains.[8]

Investment decisions are focused on providing military capabilities. While the defence planning process considers aspects such as industrial and technological factors, the objective of military capabilities takes precedence. The growing involvement of the ministries of Industry, Innovation and Economy in decision-making does not alter this principle. This could change in the future with the creation of a new National Committee for Security and Technological Sovereignty, which will be made up of the main sectoral ministries and public agencies with responsibilities in defence, industry, digitisation and technology, together with private actors.[9] This is a whole-of-society approach to ensure the Plan's alignment with European strategies, but the current defence industrial policy is capability vs. industry-led.

Spain has allocated its entire available budget, and cooperative projects require additional funding. The government has expressed its willingness to limit spending to 2.1% of its GDP in the coming years to meet national and collective objectives set by NATO and the EU. It has also expressed its desire to avoid borrowing beyond this figure, so it does not seem willing to take advantage of the relaxed Stability and Growth Pact (SGP) rules or to extensively use the loans provided by the SAFE programme. Instead, the Government prefers common funding mechanisms such as the European Defence Fund, the Next Generation funds or those of the Multiannual Financial Framework. The official stance, therefore, combines an endorsement of “Readiness 2030” as a step toward European strategic autonomy with a preference for grant-like or budget-based tools and a guarded, selective use of common-debt loan facilities.

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[6] Arteaga, F., Fiott, D. and Simon, L. “All In? The Revival of the Spanish and European Defence Industry”, Real Instituto Elcano, 25 February 2025. See: https://www.realinstitutoelcano.org/en/analyses/all-in-the-revival-of-the-spanish-and-european-defence-industry/.

[7] Carrasco, B. “Un mes para acabar el año y casi 30 programas por firmar: Defensa afronta un nuevo diciembre de vértigo”, Indodefensa, 2 December 2025. See: https://www.infodefensa.com/texto-diario/mostrar/5689186/mes-acabar-ano-31-programas-firmar-defensa-afronta-nuevo-diciembre-vertigo.

[8] “España ampliará su participación en cinco capacidades europeas destinadas a reforzar la defensa ucraniana”, Indodefensa, 1 December 2025. See: https://www.infodefensa.com/texto-diario/mostrar/5689127/espana-ampliara-participacion-cinco-capacidades-europeas-destinadas-reforzar-defensa-ucraniana

[9] Gobierno de España, “Plan Industrial y Tecnológico de Seguridad y Defensa”, 2025, p. 14. See https://www.lamoncloa.gob.es/consejodeministros/resumenes/Documents/2025/230425-plan-industrial-y-tecnologico-para-la-seguridad-y-la-defensa.pdf

In addition to the fact that Spain can issue its own cheap national bonds[10], owing to the strength of its economy at present, this position explains the limited request for €1 billion from the SAFE loans.[11]

Financial instability hinders cooperation in armaments. The lack of long-term investment plans discourages investment in the industrial sector and impedes private financing for both national and cooperative projects. Spain and other EU member states have called for the removal of restrictions on the European Investment Bank's ability to fund defence, so that it can play a larger role[12]. However, the private sector's reluctance to finance Spain's defence industry is not only due to legal (EIB) or ethical (ESG) constraints, but also due to a lack of long-term investment contracts. Although the massive defence investments approved mainly through state-owned industries encourage increased industrial production, the lessons learned from previous modernisation programmes of the armed forces require careful consideration of budgetary risks for investors.

Spain's willingness to contribute to European cooperation on armaments is impacted by all the factors mentioned above regarding national preference, priority of capabilities, aversion to debt, financial instability and management overload. Currently, Spain has not publicly stated which major defence projects it wants to develop and potentially lead at the European level. Spain is evaluating different areas and projects for armaments cooperation and exploring potential partners, but joint procurement can only follow once there are clear signals from member states on the projects they want to develop in common.

WHICH TYPE OF ARMAMENT COOPERATION DOES SPAIN WANT?

From these objectives, experiences and obstacles, Spain desires a type of EU armament cooperation that combines ambition with pragmatism; one that transforms R&D success into actual capability delivery; one that deepens cooperation but preserves fairness, national strengths and a return on investment. Concretely, Spain desires a capability-led rather than

[10] Gómez, M.V., "España renuncia a cerca del 75% de los créditos que le corresponden del fondo de recuperación europeo », El Pais, 2 December 2025. See: https://elpais.com/economia/2025-12-02/espana-renuncia-a-cerca-del-75-de-los-creditos-que-le-corresponden-del-fondo-de-recuperacion-europeo.html. See also Arnal, J., "¿Son eficientes y equitativas las soluciones financieras propuestas por la UE para aumentar el gasto en defensa?", Real Elcano Institute Commentary, 13 May 2025. See: https://www.realinstitutoelcano.org/analisis/son-eficientes-y-equitativas-las-soluciones-financieras-propuestas-por-la-ue-para-aumentar-el-gasto-en-defensa/.

[11] European Commission, "Security Action for Europe", 27 May 2025. See: https://defence-industry-space.ec.europa.eu/eu-defence-industry/safe-security-action-europe_en

[12] Arteaga, F., Fiott, D. and Simon, L. "The Defence Dilemma: Can Spain Ride Europe's Defence Revival?", Real Instituto Elcano, 18 June 2025. See: https://www.realinstitutoelcano.org/en/policy-paper/the-defence-dilemma-can-spain-ride-europes-defence-revival/.

an industrial-led EU joint procurement, and one that responds to those capability areas that Spain cannot develop alone. Spain would prefer fewer, larger projects rather than many small ones, with less duplication. Industrial capacity should follow capability need, not the other way around. If threat perceptions converge, capability planning must converge too. Spain values an alignment of capability priorities between the EU, NATO and national levels. For example, Spain wants EU and NATO capability targets to be as congruent as possible so that EU procurement programmes align with NATO's requirements as well. However, there is a feeling in Spain that participation in EU programmes should count towards targets agreed under NATO; capability priorities should avoid duplication with NATO, but also ensure that the EU can independently deliver where needed.

Furthermore, Spain is not opposed to more supranational elements in EU defence procurement, but it wants to preserve member states' control over key strategic decisions. Spain supports intergovernmental bodies such as the European Defence Agency (EDA) and mechanisms such as PESCO, but it also recognises the growing role of the European Commission and the necessity of leveraging that. Spain wants to ensure that the Commission's role in defence funding and regulation does not undermine national sovereignty, but rather complements national capacities. Spain has long preferred intergovernmental decision-making mechanisms, as this gives Madrid greater influence and initiative, even though Spain can support a division of labour between the EDA and Commission, provided that it does not reduce Spain's influence in defence matters. But here, naval capabilities, air and missile defence, C2 and space awareness are domains that Spain can help lead or be deeply involved in. To this extent, Spain is pleased that many of these technology domains are being referenced in relation to common defence flagships, even if there is less agreement on the need to develop, say, an "Eastern Flank Watch" with limited EU funds. Indeed, there is a greater chance that Spain will want to lead on EU defence flagship projects if they reflect more of a 360º approach that addresses all of the Union's perimeters and flanks[13].

And here, whether Spain emerges as a leader for the capability coalitions proposed by the Commission to lead flagship projects or not, will be a good indication of the role Spain intends to play in the newly published EU Roadmap for Defence Readiness 2030. Spain is sensitive to "just return": if it contributes to joint procurement, it must obtain a reasonable share of the work, oversight and know-how. As the development of the Future Combat Aircraft System (FCAS) shows, Spain is hopeful that the jet will be an important instance of common military

[13] La Moncloa, "Pedro Sanchez defiende en Copenhague una vision 360º de la seguridad europea que permita a la Union estar preparada ante todo tipo de amenazas", 1 October 2025. See: https://www.lamoncloa.gob.es/presidente/actividades/Paginas/2025/011025-sanchez-reunion-informal-consejo-europeo.aspx.

capability, and it is continuing to fund its share of the project, despite very public disagreements between France and Germany over technology sharing. What is clear, is that Spain will continue to insist on a clear workshare in the project. As has been stated by the main industrial partner from the Spanish side: "we are in the same line with the Spanish government. If we pay 33%, we get 33% of the workshare" [14].

Spanish firms must be able to lead and not always just participate. Technology transfers must be clear and preserved. The rules of common return must be transparent so that the Spanish contribution yields real industrial and technological benefit. Thus, Spain wants to avoid "token participation" or small slices of funding; it needs projects where substantial portions of design, procurement, manufacturing and sustainment are jointly managed. All of this means that Spain would support multi-national projects where there is a fair division of labour and technology transfer, especially given the ongoing experiences of existing European defence programmes. Spain will likely want to cooperate with fellow large member states such as France, Germany, Italy and others, and Madrid will favour participation in sectors that it already excels in: naval shipbuilding, C2, space/domain awareness, electronic warfare and cyber.

CONCLUSION: WHICH TYPE OF COOPERATION SHOULD SPAIN PURSUE?

In conclusion, the type of armament cooperation Spain wants and needs is one that moves from fragmented national projects to shared capability programmes in Europe. For European projects to succeed, Spain must participate in major European projects that deliver defence capabilities that Spain cannot meet on its own. Projects aligned with national, EU and NATO priorities will require, however, further defence expenditure, industrial capacity and managerial competence. In the next MFF (2028-2034), Spain will likely push for EDIP to be large, well-resourced and capable of handling the development and procurement of full defence systems. If Spain succeeds in this endeavour, joint procurement can deliver improved interoperability, defence industrial modernisation, cost savings and strengthened European strategic autonomy. For Spain, the question now is whether national political, industrial and institutional factors can be translated into concrete European programmes and sustainable EU-level funding.

[14] Pugnet, A. and Neubert, K. "Spain's Indra Calls on France and Germany to End FCAS Deadlock", *Euractiv*, 21 October 2025. See: https://www.euractiv.com/interview/spains-indra-calls-on-france-and-germany-to-end-fcas-deadlock/.

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