

SPAIN

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Spain recognises the progress made towards an EU defence market. The current framework has established common rules, funded cooperative R&D, promoted the EDTIB, encouraged joint procurement and placed defence industry at the centre of European strategic autonomy. Yet the market remains fragmented into national systems, with limited scale, underinvestment and regulatory burdens that constrain the EDTIB's ability to sustain protracted conflicts.

Spanish defence industrial policy broadly aligns with the proposed reforms of the EU defence procurement and transfer directives. The reforms seek to simplify procedures, speed up procurement, facilitate joint acquisition, improve intra-European transfers, support innovation and unlock private investment. Spain expects to benefit from market integration, European funded projects, stronger supply chains and a growing preference for European industrial capacity. However, Madrid will read these reforms through a national industrial lens and will support EU market integration insofar as it strengthens the Spanish defence industrial base.

The main challenge is to ensure that the new framework helps Spain secure workshare, promote open supply chains, protect critical national capabilities and incorporate SMEs and start ups as innovation providers within the EDTIB. Spain has already taken steps on general transfers, dependence on foreign suppliers, critical technologies and secure access to raw materials. However, it still faces structural obstacles: an inadequate procurement framework, limited multiyear planning, a shortage of professionalised procurement officers and SME access barriers.

Despite the exceptional European security context, Spain has not fundamentally changed its defence procurement system. The Ministry of Defence is instead adopting additional tools, including open contracts, innovative public procurement, public financing instruments and the use of artificial intelligence in procurement. These measures can help, but the system remains vulnerable to national industrial preference, concentration around a few large firms, weak competition, limited SME access and insufficient transparency.

EU reforms could help Spain address the tension between supporting national champions and opening major defence programmes to SMEs and start ups. Industrial Participation Plans may be useful if they open supply chains and create technological capacity. They may generate

legal friction, however, if they restrict cross border competition. The Ministry of Industry and the new National Committee for Technological Sovereignty should improve civil military synergies, strengthen governance and align Spanish measures with EU initiatives.

The simplification agenda could accelerate Spanish and European industrial deliveries, through higher thresholds and lighter medium sized procedures. Yet faster procedures must be matched by stronger procurement capacity, transparent industrial participation, ex post control and a clear distinction between legitimate security of supply requirements and protectionist national preference. Measures favouring production in Spain can be compatible with EU rules if linked to resilience, life cycle support, classified information, urgent availability, strategic capacity or objective industrial criteria.

EU market integration can strengthen Spanish firms if they join European consortia early. It can weaken them if Spain acts too late or if consolidation is led by larger European players. Spain must therefore promote industrial partnerships, align national planning with NATO and EU capability processes and secure a strong presence for its industrial base in European supply chains.