Analyses OSW

CENTRE FOR EASTERN STUDIES 27.03.2025 www.osw.waw.pl

The White Paper: the EU's new initiatives for European defence

Łukasz Maślanka

On 19 March, the European Commission and the EU High Representative for Foreign Affairs and Security Policy, Kaja Kallas, presented the so-called White Paper on the future of European defence: Readiness 2030. It updates the assessment of threats and challenges to the EU's security. The document outlines paths for strengthening the military capabilities of member states, improving their readiness to respond to military threats, supporting the European defence industry, and developing a common market for defence products. It also encourages continued military assistance to Ukraine. A key component of the White Paper is the proposed set of additional financial support mechanisms for the development of military capabilities, known as the ReArm Europe package. This includes the €150 billion SAFE (Security Action for Europe) instrument, based on joint borrowing. Although member states have expressed cautious approval of the White Paper and its underlying assumptions, the real test of their political will lies in the pace of legislative work on the proposed mechanisms, their actual collective implementation, and the decision on continued funding of military aid to Kyiv.

A new assessment of challenges and threats

Although the Strategic Compass (see '*The patchwork defence union. Shifts in the EU's security policy following the Russian invasion of Ukraine*') – the EU's key document outlining challenges, threats, and actions in the area of security – was published in March 2022, after Russia launched its full-scale invasion of Ukraine, it did not fully reflect the consequences of that conflict, as its main drafting took place in 2021. The White Paper addresses this gap and establishes a new point of reference for EU security policy. It defines Russia as a 'fundamental threat to Europe's security', highlighting the risks posed by its nuclear arsenal, increasingly aggressive rhetoric, and the deployment of nuclear weapons in Belarus. The White Paper also considers Russia's mobilisation and armament potential, warning that it could quickly become ready for military confrontation with EU countries – particularly if it achieves its objectives in Ukraine. Additional factors contributing to the deteriorating security environment include the rapid expansion of China's military capabilities, the erosion of strategic balance in the Indo-Pacific, instability in Africa, hybrid threats, the global technological arms race, and the security of critical raw material supply chains.

Alongside identifying sources of threat, the White Paper reiterates the list of the EU's key partners as outlined in the Strategic Compass, which includes NATO, the United States, the United Kingdom, Norway, Canada, the Western Balkans, Turkey, and India. Although the United States remains high on that list, the document acknowledges the unpredictability of the Trump administration's policies and notes that Washington – Europe's most important ally to date – is increasingly focused on other regions. It therefore underlines the need to reduce reliance on the US as the continent's traditional security guarantor. At the same time, the White Paper does not represent a step towards transforming the EU into a military alliance. It clearly states that NATO remains the cornerstone of collective defence for its members. Rather, its purpose is to support member states in efficiently meeting capability goals within the Alliance framework. The White Paper's proposals therefore focus on helping member states close gaps in military capabilities, continue military support for Ukraine, and expand the European Defence Technological and Industrial Base (EDTIB).

Addressing military capability gaps...

Following the guidance of the European Council of 6 March, the White Paper identifies seven priority areas for developing military capabilities. These include: air and missile defence; artillery systems, including deep precision strike capabilities; ammunition and missiles; drones and counter-drone systems; strategic enablers, including those related to space and critical infrastructure protection; military mobility; and AI, quantum, cyber, and electronic warfare. The document also references the Eastern Border Shield project as a key element of the EU's response to regional threats, noting that its inclusion may facilitate access to loans for further implementation. The ReArm Europe package, as part of the White Paper, provides financial instruments to support such initiatives. Given the scale of proposed funding, the plan represents a potentially significant breakthrough.

The most important element of ReArm Europe is the SAFE instrument, which envisages a maximum funding ceiling of €150 billion. The draft SAFE regulation presented by the European Commission provides for the possibility of issuing joint, EU budget-backed, low-interest loans to finance the purchase of selected types of 'defence products and other products for defence purposes' (see Appendix). This broad definition also allows for the financing of initiatives such as military mobility or the Eastern Border Shield. However, the draft regulation also introduces strict rules on the origin of eligible products. These could prevent member states from filling critical capability gaps – such as replenishing air defence ammunition – if the equipment is manufactured in the UK or the US. The joint loan proposal is a compromise, aiming to reconcile the positions of countries supporting common defence debt issuance (France, Poland, and Italy) and the more fiscally conservative states (Germany and the Netherlands). Nevertheless, there are concerns that southern EU member states – more heavily indebted and geographically more distant from the Russian threat – may block the proposal. Their opposition may be justified by a continued preference for issuing eurobonds for defence purposes.

The remaining components of the package do not place a direct burden on the EU budget. Firstly, over a four-year period, member states will be permitted to increase military spending by up to 1.5% of GDP without being required to cut funding for other areas – even if this results in breaching the permitted budget deficit thresholds. This will be made possible by activating the national escape clause within the Stability and Growth Pact. According to European Commission estimates, if all member states were to make use of this option, it could generate an additional €650 billion in defence investment. Combined with the SAFE instrument, this would amount to €800 billion in additional defence spending. This figure has become a symbolic benchmark for the entire plan – albeit one that somewhat misleadingly suggests a higher level of EU commitment than is actually the case. Secondly, the Commission expects the European Investment Bank (EIB) to further expand the scope of defence-related investment. Since May 2024, the EIB has been authorised to support projects involving dual-use goods, but the Commission's intention is for the bank to also fund purely defence-focused investments. Thirdly, EU institutions aim to encourage private banks to become involved in defence projects and the financing of the military-industrial sector – a field long considered taboo in some member states. Fourthly, EU countries are also to be given the option of redirecting part of their cohesion fund allocations towards security and defence objectives.

...and support for the defence industry

The White Paper also outlines a range of measures to support the EDTIB, although it does not introduce any new grant or loan mechanisms. The European Defence Investment Programme (EDIP), which was unveiled over a year ago with a proposed budget of €1.5 billion, is still awaiting approval by the Council of the EU. The implementation of the key ReArm Europe initiatives – namely the SAFE mechanism and the amendments to the Stability and Growth Pact – will likewise require the Council's decisions. The defence industry is expected to benefit from regulatory simplification in areas such as procurement procedures and the movement of defence products within the EU. The European Commission also plans to initiate a dialogue with defence companies to identify and remove barriers related to financing, certification or authorisations for constructing new production lines, or defence infrastructure. The outcome of this dialogue is intended to feed into a package of proposals to be presented by the Commission in June this year, under the Defence Omnibus Simplification Proposal.

In addition, the Commission aims to further counter the fragmentation of military production across the EU by working towards the creation of a 'single market for European defence products and services'. Although it lacks formal competence in this area, it has announced plans to introduce a Buy European principle – giving purchasing preference to EU-made products – into the revised version of the directive on defence and security procurement. Beyond these initiatives, the White Paper lists a number of production-related objectives that resemble a catalogue of intentions and loosely defined proposals, rather than a concrete action plan. These include fostering defence innovation–particularly in artificial intelligence–through the European Defence Fund (EDF), and pursuing joint procurement of key raw materials and components.

Support for Ukraine

The authors of the White Paper seek to mobilise member states to continue providing military assistance to Kyiv. They highlight two key areas of action: the supply of weapons – including a target of 2 million rounds of ammunition in 2025 – and the training of Ukrainian troops, as well as support for Ukraine's defence industry and its integration with the European Defence Technological and Industrial Base (EDTIB).

However, the ambitious plans put forward by the European Commission and the High Representative face resistance from several member states regarding the financing of such support at the EU level. Disbursements from the European Peace Facility (EPF) remain blocked due to a Hungarian veto. A new military aid fund for Ukraine, proposed by the High Representative and based on voluntary contributions of up to €40 billion this year, has faced opposition from a group of member states – namely France, Spain, Portugal, and Italy – who criticised it for a lack of transparency. During the European Council meeting on 20 March (held after the White Paper's publication), no agreement was reached even on the creation of a modest €5.5 billion fund for ammunition procurement.

The only concrete form of support for Ukraine under the ReArm Europe plan is the possibility of using SAFE-funded loans to purchase weapons for Kyiv, including from Ukraine's own defence industry. As a group of major member states clearly prefers bilateral channels for military aid, the new EU mechanism may help to streamline those efforts. However, the limited availability of arms and military equipment on the European market is a significant obstacle. In addition, the protectionist conditions outlined under SAFE prevent the replenishment of ammunition for US-made systems already in Ukraine's possession. In the longer term, EU member states may agree to allow Ukraine limited participation in EU defence industrial support policies and in mechanisms linked to the Common Security and Defence Policy (CSDP), including initiatives such as PESCO.