EUROPEAN DEFENCE AGENCY

DEFENCE DATA 2024-2025

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Main Findings

In 2024, total defence expenditure by the 27 EU Member States reached €343 billion, marking a 19% increase from 2023, bringing defence expenditure to 1.9% of GDP. Estimated data suggests that Member States may reach beyond the 2% NATO guideline in 2025, to €392 billion (current prices, €381 billion in constant 2024 prices) or 2.1% of GDP. The upward trend highlights Member States' focus on enhancing military capabilities in response to the evolving security environment and the commitment to equip the armed forces of EU Member States with the military capabilities needed for defence and deterrence.

EU defence investment reached a record-breaking level in 2024, exceeding the €100 billion threshold for the first time – reaching €106 billion. It accounted for 31% of total defence expenditure, the largest share recorded by the European Defence Agency (EDA) since data collection began. The trend is projected to continue in 2025, bringing defence investment spending closer to €130 billion.

As in previous years, spending on defence equipment procurement was the main driver of the increase in overall defence investment. **Defence equipment procurement expenditure reached €88 billion in 2024, growing by a record-breaking 39% compared to 2023**. EDA assesses that the increase in defence procurement spending will likely continue in the coming years as several Member States have announced additional budgetary increases and signed major procurement deals in 2024, which will further bolster spending on new equipment.

Defence Research and Development (R&D) spending increased by 20% and reached €13 billion in 2024, marking a sharp increase in growth. That compares to a 6% increase between 2022 and 2023. **In 2025, spending is anticipated to rise further, amounting to as much as €17 billion**. Yet despite the growing commitment of EU Member States to strengthening their R&D efforts, other international powers, notably the US, outpaced Member States in terms of total R&D expenditure as well as the share of total defence allocated to R&D.

Outlays on Research and Technology (R&T), which is a subset of defence R&D expenditure, increased to €5 billion in 2024. This was a sharp increase of 27% compared to 2023 and represents the third largest rise recorded by EDA, following a 46% increase in 2020 and a 41% increase in 2021. The trend is anticipated to bring R&T spending to €6 billion in 2025.

EDA notes that the increase in defence expenditure, coupled with the relatively small share of collaborative efforts in Member States' spending, highlights the **unique opportunity to fully exploit opportunities for collaboration, making use of EU funding possibilities and thereby improving the efficiency of spending and the interoperability of weapon systems across European countries**.

Defence expenditure increased by 19% from 2023 to 2024

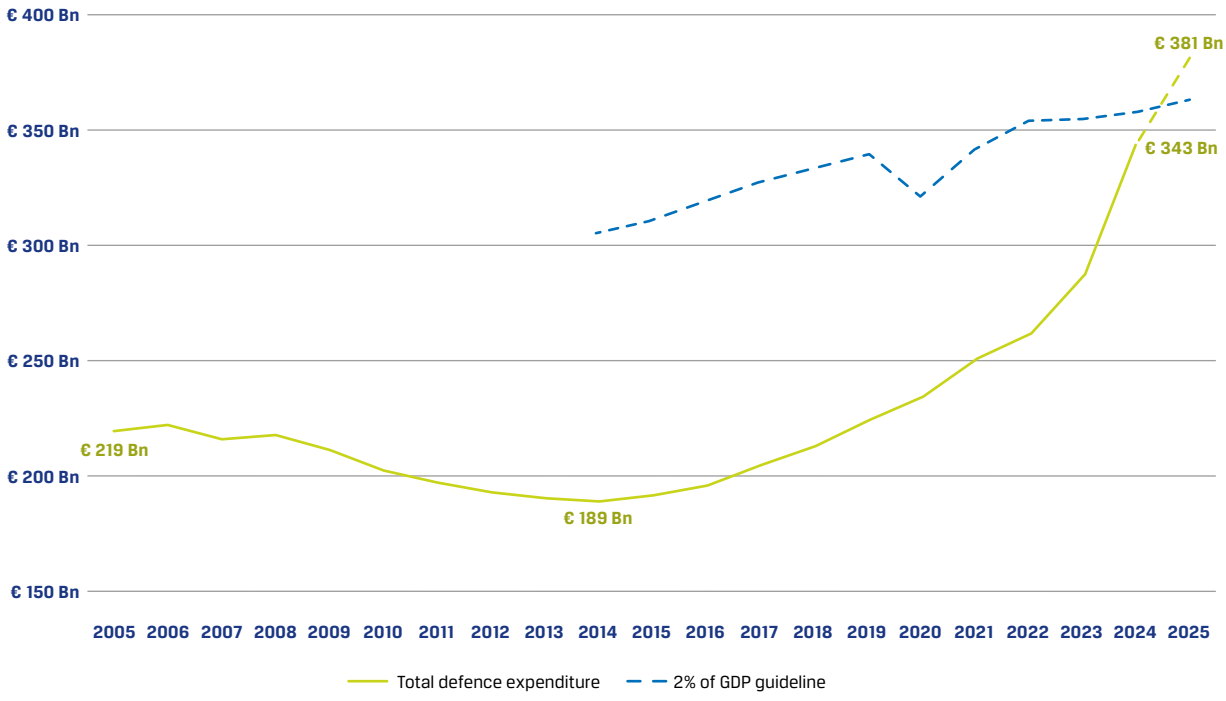
Total Defence Expenditure

In 2024, total defence **expenditure by the 27 Member States (MS) reached €343 billion**[1] and saw a record-breaking increase driven by the shifting security environment and MS' ongoing commitment to increasing their preparedness (Figure 1). **Compared to 2023, defence expenditure increased by 19% and for the tenth consecutive year**. This follows a 10% increase in 2023 compared to 2022. As a share of GDP, defence expenditure rose to 1.9% of MS' GDP, in line with last year's projections, up from 1.6% in 2023, bringing the bloc closer to NATO's old guideline of 2% of GDP.

In 2025, it is **estimated that total defence expenditure will increase to €381 billion** (€392 billion in current prices), bringing the bloc's spending to 2.1% of GDP and exceeding the previous 2% guideline for the first time since data collection began.

Additionally, the European Commission's Readiness 2030 initiative launched in March 2025, which envisages the creation of additional fiscal space of up to €800 billion over the next four years, is likely to boost spending beyond what is currently projected.

Figure 1. Total Defence Expenditure vs the previous 2% of GDP NATO Guideline

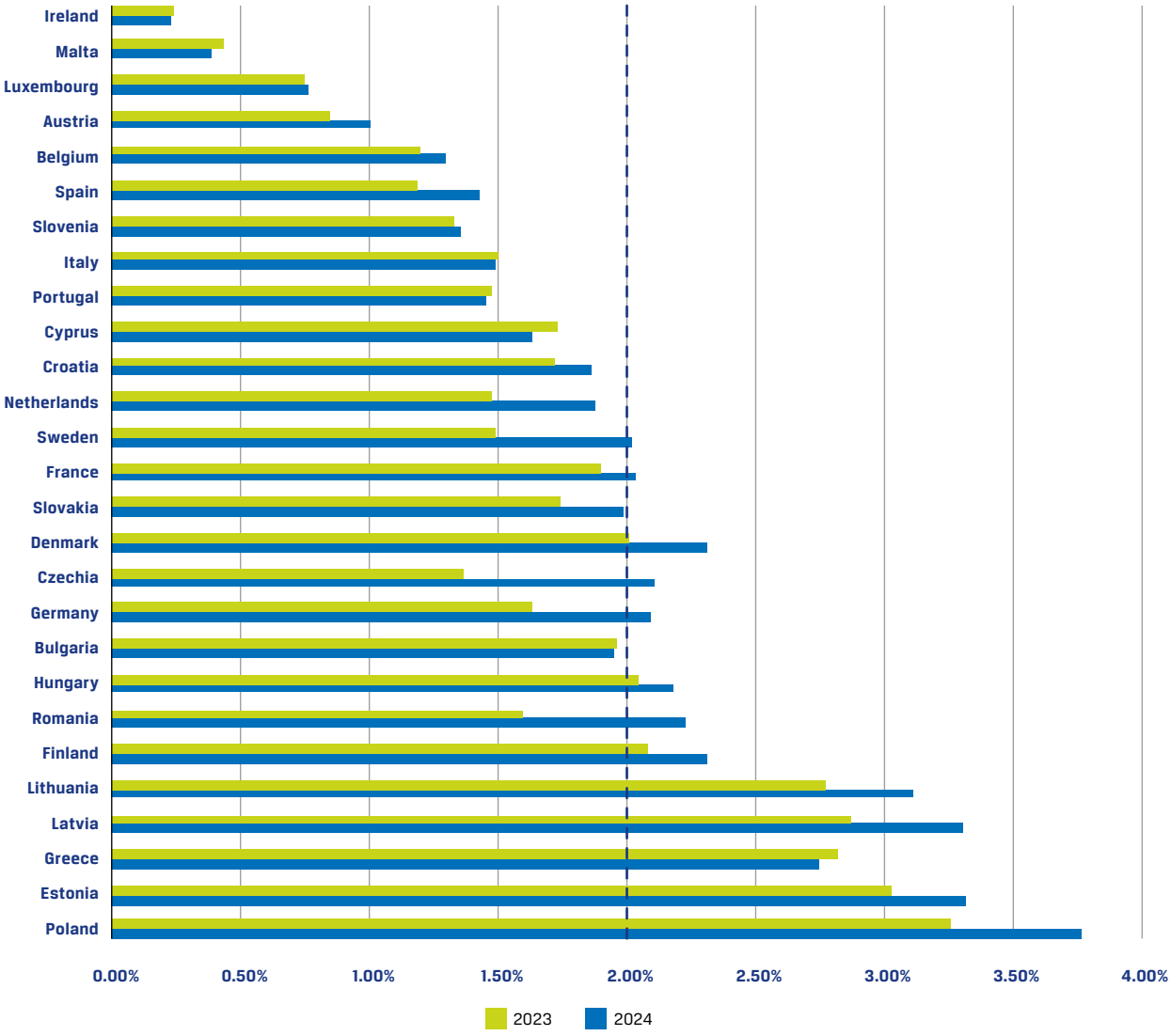


EU defence spending is projected to reach €381 billion in 2025

1. In 2024 constant prices. Unless otherwise specified, all figures, both backward- and forward-looking, are expressed in 2024 constant prices. For this reason, figures may differ from those presented in previous editions of the Defence Data brochure.

In 2024, MS maintained their commitment to increasing total defence expenditure and meeting NATO's 2% guideline on an individual basis. As a result, **13 MS allocated 2% or more of their GDP to defence** – an increase from eight in 2023 and five in 2022 (Figure 2).

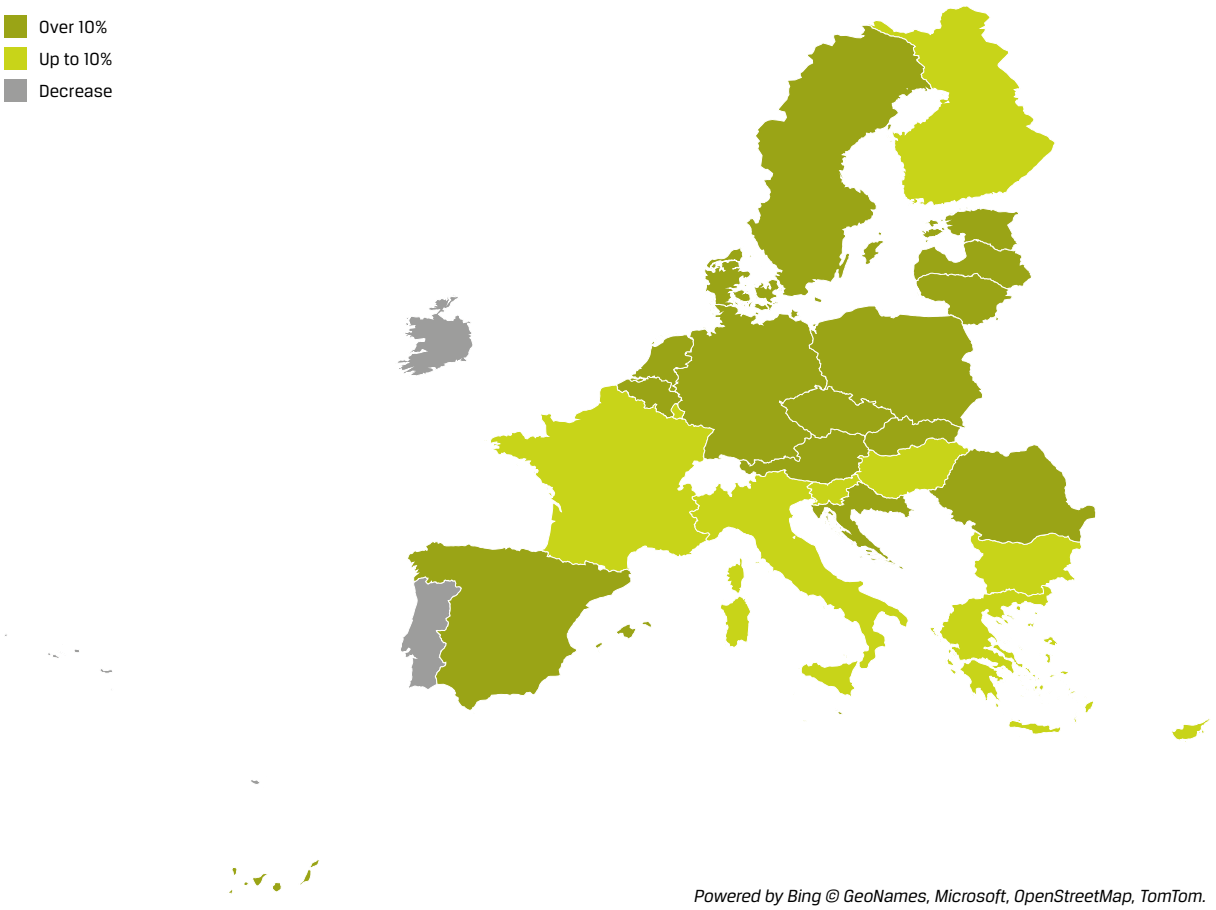
Figure 2. Total Defence Expenditure as % of GDP by MS, 2023-2024



In 2024, **a total of 25 MS increased their defence expenditure in real terms, one more than in 2023**, while only two MS slightly decreased defence spending (Figure 3). Sixteen MS raised their expenditure by more than 10%, compared to eleven MS recording such an increase in 2023. The sharpest increase amounted to more than 60% and was recorded by one MS.

Bloc's spending is seen at 2.1% of GDP in 2025, exceeding the previous NATO 2% target for the first time

Figure 3. Change in Total Defence Expenditure by MS, 2023-2024



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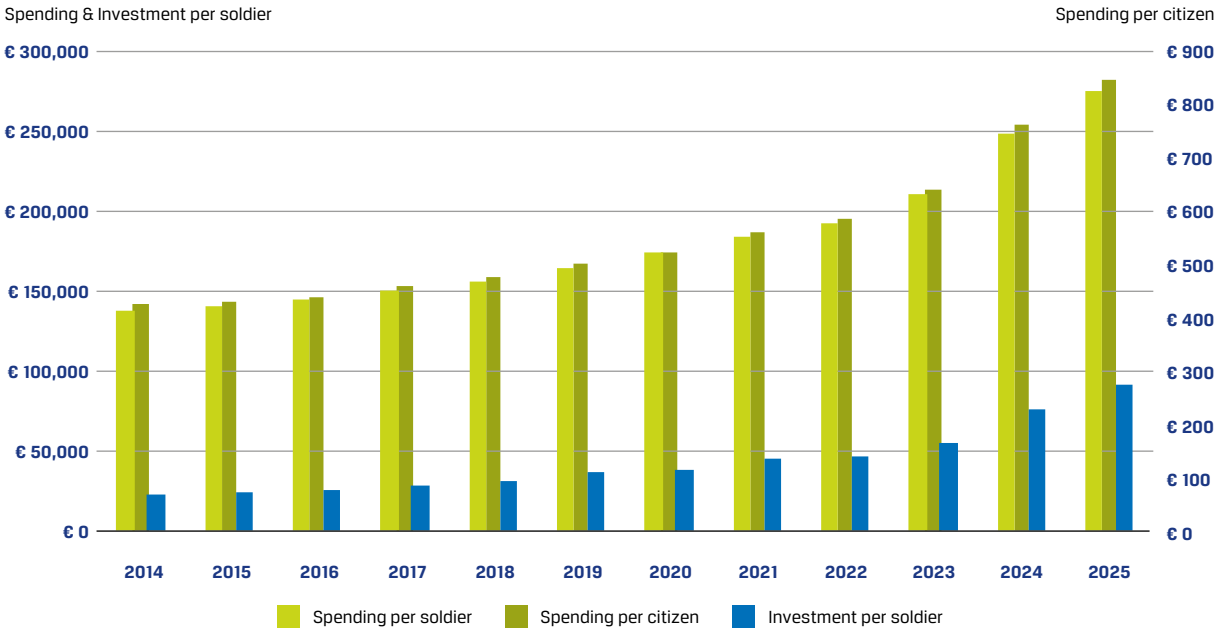
MS have significantly increased their spending on defence, both in terms of per-soldier expenditure and investment (Figure 4). In 2024, the total defence expenditure per active military personnel[2] reached a record €249,000, up from €211,000 in 2023 and significantly more than the €138,000 spent in 2014. Similarly, defence investment per soldier also peaked in 2024. The societal share of defence spending, measured as total expenditure per capita[3], has also seen a marked increase over the past decade. Per capita defence spending rose from €642 in 2023 to €764 in 2024 – up from €426 spent in 2014. The steep increase in both total spending and investment per soldier is driven by the continuing growth in MS' defence budgets, while the number of active personnel remains largely stable. Compared to 2023, the total number of EU military personnel grew by only 1% in 2024, compared to the 19% increase in total defence expenditure.

The analysis of MS' defence expenditure in terms of per-soldier total spending and per-soldier investment is crucial in identifying opportunities and challenges ahead. In this regard, continued MS' investment in modernising their armed forces, while keeping the active military personnel number stable over the past decade, may signal an improvement in the overall quality of MS' militaries, as more funding is committed to, among other things, improved equipment and training for current military personnel. That said, increasing investment without corresponding growth in recruitment may eventually lead to difficulties in fulfilling the personnel needs of operating and maintaining new equipment. This may exacerbate existing personnel shortages in many countries.

2. PSS (per soldier spending) = total defence expenditure/total number of active military personnel for any given year.
PSI (per soldier investment) = total defence investment/ total number of active military personnel for any given year.
PCS (per citizen spending) = total defence expenditure/total population for any given year.
3. UN Department of Economic and Social Affairs, Population Division https://population.un.org/wpp/downloads?folder=Standard%20Projections&group=Most%20used.

Figure 4. Total Defence Expenditure and Defence Investment per Soldier and per Citizen



INTERNATIONAL COMPARISON

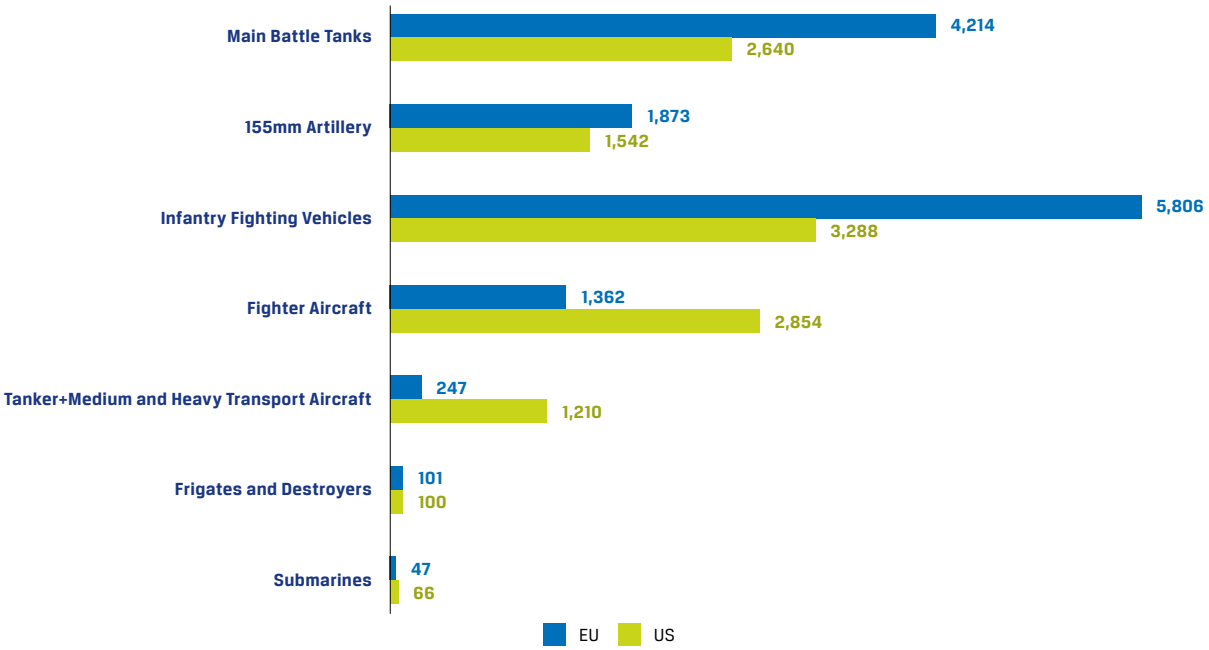
Despite the continued effort of EU MS to increase preparedness and bolster their armed forces' fighting capabilities, other major international powers, particularly the US, score higher on total defence expenditure. Since 2008, the US has consistently allocated more than 3% of GDP to defence. In 2024, US defence expenditure amounted to €845 billion[4/5] (*in current prices*) or 3.1% of GDP, nearly triple EU MS' aggregated expenditure of €343 billion.

Unlike the US, EU MS are not spending their defence budget as a centralised and unified bloc. Defence budgets are decided and allocated by 27 national governments, which may lead to greater fragmentation, duplication of efforts, and reduced efficiency in defence spending. As a result, MS operate a wider variety of weapon systems across key platforms when compared to the US, leading to interoperability issues and consequently making joint operations, logistics, maintenance and training more challenging. The purchase of diverse weapon systems by MS also limits possibilities of economies of scale and weakens collective bargaining power with industry, ultimately driving up unit costs.

For example, EU countries possess higher numbers of main battle tanks, artillery systems, and infantry fighting vehicles when compared to the US, but these weapon systems are highly fragmented across different models (Figure 5)[6]. In contrast, the US relies on a more limited number of platforms in use, facilitating logistics, training, and operational coordination. Fragmentation is also evident in the naval domain, where MS operate a wide variety of frigates, destroyers, and submarines. At the same time, the EU's limited fleet of air-to-air tanker aircraft, as well as medium and heavy transport aircraft, highlights persistent shortfalls in strategic air mobility and airlift capabilities when compared to the US. The fragmentation of defence equipment across MS is driven by several factors including MS' use of Soviet-era systems, unaligned planning cycles and industrial constraints. Collaborative defence planning and procurement, backed by established priorities and financial incentives at EU level, may help address these issues and lower fragmentation in the years to come.

4. Janes Defence Budgets.
5. Currency conversions are based on the 12-month average of the ECB USD/EUR reference exchange rate USD 1 = EUR 0.9291.
6. Data source: IISS' Military Balance Plus database.

Figure 5. Quantity of Selected Weapon Systems in Service in MS and the US



Even though, in budgetary terms, the EU collectively spends more on defence than the declared expenditure of both Russia (€107 billion)[7] and China (€250 billion)[8] – figures that should be interpreted with caution due to limited transparency – both countries will likely achieve greater cost-effectiveness in defence spending due to lower domestic prices, especially in terms of operational output due to integrated planning, lower fragmentation and reduced staff and structure overhead.

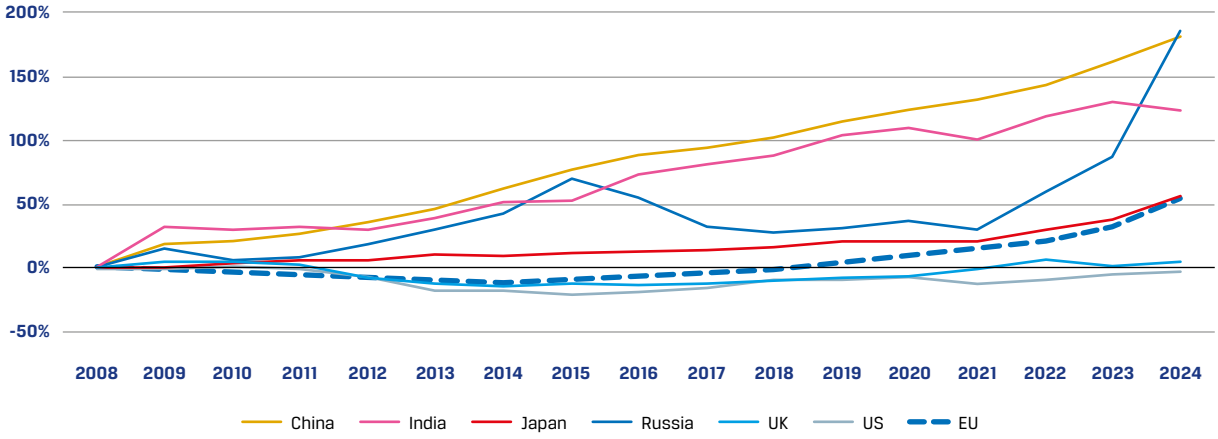
When calculated in PPP terms, Russia's defence spending reached €234 billion in 2024[9]. This is approximately two times higher than what the currency conversion, using the market implied exchange rate, suggests. A similar trend is likely to be true for the Chinese defence budget[10].

In addition, both countries have increased their defence budgets at significantly higher rates than the EU over the last two decades (Figure 6). Whereas MS have collectively increased their defence spending by over 50% in real terms since 2008 – a rate comparable to that of Japan – Russia and China, as well as India, have more than doubled their expenditures over the same period. Meanwhile, the US and the United Kingdom have maintained defence spending at levels roughly equivalent to those of 2008.

Moreover, Russia has allocated an increasingly larger share of GDP to defence, especially since the onset of its war of aggression against Ukraine, also highlighting the mounting strain on the Russian economy. In 2024, Russia reportedly spent 5.5% of its GDP on defence, up sharply from 3.7% in 2023. Due to its war in Ukraine, Russian defence spending is projected to rise further in 2025, potentially reaching 6.4% of GDP. While China's defence budget has remained relatively stable as share of GDP, ranging between 1.2% and 1.5% since 2008, its defence expenditure has grown substantially in real terms, driven by its rapidly growing economy[11].

7. Janes Defence Budgets.
8. Janes Defence Budgets.
9. Implied Purchasing Power Parity (PPP) conversion rate for Russia and the eurozone MS World Economic Outlook (April 2025) - Implied PPP conversion rate.
10. The simple PPP adjustment reflects the price of an average bundle of goods and services produced in an economy and is not tailored to defence spending. Conversion based on a PPP ratio specific to a defence bundle of goods and services would likely yield an even higher expenditure figure.
11. Janes Defence Budgets.

Figure 6. Change in Total Defence Expenditure by Year Compared to 2008



Recent geopolitical developments have prompted many MS to not only intensify their efforts to meet a previous NATO target to spend 2% of GDP on defence but to advocate for raising the benchmark above 2% to address both national and NATO capability requirements. At the NATO summit in The Hague in June 2025, allies agreed to invest 5% of GDP annually on both core defence requirements and defence and security-related spending by 2035[12]. This includes:

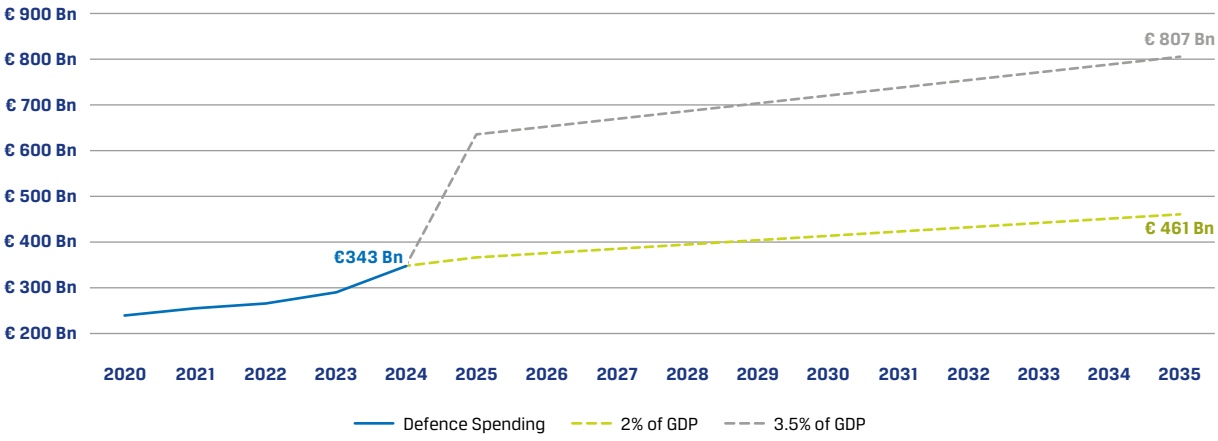
- At least 3.5% of GDP for core defence requirements, based on the agreed definition of NATO defence expenditure (and by implication EDA's defence expenditure definition), and aligned with NATO capability targets;
- Up to 1.5% of GDP for broader security needs, such as critical infrastructure protection, defence of allies' networks, civil preparedness and resilience, innovation, and a stronger defence industrial base.

This significant increase reflects the ongoing need to enhance defence capabilities in response to current security challenges.

Raising the guideline from 2% to 3.5% of GDP will require substantial investments from many MS, necessitating an additional €254 billion and bringing total defence expenditure to approximately €635 billion, up from the current estimate of €381 billion in 2025 (Figure 7).

Achieving the new target will clearly demand significant financial commitments from many MS, but moving towards the guidelines will serve as a crucial indicator of their determination to bolster defence and deterrence in light of the current security situation.

Figure 7. Total Defence Expenditure for the Previous and Revised NATO GDP Guideline

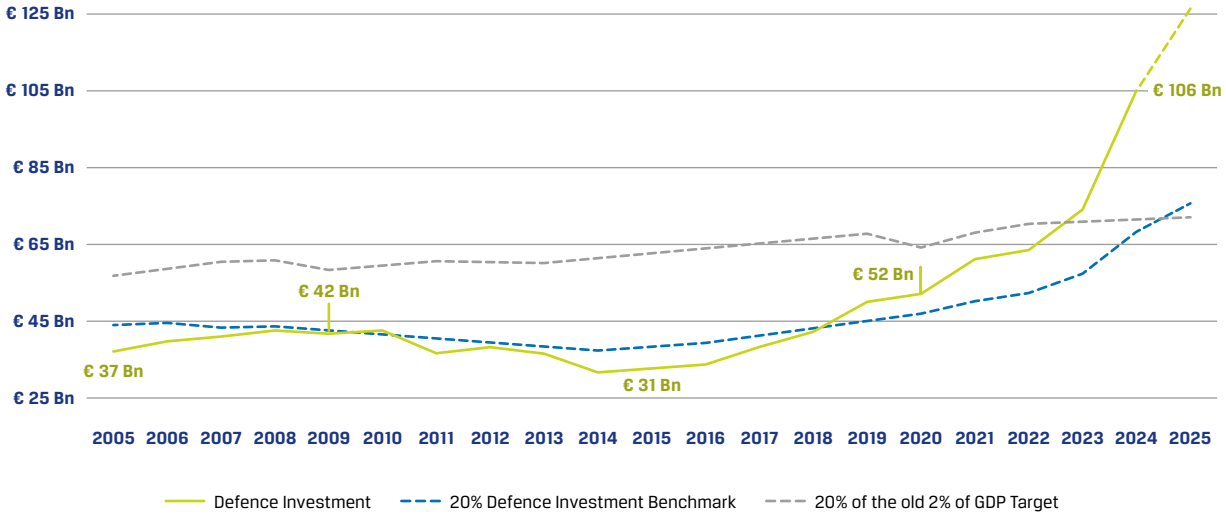


12. NATO - Official text: The Hague Summit Declaration issued by NATO Heads of State and Government (2025), 25-Jun.-2025.

Defence Investment

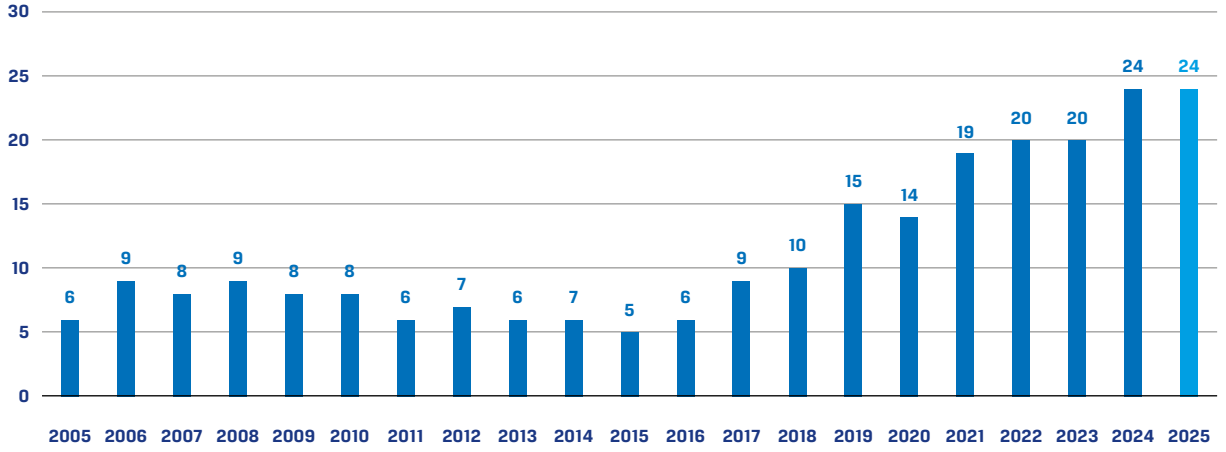
Investment in researching, developing and procuring defence equipment continues to drive the growth in total defence expenditure, as MS adapt to the shifting geopolitical environment and strive to fill capability gaps and enhance their readiness and preparedness. In 2024, **expenditure on defence investment grew by 42% in real terms** compared to 2023, exceeding the €100 billion threshold for the first time and reaching a record high of €106 billion[13] – in line with the estimate in EDA's 2023-2024 defence data publication. The data indicates that the rising trend will continue in 2025, when defence investment is projected to reach nearly €130 billion[14] (Figure 8).

Figure 8. Defence Investment and 20% Defence Investment Benchmark



In 2024, **24 MS achieved the 20% benchmark on defence investment**, up from 20 in 2023 (Figure 9), highlighting the accelerating trend of countries directing an increasingly larger share of their defence expenditure to investments. Twelve of these MS allocated 30% or more of total defence expenditure to researching, developing and procuring defence capabilities.

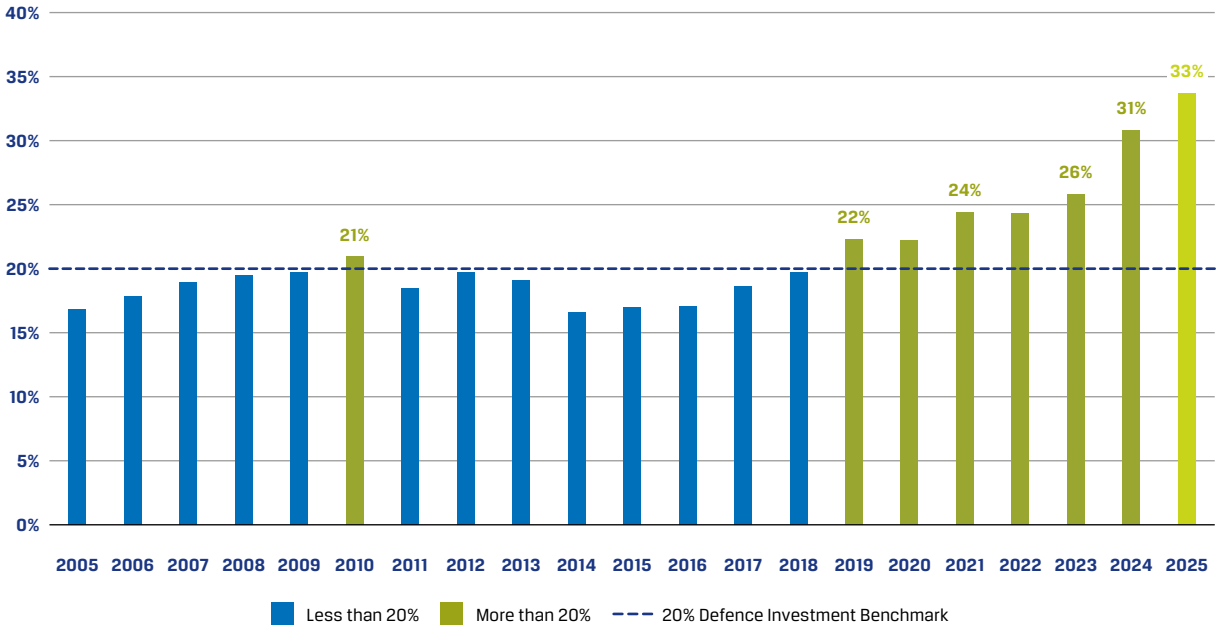
Figure 9. Number of MS Meeting the 20% Defence Investment Benchmark



13. The difference between the total reported investment and the sum of defence procurement and defence R&D expenditures is due to two Member States not providing data on defence R&D spending.
14. The 2025 estimations are based on MS' data, complemented with projections based on 10-year average growth rates in MS' defence budgets and Janes Defence Budgets data, where necessary.

2024 marked the sixth consecutive year where MS collectively surpassed the 20% defence investment target, allocating **31% of total defence expenditure to defence investment – the highest share recorded**, with the projected data for 2025 indicating that this share will increase further in 2025 (Figure 10).

Figure 10. Share of Total Defence Expenditure Allocated to Defence Investment



In the previous years, we identified inefficient spending in MS' defence investment, particularly between 2011 and 2018, when investment remained consistently below the 20% of total defence spending benchmark[15]. Although MS' commitment to investing in the procurement and development of new equipment has addressed some of the shortfalls, there remains a need to further increase investment to recuperate from the profound underinvestment in the aforementioned period. Furthermore, if we consider that in the same period, MS have consistently fallen short of committing to the old NATO 2% of GDP target, the real underinvestment for the period between 2011 and 2018 can be assessed as approximately €212 billion. **The year 2023 marked the beginning of recovery** with MS spending more than 20% of the 2% of their GDP on defence investment (Figure 8).

Therefore, MS will need to adopt a structured and sustained investment path to consistently move into recovery and ensure that EU armed forces have the fighting capabilities necessary to effectively deter foreign armed aggression and, if necessary, respond to armed conflict.

Increased defence investment is likely to have a positive spillover effect on the EU defence industry and the EU economy. A consistent and structured approach to defence spending that rests on long-term procurement plans, favouring EU suppliers and joint European orders, will enable the EU defence industry to plan and adapt to higher production demands while strengthening European industrial competitiveness. Finally, due to fiscal and investment multiplier effects, **government spending on defence may stimulate additional public and private investment, leading to a more than proportionate positive impact on aggregate income and GDP**. Hence, if the current upward trend in defence investment continues as projected, it may act as an additional driver of economic growth in MS.

Defence investment is set to reach close to **€130 billion** in 2025

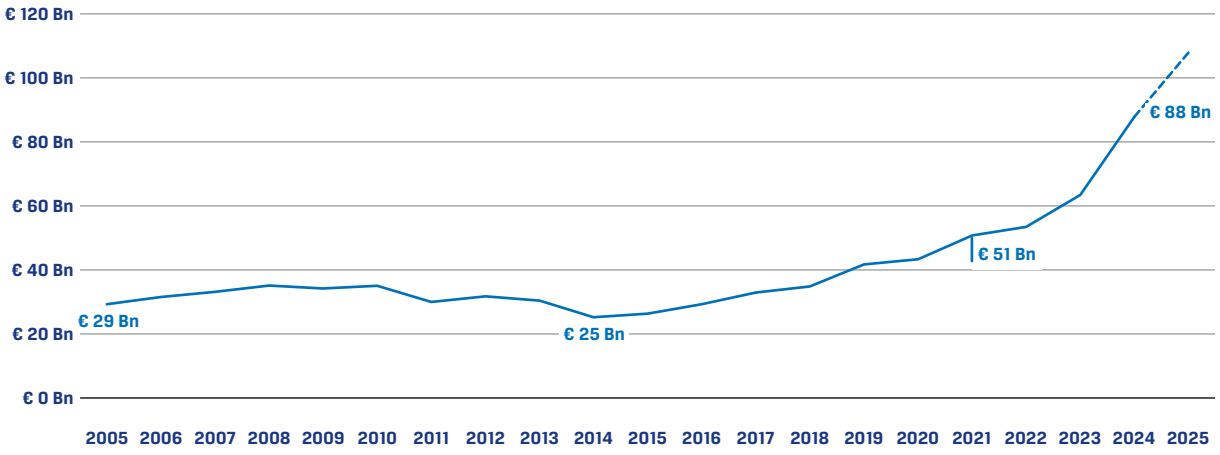
15. 2023-2024 Defence Data.

Defence Equipment Procurement

As in previous years, investment in procuring new defence equipment continued to grow in 2024, largely driving the overall increase in defence investment. Spending on defence equipment procurement increased by 39% compared to 2023, with procurement expenditure reaching €88 billion in 2024 (Figure 11). Despite the significant increase in MS' procurement spending, **the growth rate was slightly slower** than anticipated in EDA's 2023-2024 Defence Data brochure. In 2025, the projected expenditure on defence equipment procurement is likely to exceed €100 billion[16].

Nonetheless, the increase in defence procurement spending will likely continue in the coming years as several MS have announced additional budgetary increases in response to the situation and have signed several major procurement deals in 2024 that will materialise in the coming years. Examples include, among many others, Poland's acquisition of attack helicopters for around €9 billion, Italy's €8.5 billion procurement programme of main battle tanks[17], its acquisition of 24 multirole fighter jets worth €7.47 billion[18], Germany's €4.7 billion deal to procure submarines[19] and Denmark's and Sweden's joint procurement of Infantry Fighting Vehicles for roughly €2.3 billion[20].

Figure 11. Defence Equipment Procurement



Defence equipment procurement accounts for more than 80% of defence investment. In recent years we have noticed that the short-term need to address the existing shortfalls compelled MS to acquire existing solutions. Therefore, investments in R&D have been increasing to a limited extent. Nevertheless, in the immediate future a significant increase in R&D spending will prove crucial in order to develop next-generation capabilities and limit reliance on foreign markets for immediate, short-term solutions.

The benefits of defence cooperation are widely acknowledged among MS and include **economies of scale, reduced unit costs, enhanced interoperability and a decrease of fragmentation** and duplication. Prioritising EU collaborative procurement solutions can foster a more coordinated approach to defence procurement, promoting interoperability and standardisation across European defence systems.

16. The 2025 estimations are based on MS' data complemented with projections based on 10-year average growth rates in MS' defence budgets and Janes Defence Budgets data, where necessary.
17. Italian Parliament approves Leopard 2A8 procurement programme.
18. Italian parliament approves EUR 7.47 billion purchase of Eurofighter jets.
19. German budget committee backs 4.7 billion euro deal to buy ThyssenKrupp submarines | Reuters.
20. Denmark and Sweden sign $2.5 billion CV90 IFV joint procurement for over 200 vehicles - Breaking Defense.

However, factors such as legitimate industrial interests, bureaucratic complexity, protracted decision-making processes and unaligned planning cycles often hamper collaborative defence programmes. **European defence initiatives aim at addressing these issues and facilitating defence cooperation among MS in the coming years**. In combination with the ongoing increase in MS procurement budgets, the recently launched EU financial support mechanisms provide a unique opportunity to increase joint European defence acquisitions.

However, only 12 out of 27 MS reported their EU collaborative equipment procurement data, making it impossible at present to provide a comprehensive analysis of EU collaborative defence equipment procurement and to adequately assess the state of the EU defence landscape in this area. Improved tracking and reporting by MS will be essential to assess how financial support mechanisms are impacting European cooperation and to guide future strategic decisions.

New EU instruments provide frameworks for financial support including:

- European Defence Industry Reinforcement through Common Procurement Act (EDIRPA), a short-term urgency instrument with €310 million allocated for joint defence procurements;
- Proposed European Defence Industry Programme (EDIP), which offers a funding possibility of €1.5 billion to boost the competitiveness of the European Defence Technological and Industrial Base (EDTIB);
- Proposed Security Action for Europe (SAFE), which includes a €150 billion loan facility to support joint defence projects.

These measures will likely lead to an increase in collaborative equipment procurement in the years to come and could help MS approach the 35% benchmark set by EDA, which has never been achieved since data collection began.

In 2024, EDIRPA provided financial support to MS' joint procurement projects[21]. This includes the procurement of:

- Mistral 3 missiles, led by France in cooperation with Belgium, Cyprus, Estonia, Hungary, Romania, Spain, Slovenia, and Denmark;
- IRIS-T SLM medium-range air defence systems, bringing together Austria, Bulgaria, Estonia, Germany, Latvia, and Slovenia;
- The Common Armoured Vehicle System (CAVS), by Finland, Latvia, Sweden, and Germany;
- Different types of 155mm artillery ammunition (CPoA 155mm), bringing together the Netherlands, Italy, Poland, Lithuania, Denmark, and Croatia;
- High explosive 155mm artillery ammunition, by Germany, Denmark, the Netherlands, and Estonia.

The five projects are worth more than €11 billion in defence products and each project will be supported with €60 million under EDIRPA.

In addition to EU defence procurement cooperation, MS also cooperate through other frameworks, such as NATO structures, bilateral or multilateral agreements, or co-production agreements to acquire defence products. For instance, in 2024, NATO's Support and Procurement Agency (NSPA) announced that it supports Germany, the Netherlands, Romania and Spain to procure surface-to-air missiles[22]. Bilaterally, Denmark and Sweden decided to jointly procure infantry fighting vehicles[23]. Poland is acquiring additional main battle tanks and 155mm self-propelled howitzers from South Korea[24] and Germany is purchasing Israel's exoatmospheric hypersonic anti-ballistic missile defence system[25]. These, as well as the manufacturing of components of American multirole strike fighters that are taking place in several EU countries, are examples of co-production agreements entered into by MS.

21. EU boosts defence readiness.
22. NATO - News: NATO to buy 1,000 Patriot missiles to enhance Allies' air defences, 03-Jan.-2024.
23. Denmark and Sweden sign $2.5 billion CV90 IFV joint procurement for over 200 vehicles - Breaking Defense.
24. PGZ and Hyundai Rotem sign consortium agreement for K2PL tank production in Poland.
25. Germany begins construction of infrastructure for Arrow 3 missile defence system.

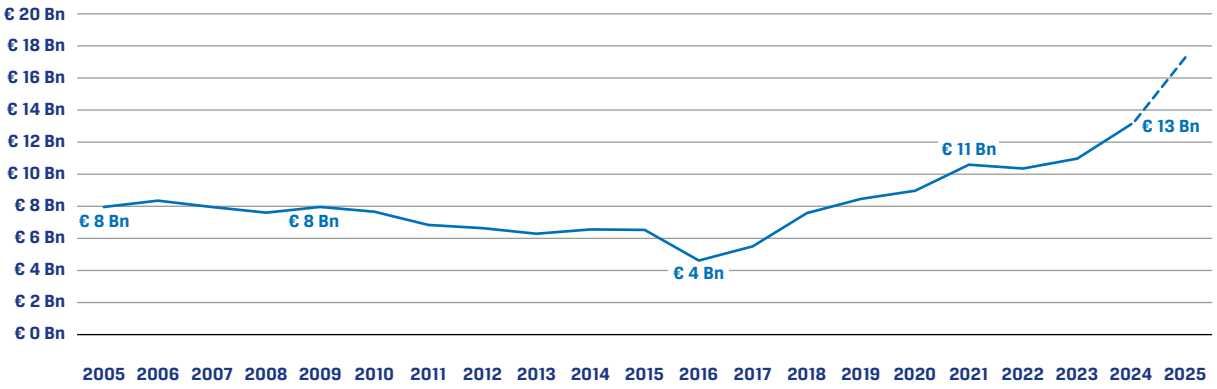
Defence R&D

In 2024, expenditure on defence R&D, like other components of defence spending, increased in real terms compared to 2023. Although R&D expenditure grew at a slower rate than defence equipment procurement, **the 20% increase in 2024 marks a significant increase in the pace of growth** compared to the 6% measured in 2023. As projected in EDA's 2023-2024 defence data brochure, defence R&D spending reached €13 billion in 2024. The projections for 2025 suggest that expenditure may increase further to €17 billion (Figure 12).

Despite the rise in R&D spending by EU MS, the US keeps performing better. In 2024, US spending on Research, Development, Test, and Evaluation (RDT&E)[26] reached $149 billion[27] (current prices, around €138 billion). The US defence budget for fiscal year 2025 foresees a small 2% decrease in nominal terms in RDT&E spending, bringing it to $145 billion (current prices, around €134 billion). RDT&E represents a substantial portion of the US defence budget – 16% compared to 4% in the EU. These figures highlight the US's emphasis on RDT&E and its commitment to maintaining its competitive, technological edge in the future.

Despite the reliability of presented data, there are persisting challenges in accurate aggregation of MS R&D expenditure data. Currently not all MS draw a clear distinction between R&D and R&T in their calculation methodologies. Furthermore, some MS include both R&D and R&T in their equipment procurement expenditure, potentially leading to an underestimation of R&D spending.

Figure 12. Defence R&D



The sustained increase in research and development of new defence equipment is crucial for ensuring both the technological cutting-edge – as new technological developments change the nature of warfare in certain domains – and the long-term competitiveness of the European defence industry. **The growing trend in overall defence expenditure presents ample opportunities for MS to increase the share of spending allocated to defence R&D and R&T**, while available EU funding, such as the European Defence Fund (EDF), provides incentives to conduct joint European R&D projects. This approach enables resource pooling, which facilitates long-term and high-cost projects, while reducing investment fragmentation and enhancing interoperability.

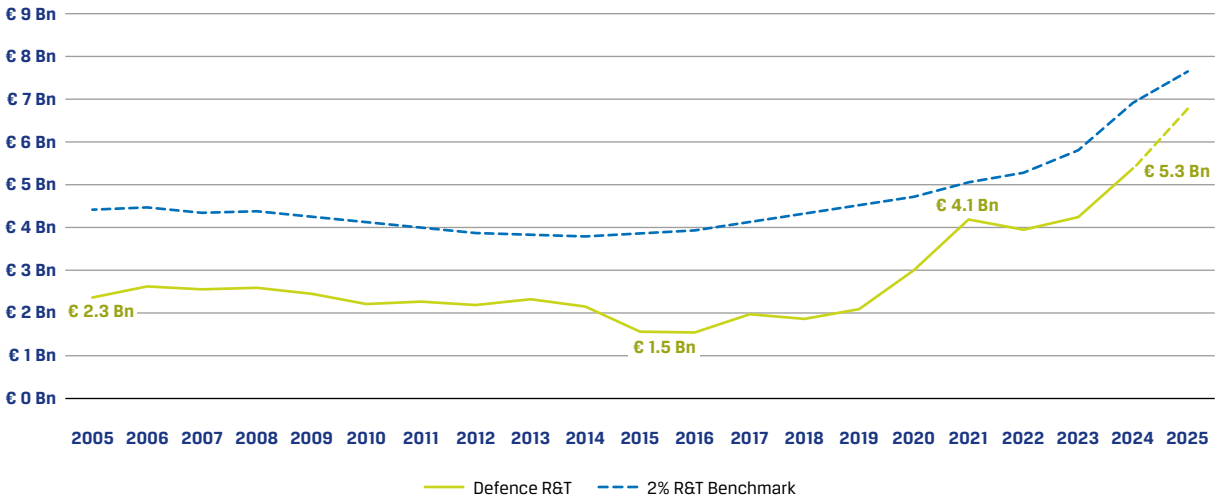
The EDF 2024 call for proposals resulted in 62 new defence projects, which are supported by **nearly €1 billion of funding from the European Commission**. Of that, €539 million are used to support collaborative capability development projects and €369 million for collaborative defence research projects. To foster innovation and encourage the participation of small- and medium-sized enterprises (SMEs), the 2024 call for proposals included €224 million in dedicated support through the European Defence Innovation Scheme (EUDIS)[28].

26. The US definition of RDT&E and EDA's definition of R&D are broadly comparable.
27. Janes Defence Budgets.
28. European Commission (2025) EDF 2024 Call Results, available at: ad3cd2d3-591d-4587-95d9-2ab0c48ec255_en.

Defence R&T

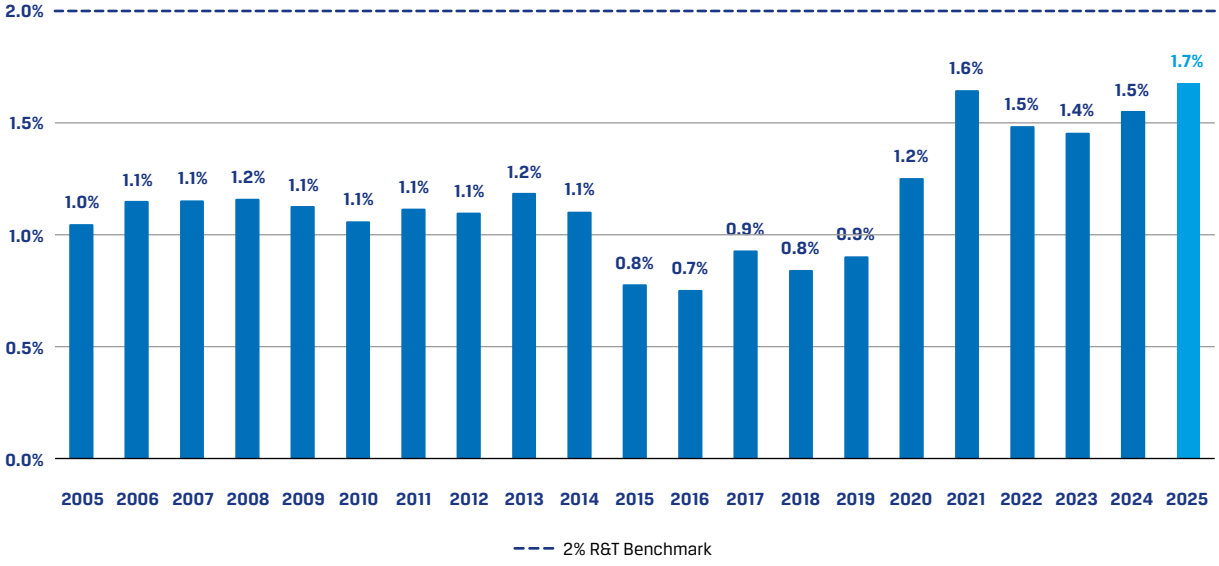
In recent years, R&T expenditure has benefited from the overall increase in defence spending. In 2024, R&T spending **surpassed €5 billion**, up from €4 billion in 2023, marking a 27% year-on-year growth (Figure 13). This sharp increase represents the third largest rise recorded by EDA since data collection started, following a 46% increase in 2020 and a 41% increase in 2021. Compared to the lowest level of R&T spending, recorded in 2016, MS have nearly quadrupled their expenditure by 2024. Projected data suggests that this upward trend may continue in 2025, with R&T expenditure reaching €6 billion.

Figure 13. Defence R&T and 2% Defence R&T Benchmark



As a share of total defence expenditure, in 2024 MS allocated 1.5% to defence R&T, up from 1.4% in 2023 (Figure 14). Despite the steep increase in R&T outlays in 2024, **MS continue to fall short of the 2% benchmark on defence R&T agreed in 2007**[29]. In addition, the distribution of R&T spending remains highly uneven with two MS responsible for more than 80% of EU spending on R&T.

Figure 14. Defence R&T as a Share of Total Defence Expenditure



29. Ministerial Steering Board November 2007.

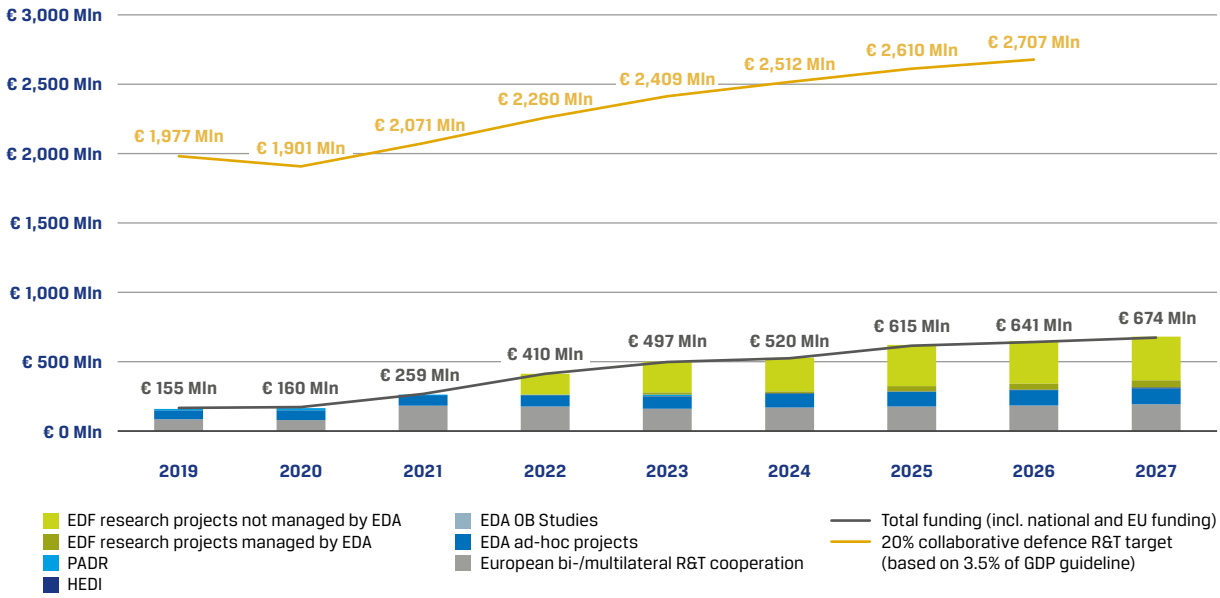
European Collaborative Defence R&T

EU defence initiatives aimed at promoting collaborative R&T spending are likely to stimulate MS' cooperative activities in this area in the coming years. Such initiatives will play a crucial role in integrating R&T elements into capability development and mobilising innovation, including the use of dual-use technologies, to capitalise on the blurred line between defence and civilian innovation.

In this respect, **EDF funding continued its positive impact on European defence R&T cooperation** in 2024. Funding under the EDF amounted to around €255 million in 2024, up from €239 million (current prices) in 2023. EDF-funded research actions are projected to grow further in the coming years and may reach €367 million in 2027. Combined with other financial instruments and national funding by MS, total EU collaborative R&T spending has increased to **more than €500 million in 2024** (Figure 15)[30]. Hence, the EDF is playing an increasingly significant role in shaping Europe's defence R&T landscape, accounting for approximately half of all cooperative R&T investment at EU level.

However, more European collaboration in R&T is required to meet the EU collaborative defence R&T benchmark of 20%. If MS were to achieve all defence spending related benchmarks, this would require them to more than double their outlays for EU collaborative defence R&T. In other words, **if MS allocated 3.5% of GDP to defence, with 2% of that specifically for defence R&T, and 20% earmarked for European collaborative defence R&T, the budget for such initiatives should amount to approximately €2.5 billion** (Figure 15).

Figure 15. European Collaborative Defence R&T by Funding Source (current prices)



30. The graph shows an estimate of the annualised financial impact of collaborative defence R&T by funding source. The value of EDF Research Actions has been calculated as follows: Figures for EDF2021, EDF2022 and EDF2023 have been calculated on the total budget of each individual project. A fixed percentage of 55% as initial pre-financing (n+0) and 10% as last grant payment (last year) are calculated per each project, with the remaining 35% equally split among the remaining years of implementation as interim payments. Information regarding each project's duration and budget has been retrieved from the EU Commission website funding and tender. Example:
· 2-year long project: n+0, 55%; n+1, 35%; n+2, 10%;
· 3-year long project: n+0, 55%; n+1, 17,5%; n+2, 17,5%; n+3, 10%;
· 4-year long project: n+0, 55%; n+1, 11,6%; n+2, 11,6%; n+3, 11,6%; n+4, 10%;
· Etc…
For EDF 2024, EDF 2025 and EDF 2026 figures are estimates based on taking the total annual EU budget available per each Work Programme for research actions and dividing it for an average of a three-year long project implementation. EDF2026 amounts are estimated by using the same data as EDF2025. For other funding sources, actual expenses have been considered until 2024, while estimates have been calculated for 2025 onwards.

Conclusion

The substantial increase in defence spending in 2024 and 2025, with the rise in spending likely reaching above 2% of GDP, highlights EU Member States' efforts to rapidly address the deteriorating strategic environment, **enhance their armed forces' military capabilities** and their commitment to collective defence. The fiscal space created by defence spending increases also presents an opportunity to expand the scope of European cooperation and fully exploit new EU defence initiatives – such as Readiness 2030, the SAFE lending scheme, – and ongoing instruments such as the EDF. Such initiatives pave the way for greater efficiency in spending growing defence budgets as well as for enhanced interoperability and standardisation.

The marked increase in defence investment, along with the significant rise in per-soldier spending, underscores EU Member States' growing emphasis on enhancing the quality and readiness of their military personnel. However, **the continued reliance on commercial-off-the-shelf (COTS) procurement and the fragmentation of weapon systems highlight the pressing need for more coordinated and standardised approaches** to defence procurement. In the coming years, greater cooperation and alignment of national planning towards common EU-level objectives will be essential to strengthen the EDTIB. This would enable larger, more predictable orders over longer time horizons, thereby allowing the EU defence industry to secure and scale up production lines.

Despite the positive defence expenditure trajectory identified in this 2024-2025 Defence Data publication, sustained investment, particularly from the early stages of defence R&D, along with new collaborative initiatives, will be essential to maintaining technological superiority and ensuring the long-term sustainability and effectiveness of defence spending. **By fostering cooperation and leveraging economies of scale, Member States can strengthen their collective security, respond more effectively to future challenges and contribute to enhancing the EU's strategic autonomy**.

Meeting the new NATO target of 3.5% of GDP will require even more effort by many Member States, spending a total of more than €630 billion a year

Methodological Remarks

The European Defence Agency (EDA) has been collecting defence data on an annual basis since 2006, in line with the Agency's Ministerial Steering Board Decision of November 2005. The Ministries of Defence of the 27 Member States provide the data. EDA acts as its custodian and publishes the aggregated figures in its "Defence Data" publications and on its website.

EDA compiled the 2024-2025 defence data figures through the 2025 Permanent Structured Cooperation (PESCO) National Implementation Plans, the 2024 Coordinated Annual Review on Defence (CARD) Consolidated Information, and individual updates by Member States. For the purposes of the analysis, open-source data has been used for international comparison with non-EU countries as well as to complement the data where EU Member States data was not available. All uses of open-source data are marked with the source referenced.

Some data are partial. Defence R&D data were provided by 25 MS. Data on Defence R&T were provided by 24 MS. Data on European collaborative defence equipment procurement were provided by 12 MS. Data on European collaborative defence R&T were provided by 15 MS.

To enhance the relevance of the defence data publication and provide timely insights into Member States' defence spending trends, EDA moved the publication's release date forward from the end of the year to summer. To achieve the same objective, the publication now includes estimated defence spending figures for 2025 and incorporates new financial support mechanisms at EU level. In addition, the change in NATO's defence spending guideline – from 2% to 3.5% of GDP announced at the 2025 NATO Summit – has been reflected where relevant.

All data is collated ("total incorporates 27 Member States"), and it has been rounded. Defence expenditure figures are provided in constant 2024 prices – unless stated otherwise – to take inflation into account and allow for a comparison across years[31]. The presented figures may differ from those in the 2023-2024 Defence Data Publication where 2023 was used as base year. To account for missing 2025 data, EDA used data from the OSINT Janes database and the Agency's own estimations based on an average of yearly growth rates between 2014 and 2024.

31. Source of GDP deflator: European Commission, DG ECFIN, macro-economic database AMECO.

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