

CALL FOR EVIDENCE FOR AN INITIATIVE (without an impact assessment)

This document aims to inform the public and stakeholders about the Commission's work, so they can provide feedback and participate effectively in consultation activities.

We ask these groups to provide views on the Commission's understanding of the problem and possible solutions, and to give us any relevant information they may have.

TITLE OF THE INITIATIVE	Communication on the Defence Single Market: EU technological base fit for future
LEAD DG – RESPONSIBLE UNIT	DEFIS.A3
LIKELY TYPE OF INITIATIVE	Non-legislative: communication of the Commission
INDICATIVE TIMING	Q1-2026
ADDITIONAL INFORMATION	Website covering the policy area: Defence procurement - Defence Industry and Space - European Commission

This document is for information purposes only. It does not prejudge the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by this document, including its timing, are subject to change.

A. Political context, problem definition and subsidiarity check

Political context

Europe's security environment has deteriorated dramatically, in particular due to Russia's ongoing aggression against Ukraine, as well as the security implications of growing global competition in a more conflictual geopolitical environment. The [Niinistö](#), [Letta](#) and [Draghi](#) reports have called for strong action to ensure that a functioning Defence Single Market could deliver benefits for the EU: currently different obstacles prevent those benefits from being sufficiently realised. Building upon those reports, President von der Leyen's [Political Guidelines](#) for 2024-2029 proposes the creation of a true single market for defence products and services. As a follow-up, the Joint [White Paper](#) for European Defence Readiness 2030, adopted in March 2025, underlined that the case for an EU-wide market for defence equipment has become much stronger and far more urgent. At the same time, the [European Council](#) also reiterated the importance of the proper functioning and further integration of the European defence market across the EU. The Commission presented a [simplification proposal](#) in June 2025 with a view to removing bottlenecks in the areas of defence procurement and intra-EU transfers. Creating a genuine EU-wide market for defence equipment by 2030 is also an objective of the [Defence Readiness Roadmap 2030](#) adopted in October 2025. The proposed 'Communication on the Defence Single Market: EU technological base fit for future' is included in the [Commission Work Programme for 2026](#) with the aim of guiding future policy action in this area. The European Parliament is preparing a [report](#) on its own initiative on tackling barriers to the single market for defence, scheduled for adoption in March 2026.

Problem the initiative aims to tackle

There are currently problems both on the demand and on the supply side of the defence market (see the [Niinistö](#), [Letta](#) and [Draghi](#) reports).

From the **demand** side, the EU's Defence Single Market is characterised by its **lack of scale** (aggregate defence spending in the EU is about one third of US defence spending) and, particularly, by **demand fragmentation**. Demand remains largely organised at national level – in 2022, according to the latest available figures from the European Defence Agency, only 18% of Member States' equipment budget was spent on European collaborative projects, far from the 35% target agreed in the EDA and replicated in PESCO with more legally binding commitments, and far from the 40% benchmark set for 2027 in the [Defence Readiness Roadmap 2030](#). This creates a vicious circle: there is a **preference for national suppliers**, in the absence of sufficient openness and transparency, which **limits the scale-up in EU production**; there is **insufficient predictability** for EU producers (European defence technological and industrial base); and **diversion of defence procurement outside the EU** (between June 2022 and June 2023, 78% of procurement spending went to non-EU suppliers – cf. [Staff Working](#)

[Document for EDIP](#)). **Demand is less focused on innovation** (4.5% of total defence expenditure compared to 16% in the US – cf. [Draghi](#) report) because of lower overall demand and risk-aversion/conservative procurement policies. The fragmented demand hinders common approaches to **security of supply** and **interoperability** on the ground, while reliance on third-country suppliers creates dependencies on third countries for security of supply and restriction of use. There are perceived regulatory hurdles to collaboration between Member States and the complexity of the procurement rules is often mentioned as a barrier to demand aggregation.

From the **supply** side, there is also **industrial fragmentation**. The European defence technological and industrial base is largely composed of national actors operating in relatively small domestic ‘captive’ markets and producing relatively small volumes. Efficiency is affected by lack of scale, insufficient cross-border integration, dependency on sales in third countries and little equipment interoperability. The insufficient predictability of Member States’ long-term demand needs has resulted in **reduced production capacity** in the EU and difficulties in ramping up that capacity. There are perceived **regulatory hurdles**: complex, lengthy and costly procurement procedures (resulting from the EU [Directive](#) on defence procurement and/or from national rules); implementation of the EU [Directive](#) on intra-EU transfers of defence-related products has been uneven and too cautious, not only undermining the capacity of EU producers to rely on cross-border supply chains but also the security of supply of Member States relying on intra-EU supplies; and Member States often lack common certification or mutual recognition of product testing and certification. EU producers also face challenges relating to access to **finance, critical inputs** (e.g. raw materials and components) or **skills and talent**.

Those problems are likely to persist to a large extent in the absence of a renewed policy approach to deal with them, as underlined by the [Niinistö](#), [Letta](#) and [Draghi](#) reports. EU action in this area (including recent initiatives) is unlikely to be in a position to address all those problems (e.g. the Commission [simplification proposal](#) in June 2025 addresses only some of the regulatory bottlenecks in the areas of defence procurement and intra-EU transfers). Additionally, EU programmes in the area of defence cannot compare in scale to national defence budgets.

Basis for EU action (legal basis and subsidiarity check)

Legal basis

The Commission can adopt communications pursuant to the general institutional powers under the Treaties and particularly Article 17 of the Treaty on European Union ([TEU](#)).

From a substance point of view, Article 114 of the Treaty on the Functioning of the European Union ([TFEU](#)) provides the legal basis for the EU to act in order to achieve the objective of ensuring a functioning single market. This competence is shared with the Member States, as stated in Article 4(2)(a) [TFEU](#).

Practical need for EU action

The EU has already acted in this area, notably through legislative acts on [defence procurement](#) (which the Commission plans to review for Q3 2026) and [intra-EU transfers of defence products](#). The vicious cycle of the fragmentation of the single market for defence, its lack of economies of scale and inefficient functioning, and external dependencies need to be addressed through an encompassing EU strategy for the Defence Single Market to ensure EU defence readiness by 2030 and make the European defence technological and industrial base fit for the future.

From the subsidiarity perspective, purely national actions could lead to further fragmentation of the Defence Single Market (as recalled in the [Letta](#) and [Draghi](#) reports, urging for more EU-level action), compromising the EU’s and Member States’ collective ability to respond effectively to security challenges through the readiness of the EU defence industry. Addressing defence procurement challenges, including cross-border issues, exceeds individual Member States’ capacities.

B. What does the initiative aim to achieve and how

The Communication is expected to do two things: provide a **strategic vision for the single market for defence** to support defence readiness by 2030 and create the conditions for a long-lasting functioning defence single market. It should build on the ambition set out in President von der Leyen’s Political Guidelines to create a true single market for defence products and services, enhancing production capacity and fostering joint procurement – also respecting the aim of spending more, spending better and spending together in this area.

The Communication will propose a general policy approach that could guide future specific policy action in this area. The general objectives should be to **reduce market fragmentation**, create the conditions for **increased market efficiency** and **reduce external dependencies**. In line with the problems identified, it will aim at reinforcing the single market for defence by:

- promoting trust among Member States as well as between Member States and industry;

- ensuring security of supply for defence products;
- respecting transparency and openness in the market;
- facilitating agility in the decision-making of market participants and incentivising risk-taking (e.g. in relation to innovation, access by SMEs to market opportunities);
- ensuring that there are conditions for efficiency gains for both the supply and the demand side;
- and supporting a stronger European defence technological and industrial base (e.g. considering the introduction of a European preference in defence procurement as referred to in the Joint [White Paper](#) for European Defence Readiness 2030) so that it can increase its long-term capacity and development.

Likely impacts

As a non-legislative initiative, the Communication does not have direct, immediate impacts. The Communication will clarify the overarching EU policy framework to reinforce the defence single market and set a policy direction for the EU to address barriers to its proper functioning. Any future action under this overarching EU policy framework could be expected to have the following impacts:

- Increased trust among market participants, both on the demand side (Member States) and the supply side (producers).
- Support for the aggregation of demand (e.g. through joint procurement by Member States), increased transparency and demand predictability, increased product interoperability and increased economies of scale.
- Support for the simplification of EU rules on defence procurement and intra-EU transfer of defence-related products.
- Support for strengthening of and, as appropriate, consolidation of the European defence technological and industrial base, possibly with a view to increased production capacity.
- Support for increased innovation in the market and more openness to new market participants.
- Support for reinforced security of supply and reduced external dependencies.

The Communication is not expected to have any significant environmental consequences. In terms of social impacts, the strengthening of the European defence technological and industrial base should have positive effects with an overall increase in quality employment opportunities in the EU.

It is possible that the general policy approach of the Communication might lead to specific legislative or non-legislative initiatives with more concrete impact.

Future monitoring

Since the initiative does not impose direct, immediate effects on stakeholders, it will not include specific monitoring arrangements and indicators. If the general policy approach of the initiative results in specific initiatives, these will have their own monitoring arrangements and indicators to assess the results of those specific initiatives.

Commission services will continue to monitor and report regularly on the functioning of the defence single market based on internal (e.g. in DG DEFIS and DG JRC) and external sources (academia, think tanks, private entities, research bodies from other EU institutions such as the European Parliamentary Research Service and EU bodies such as the European Defence Agency).

C. Better regulation

Impact assessment

The proposed Communication is a non-legislative initiative which does not impose direct, immediate effects on stakeholders. It aims to outline a general policy approach and guide future actions rather than directly impose binding obligations. Therefore, it does not require an impact assessment *per se*. However, future initiatives that could derive from or build upon this Communication might require an impact assessment.

Consultation strategy

There are no plans for a public consultation on this initiative. The Commission services will rely on stakeholder's views provided through public consultations and calls for evidence on other recent initiatives relating to the defence single market (such as in respect of the [Defence Readiness Omnibus](#)) or on ongoing consultations ('Simplifying defence and sensitive security procurement': [call for evidence](#) and [public consultation](#)).

The Commission services will also rely on stakeholder's views collected through external studies assisting the Commission on the impact assessment for the initiative on simplifying defence and sensitive security procurement and on the [evaluation](#) of the Directive on intra-EU transfers of defence products.

The Commission services will also collect views through targeted engagement/consultations: from Member States by engaging with them in expert groups (on [defence procurement](#) and [EU transfers of defence-related products](#)), from the European Defence Agency through bilateral engagement; and from business associations.

Feedback on this call for evidence may be submitted in any of the 24 official EU languages in the **four weeks upon publication** of the call for evidence on the [Have your Say portal](#).

In line with the European Commission's Better regulation policy which aims to develop initiatives informed by the best available knowledge, we also invite researchers, as well as academic organisations, learned societies, and associations with expertise in the Defence Single Market, to submit relevant published and pre-print scientific research, analyses and data to the functional mailbox DEFIS-SIMPLIFICATION@ec.europa.eu. We are particularly interested in submissions that synthesise the current state of knowledge in this field.