

## ZPP Position on the EU Defence Industry Transformation Roadmap

Alongside its Military Mobility Package of 19 November 2025, the European Commission also presented a Communication building upon the earlier Defence Readiness Roadmap. This new *European Defence Industry Transformation Roadmap* seeks to apply lessons learned from the war in Ukraine for adapting Europe's defence capabilities to the realities of modern warfare, with a clear focus on what the Commission terms "New Defence players", referring to the over 230 new startups in the sector that have been founded since the start of the conflict in February 2022. While the Union of Entrepreneurs and Employers (ZPP) believes some of the findings presented to be of merit, we are concerned that this new Roadmap may reflect a shift away from established and proven defence industry actors, which could both reduce European preparedness in the face of ever-growing threats and undermine competitiveness.

### Modern Warfare Adaptation

The Roadmap outlines four categories of lessons that should be drawn from the Ukrainian experience. First, not only should dual-use innovation be prioritised, but defence actors must also integrate already present civilian technologies into their defence capabilities. This is particularly evident with drone technology. Second, this new era of conflict is defined by electronic weapon systems, and modular and open architectures are essential to ensure their interoperability. Third, defence capabilities and innovation alike both require an agile defence ecosystem, with reliable access to raw and processed materials as well as consistent support from development to deployment. Finally, disruptive technologies – particularly in the fields of AI, quantum computing, space, and cybersecurity – are vital for limiting casualties, and as such the EU must capitalise on its strong presence of innovative companies in these fields.

### Key challenge: Investments

While New Defence actors are attractive for investors, they also pose potential risks to Europe's strategic autonomy and security interests, since if they are not provided with sufficient

European economic support throughout all stages of operation, these smaller companies may decide instead to accept support from investors from outside the EU. To address this, the Commission and European Investment Bank promise to launch a €1 billion Fund of Funds targeting innovative SMEs by the end of the year, while InvestEU, Horizon Europe, and the European Innovation Council will provide further support for innovation and dual-use technologies.

The ZPP appreciates this recognition of the risks inherent in these younger enterprises and approve of the mobilisation of capital for the defence industry, but also emphasises that this financial support must not come at the expense of established enterprises. Given the urgency of scaling up European defence readiness, we believe that support for New Defence innovators should be a consideration for the long-term development of the industry, but not necessarily the top priority as they should not take precedence over existing actors with market experience and proven capacities to meet demands. Finally, the ZPP finds that providing additional funding should not be considered the only effective countermeasure for potential security risks of New Defence companies, and that the Commission should instead evaluate alternative methods for protecting the European defence industry from foreign influence.

### **Key challenge: Time-to-market**

The Roadmap argues that the defence innovation cycle is too slow, which limits the potential impact of disruptive technologies requiring rapid deployment before becoming obsolete. Despite a strong research and innovation stage, acceleration is required for testing, validation, manufacturing, and deployment. The Commission promises to present a proposal for a “pilot instrument for agile rapid defence innovation [AGILE]” in early-2026, which would aid innovative companies in entering the defence market more quickly. Additionally, the Roadmap sets out plans for facilitating access to testing facilities including AI factories, proposing Manufacturing-as-a-Service initiatives for SMEs to make use of existing industrial capacities, aligning certification and validation recognition across Member State borders, and creating a new “European Defence Data Space” for sharing interoperable development in a secure environment.

Though the ZPP acknowledges the need for accelerating the time-to-market for defence innovation, we are hesitant about the methods proposed in the Roadmap. In particular, the proposed methods for addressing smaller companies' gaps in manufacturing capacities by having established industry actors "make available their manufacturing facilities" appears to undervalue the agency of larger enterprises in favour of newer ones. We urge the Commission to carry out consultations with established defence companies with experience and knowledge about the state of the field, to ensure that these proposed actions would be in the best interests of Europe's security.

### **Key challenge: Access to Contracts**

In any field, startups are heavily reliant on acquiring access to contracts to gain momentum for scaling up their operations, and this is no less true for the defence sector. The Roadmap identifies particular difficulties faced by New Defence actors in attaining basic information on operational needs, navigating procurement processes, and effectively managing demand, which together puts them at a disadvantage vis-à-vis established companies. The Commission seeks to address this through launching the EUDIS Tech Alliances intended to enhance the transparency regarding armed forces' demand, creating a marketplace for directly offering EU-supported products to Member States, and encouraging an increase in national procurement budgets for emerging technologies.

The ZPP fundamentally supports the levelling of the playing field which these initiatives seek to achieve but does not necessarily consider it to be the only viable option for aiding New Defence actors reach maturity. Rather than treating SMEs and established companies as being in competition with one another, we propose that opportunities for cooperation be explored as well, which could allow New Defence innovation and established companies' capacities to work in tandem with each other to maximise their contribution to achieving the goals of preparedness.

## Conclusion

The European Defence Industry Transformation Roadmap rightly considers new SMEs to be a key driver in enabling innovative solutions for Europe's defence capabilities, and the ZPP is generally supportive of the Roadmap's proposals for maximising their potential. That being said, as the foremost concern must be what solutions are most likely to result in the successful strengthening of Europe's defence preparedness, we call for great care to be taken to ensure that these efforts to boost New Defence actors do not come at the expense of those companies already established in the field. The ZPP urges the Commission to listen closely to all facets of the industry, to ensure the actions taken are as impactful as possible.