

**Deterrence through
Transformation**

ISA Security Summit 2026

CHALLENGES FACING THE EUROPEAN DEFENCE INDUSTRIAL BASE

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**CHALLENGES
FACING THE
EUROPEAN DEFENCE
INDUSTRIAL BASE**

Addressing critical obstacles in defense
production and innovation

CORE STRATEGIC CHALLENGE S

EXECUTIVE OVERVIEW



Structural and Financial Challenges

Europe faces unreliable funding, slow procurement, and fragmented standards disrupting defense planning and execution.

Supply Chain and Industrial Capacity

Critical supply chain fragility and limited surge capacity in ammunition and maintenance increase operational risks.

Workforce and Innovation Gaps

Shortages in skilled personnel and challenges converting R&D into scalable defense technologies hinder growth.

Evolving Threat Environment

Hybrid threats like cyberattacks and sabotage demand heightened security and industry adaptability.

FUNDING RELIABILITY



Challenges in Stable Funding

Many European countries struggle to convert political promises into stable multi-year defence investments.

Country-specific Funding Issues

Countries like Germany, France, Italy, Spain, Netherlands, Poland, and the UK face unique fiscal and political funding barriers.

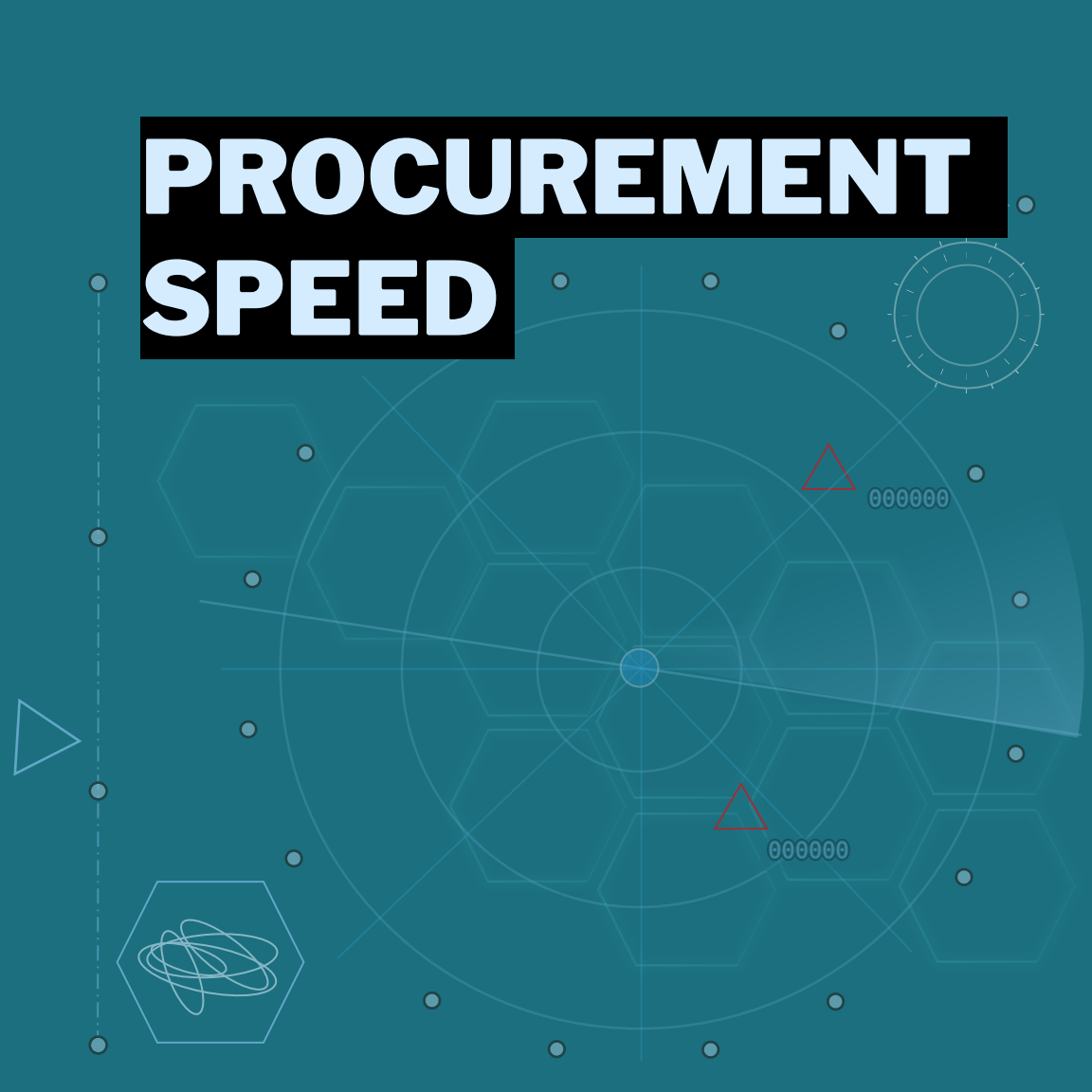
Impact on Industry Growth

Unpredictable funding limits supply chain optimisation, infrastructure modernisation, and innovation in defence industries.

Need for Predictable Investment

Addressing funding fragmentation is critical for Europe to meet strategic security demands with a ready defence industry.

PROCUREMENT SPEED



Procurement Challenges Across Europe

Most European countries face procurement inefficiencies caused by bureaucracy, complex rules, and political constraints.

Country-Specific Procurement Issues

Germany, France, Italy, Spain, Netherlands, Sweden, Poland, and the UK each struggle with unique procurement barriers slowing acquisitions.

Consequences of Slow Procurement

Delays hinder innovation, reduce operational readiness, and discourage industry investments in surge capacity.

Need for Structural Reform

Meaningful progress demands agility, standardization, and multinational integration to enhance efficiency and reduce duplication.



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INDUSTRIAL CAPACITY AND RESILIENCE

FRAGMENTATION

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Challenges of Market Fragmentation

Fragmented European defence markets impede scale, efficiency, and strategic coherence due to varied national policies and technical standards.

Impact on Interoperability

Divergent standards and acquisition preferences hinder interoperability and complicate multinational defence operations.

Need for Harmonization

Harmonizing standards and aggregating demand are essential to improve cooperation, reduce duplication, and enhance cost efficiency.

Strategic and Supply Chain Risks

Fragmentation increases supply chain vulnerabilities and undermines strategic autonomy and readiness across Europe.

PANEL: DETERRENCE IN A TIME OF WAR AND PEACE



Armenia Today

Personnel

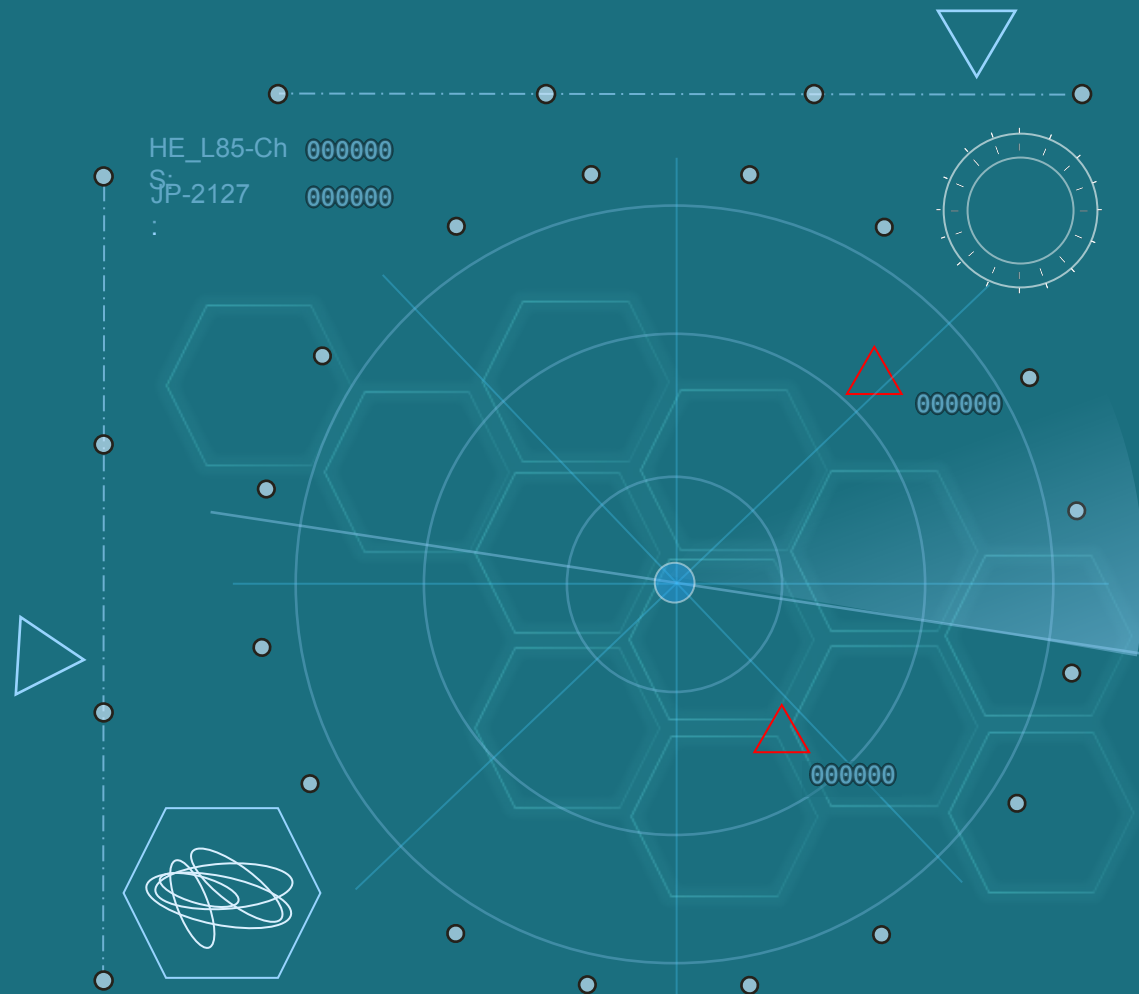
Threat Awareness

Components of fighting power: Physical – Moral –
Conceptual

Pace of Change

Sustained global change at a pace previously unseen
outside of World Wars

Peacetime Institutions facing Wartime challenges and
change



QUESTIONS