

News from the Brussels' Bubble

#2026-5, 28 September 2026

AGENDA

Unless indicated otherwise, EU official meetings take place in Brussels

15/10/26	European Council
22/10/26	International Defence TechDay , Erding, Germany
29/10/26	6th European Defence and Security Conference
1-3/11/26	EU disarmament & Non-Proliferation Directors meeting (Kildare, IRL)
4-8/11/26	Interparliamentary Conference for CFSP and CSDP (Kildare, IRL)
17/11/26	Foreign Affairs Council, Defence
27/11/26	Conference on Defence Industry (Dublin, IRL)
17/12/26	European Council
01/01/27	Lithuania takes over EU presidency

EU support for the arms industry

- **Competitiveness Fund & European preference battle**

Horizon Europe and Competitiveness Fund hate-love relationship?

The Security & Defence committee is pushing for a fast-track process under the European Competitiveness Fund (ECF) for “technologies developed under Horizon that later show potential defence applications” ([Euractiv](#)). The fast-track would bridge the alleged gap, the “valley of death”, between research and development to reach industrialisation; in other words even more subsidies and less risks for arms dealers. The proposal is now under discussion in the Industry & Research Committee.

But MEPs also fear that Horizon Europe would end up subordinated to the ECF “at the expense of funding for bottom-up, fundamental research” ([ScienceBusiness](#)). The fear comes in particular from the lack of details on the ECF governance, a possible major sticking point in the negotiations to come between the EP and Council.

Will the arms industry abide by the same performance rules?

The negotiations about Horizon Europe post 2027 and the future Competitiveness Fund (the latter including the existing funds for the arms industry, see our [TNI-ENAAT fact-sheet](#)), have been delayed and the votes planned in the Research committee of the EP on September 10 postponed. One important sticking point is about the proposed common framework for how EU programmes are monitored and evaluated. The Commission is proposing a cross-sector horizontal process, known as the Performance Framework Regulation, which would “make it easier for the Commission to track the performance of programmes in areas such as climate change mitigation, biodiversity protection and gender equality” ([ScienceBusiness](#)). The right group (EPP) opposes the fact that this framework would apply across all sectoral programmes at once. A key issue not mentioned by ScienceBusiness is that a large part of the Competitiveness Fund, in particular, will go to military-related projects, and it's hard to believe that the arms industry will accept to abide by the same rules as the others. The risk is not only that the sector will once again benefit from a special treatment, but also that the entire framework will be further weakened down for all sectors to align on the ‘needs’ of the arms industry under the ‘simplification’ argument.

European preference, between retaliation and call for partnership

The US is threatening the EU with retaliation if the European preference is maintained under SAFE and the ECF. This alleged preference criteria has already been relaxed, but this does not appear to be sufficient for the US, which “called on European co-legislators to replace ‘European preference’ with a ‘made with Europe’ or ‘made in NATO’ preference” ([Euractiv](#)). The threat is “to roll back existing waivers and exceptions to the “Buy American” preference.”

Positions are also diverging among EU countries: “Twelve EU countries are pushing back against France's attempts to limit the role of non-EU countries in European-funded rearmament projects, including close NATO allies such as Britain or Canada” ([Rapporteur](#)). “Paris argues that defence procurement paid for by the EU budget [...] should favour European companies”, and calls in particular for the eligibility criteria under the ECF to be the same as those for EDIP or SAFE (requiring at least two-thirds of the components to be European). On the other hand “Germany, Austria, Denmark, Finland, Italy, Latvia, the Netherlands, Portugal, Romania, Estonia, Sweden and Slovenia argued that “openness for participation of third countries is a very important signal to our allies and partners outside the EU.”

The French posture is backed by the arms industry; their main lobby organisation ASD wrote a letter to key MEPs on the topic “calling for “clear European preference” rules in the proposed European Competitiveness Fund [and] “strict eligibility criteria’ covering ownership, control, location, EU content and European design authority” ([Rapporteur](#)).

In any case, this will not make negotiations on the next financial framework any easier, nor will it do so during the review of the Defence procurement Directive, due to start by the end of the year.

During the “EU Defence Night” in Washington on 23 July, [Commissioner Kubilius called](#) for a strengthened transatlantic industrial partnership in the armament sector and presenting the ITAR rules as the main obstacle for the US arms industry in Europe, as Member States want to be free to use the weapons according to needs, making it a key selling argument.

• EU subsidies for the arms industry rolling

SAFE leftovers could be used for flagship projects and EU-Ukraine drones

7% of the SAFE loans has been disbursed with Bulgaria and Romania receiving their first shares at the end of August ([Euractiv](#)). The EC official website [provides a map](#) with allocations and disbursements by country, showing that most of the latter happened in central and Eastern European states.

What will happen with the leftovers, expected to be between €10 billion and €15 billion, remains to be seen: one option would be a second round of applications that could either let new EU countries, such as Ireland, tap into the programme (see [NBB 2026-4](#)), or prioritise countries closest to Russia.

But “The European Commission is [also] looking at the SAFE leftovers to revive two of its defence flagship projects to build an Air Shield and a Drone Defence Initiative” ([Euractiv](#)). And on 15 July, Ursula von der Leyen announced a new “defence industrial partnership” with Ukraine (see below), “centred around an EU-Ukraine “drone deal” that could benefit from up to €10 billion from unspent SAFE funds” ([Euractiv](#)).

Speedy deal on AGILE funding adopted with large EP majority

As expected (see [NBB 2026-4](#)), the deal on AGILE was reached -very- quickly: “It took only an hour and a half for co-legislators to agree on a compromise for the €115 million funding programme for small defence projects” on 15 July ([Euractiv](#)). The main contentious point was about autonomous weapons; the [compromise text](#) aligns with the Defence Fund language and excludes funding for “actions for the development of lethal autonomous weapons without the possibility for meaningful human control over selection and engagement decisions when carrying out strikes against humans, without prejudice to the possibility of providing funding for actions for the development of early warning systems and countermeasures for defensive purposes.” This “human-in-the-loop” clause does not seem convincing for experts: “The approval button alone does not demonstrate the control” [told Anna Mysyshyn](#), a Ukrainian AI-governance researcher to US lawmakers.

This [did not seem to bother MEPs](#) and the deal “passed the [SEDE and ITRE] committees with 97 in favour, nine against and two abstentions” ([Euractiv](#)).

EDIP first project approved by EU Member States

Unsurprisingly EU Member States approved on Monday 28/09 the first five European Defence Projects of Common Interest (EDPCIs) selected by the European Commission in July (see [NBB 2026-4](#)). The five projects on air defence, maritime security, space, drone and counter-drone capabilities, and monitoring of the EU's

eastern flank will receive €60 million each, from the €1.5 billion European Defence Industry Programme (EDIP). “Projects can now move towards funding” says the [official EC press release](#), which includes fact-sheets of the projects selected.

Ukraine formally joins the EU Defence Fund

On 13 July 2026, the European Union and Ukraine (UA) [signed the Association Agreement](#) on the participation of Ukraine in the European Defence Fund (EDF). The move was made possible thanks to the 2025 ‘mini-omnibus for defence’, which amended the EDF Regulation to enable “Ukrainian entities to participate on equal terms in collaborative research and development projects for disruptive defence technologies (...), aligning with the ReArm Europe plan and STEP platform” ([Commission](#)). The agreement was ratified by the Ukrainian parliament on 16/09 ([Euractiv](#)), paving the way for legal entities established in Ukraine to be eligible as beneficiaries, affiliated entities and subcontractors under the Defence Fund, and for “all activities under EDF projects, including technology testing and trials, [to be conducted in Ukraine.” ([press release](#))

• News briefs

EP endorses final deal on EU deregulation package

Following the compromise reached with Member States in June (see [NBB2026-4](#)), [the EP plenary endorsed with a vast majority](#) (530 to 549 votes in favour of the three texts), on Wednesday 16/09, the deregulation package to speed up the approval of permits for arms-related projects and the export of military equipment between EU countries, simplify security and defence procurement procedures and allow for permanent derogations to EU norms about chemicals, permanent pollutants and hazardous substances.

‘More defence spending would deliver only modest GDP boost’

“A rapid push towards European defence self-sufficiency would deliver only a limited boost to economic growth despite requiring hundreds of billions of euros in additional spending, Oxford Economics said in a [research briefing](#) published yesterday.” ([Euractiv](#)). This is no news to peace movements, but interesting to see it mentioned in more mainstream media.

‘Proposal for European Market for Defence is coming, says Kubilius’

“Defence Commissioner Andrius Kubilius has not given up on his dream to establish a common European Market for Defence. A much-delayed communication by the European Commission on this topic will be presented “before the end of the year.” ([Euractiv](#))

‘Von der Leyen backs EU space merger’

“A plan to merge the space divisions of three major European corporations got an unexpected thumbs-up from Ursula von der Leyen on Thursday. Franco-German Airbus, French Thales and Italian Leonardo are planning to merge their respective space divisions into one company.” ([Euractiv](#))

‘Europe's defence firms too focused on returns to ramp up’

“Europe’s defence industry is failing to ramp up production fast enough because companies remain too cautious and too focused on returns, a Ukrainian defence CEO said.” ([Euractiv](#))

‘Germany transforms shuttering VW factory into defence industry hub for Israeli’s Rafael’

“Struggling carmaker Volkswagen has agreed to sell its Osnabrück plant to the German state of Lower Saxony and Israel’s Aurelius Capital, with the site set to become a defence industry hub.” ([Euractiv](#))

Other aspects of European militarisation

• EU defence: power struggle and challenged European preference

EDA, EEAS, EC: a dog-eat-dog world

The EU Defence ministers met on 28 September as EDA Steering Board, during which they “backed plans to give the agency a bigger role in defence innovation, capability development and collaborative procurement”

([Rapporteur](#)). The plans include turning the Hub into a Centre for European Defence Innovation, meant to help “bridge the gap between European research and technology and actual military capabilities” as well as establishing a collaborative procurement centre “initially focused on services and off-the-shelf equipment”. Despite the [claims for complementarity](#), it’s difficult not to see in this an attempt to counterbalance similar structures under control of the Commission.

They also discussed and [“welcomed”](#) the first Annual Defence Readiness Report. “Prepared by the European Defence Agency, with support from the European Commission and the EU’s diplomatic service, the report will assess the countries’ progress towards strengthening Europe’s defence readiness by 2030” ([Euractiv](#)). In other words, how the ReArm Europe plan is progressing. The report will be then discussed by the heads of states and governments at the next European Council, taking place mid-October. It will not be made public as it “is intended for governmental use” ([EDA](#)). Citizens’ money is good enough to be used for arms, but we are not supposed to know what they really do with it, and this when the latest EDA report recognises that whilst Member States’ military expenditure is set to reach 2.4% of their GDP in 2026, joint acquisitions are on the decline” and programmes integration is still limited ([B2pro](#)).

At the previous -informal- MoDs gathering early September, the EU High Representative [Kaja Kallas had announced](#) the launch of “a new High-Level Group on Defence, consisting of senior political and military leaders from several EU countries, but also from UK and Ukraine” to “have some of the brightest minds on security and defence to come together and really provide out-of-the-box solutions.” This rather direct attack on the Commission’s dominance over defence matters was [nipped in the bud by Member States, in particular France, Italy and Germany](#). And the backlash looks set to be severe for Kaja Kallas and the External Action Service (EEAS) in general, whose role and effectiveness are being called into question by many Member States. [A possible ‘merger’ with the Commission is on the table](#), with the role of the HR/VP and the EEAS being reduced to that of a mere secretariat to the Council.

What may appear to be an institutional power struggle and a battle of egos (with Von der Leyen and Kallas at loggerheads) would, however, result in [giving even more influence and control to von der Leyen](#) and a Commission largely dominated by industrial and economic interests.

Von der Leyen speech: duplicating NATO and integrating Canada?

On 15 September Ursula von der Leyen delivered her annual State of the Union speech to the Parliament. On military matters, the speech was mainly about how great they are doing and the need for more of the same with proposals such as a new ‘European Instrument for Strategic Enablers’ or a new ‘European Corporation on Critical Raw Materials’. [According to the Euractiv summary](#), one main announcement was the suggestion to have a ‘European Emergency Security Protocol’, similar to the NATO article 4 for wider/hybrid security risks. First reactions were however cautious, in particular regarding the relationship with the NATO mechanism, and it was hardly discussed during the meeting of Defence Ministers on 28 September ([Rapporteur](#)). She also mentioned the creation of a European Security Council “with partners like Canada, Ukraine, the UK, Norway and others involved”, but “the idea is hardly new. It was first discussed in 2017 between Macron & Merkel” ([Euractiv](#)), and is still not materialising. This also raises the age-old question of the relationship with NATO.

“Finally, von der Leyen announced that the EU wants a much deeper relationship with Canada – even offering a new “associate member” status” ([Rapporteur](#)), but without clarifying at all what this would mean; the Canadian Prime Minister Mark Carney “push[ed] for deeper Canada-EU defence cooperation, arguing that both sides should strengthen their strategic autonomy by pooling capabilities” during his address to Euro-parliamentarians the day after ([Rapporteur](#)).

● UK enters EU loan for Ukraine, US patriots, drone deal

On 25 September the EU27 ambassadors finally reached an agreement on the €6.6 billion envelope for Ukraine under the European Peace Facility, which was blocked for years in particular due to the Hungarian veto, ([B2pro](#)). “€900 million are for the EU’s Military Assistance Mission for Ukraine. €1 billion will fund new joint procurement of equipment. And €4.7 billion will reimburse Member States, with some already saying they will channel their share to Ukraine” [details Kaja Kallas](#).

In addition, the EC approved earlier in the month “an additional €6.1 billion for Ukraine to procure different defence products in the field of air and missile defence, ammunition, drones and electronic warfare” ([press release](#)). Taken from the €90 billion loan for Ukraine agreed in May (see [NBB2026-4](#)), this follows a request from Ukraine “to finance air defence through the EU’s Support Loan, including US-made PAC-3 Patriot systems” ([Euractiv](#)) and the subsequent Member states’ agreement to derogate to the European preference

eligibility criteria under this Loan ([Euractiv](#)). “According to Commissioner Andrius Kubilius, around 60% of the defence-earmarked funds already disbursed under the EU loan are being spent in Ukraine, 30% go to European companies and around 10% companies in third countries” ([B2pro](#)). The Commission is also “examining possible funding for Freyja, a pan-European anti-ballistic missile project led by Ukraine [and] other joint EU-Ukrainian defence projects” ([Euractiv](#)).

On 22 July, EU member states approved the [deal reached between the EU and the UK](#) for the British participation in the Ukraine support loan, as the UK “fulfils the three conditions for third-country participation [...] provide a fair and proportionate financial contribution to the costs arising, [have] a security and defence partnership with the Union, [...] provid[e] significant financial and military support to Ukraine” ([press release](#)). “British manufacturers will be able to bid for contracts relating, in particular, to ammunition and missiles, artillery systems, land-based combat capabilities, small drones and associated anti-drone systems” as well as “high-tech sectors: air defence and anti-missile systems, surface and submarine naval capabilities, drones and anti-drone systems, and space services” ([B2pro](#)). The contribution will be “commensurate with the value of contracts awarded to UK companies” ([joint statement](#)).

The EC president announced on 15 July a new “defence industrial partnership” with Ukraine, including in particular an EU-Ukraine “drone deal” aiming to “provide a single, coherent EU-Ukraine framework to facilitate, coordinate and support [the] full implementation” of the many bilateral drone deals Ukraine has already signed with EU countries ([Euractiv](#)), such as the recent one with Finland ([press release](#)). “The aim is to rapidly increase production capacity for [drones and anti-drones] systems that have already been proven on the battlefield, whilst offering manufacturers long-term visibility” ([B2pro](#)). Beyond drones, the partnership “aims to deepen the integration of the Ukrainian and European defence industries by removing regulatory barriers and gradually harmonising rules, ranging from defence procurement to the protection of intellectual property,” and extend cooperation “to the joint production of anti-ballistic missiles by 2028 in order to address European shortfalls in air defence. According to the Commission, the partnership will also cover other critical capabilities, including artillery production and the strengthening of supply chains” ([B2pro](#)).

● EPF assistance measures

An assistance measure for **Nigeria** is going through the final decision-making steps, and will provide €20 million over 36 months to the Nigerian armed forces for “training and equipment for combating improvised explosive devices (IEDs) and drones (UAS), as well as non-lethal equipment (night-vision goggles and personal protective equipment)” ([B2pro](#)).

Mid-July, the EU Council decided to double the assistance package granted to the **Djibouti Navy** in July 2025 (an extra €10 million) and to extend by 12 months ([B2pro](#)).

The Foreign Affairs council also gave the green light to an assistance measure worth €15 million for the **Philippines**, in order to strengthen maritime capabilities ([B2pro](#)). This is the first assistance measure for a country from the Indopacific region [according to Kaja Kallas](#).

A €120 million assistance measure was also approved to strengthen the **Republic of Moldova**’s mid-range air defence capabilities ([Euractiv](#)): this is “complementing previous EU support for air surveillance and short-range air defence”. This 8th EPF package for Moldova brings the total military assistance to €317 million since 2021 ([B2pro](#)).

Other assistance measures are being drawn up and recently approved at ambassadors’ level, in particular for **Cabo Verde** (€60 million over 48 months for patrol vessels, a maritime patrol aircraft, logistical and communications equipment, and specialist training) and for the **Balkan Medical Task Force** (€10 million over 42 months for information and communication systems, medical vehicles and field hospitals) ([B2pro](#)). General information and the list of all military assistance measures adopted up to 26 June can be found on the [Peace Facility website](#).

● News briefs

Military mobility trilogue kicks off

The negotiations between Council, EP and Commission on the military mobility proposal (see [NBB2026-2](#)) kicked off mid-July. Following technical meetings in September, the two main sticking points “are the Solidarity Pool and EMERS” ([Euractiv](#)). The Solidarity Pool is a “mechanism for countries to share registered vehicles to move weapons and troops across the bloc, such as locomotives,” and the EP wants it to “enter

into force within six months of entry into force of the text” ([Euractiv](#)), while the initial proposal is one year; Member States also resist the obligation to register relevant EU-funded vehicles. EMERS is “the emergency mechanism stripping all movement restrictions” which, according to the EC proposal and EP position, “should apply to the entire EU when triggered”, while Member States want to be able to opt-out individually ([Euractiv](#)).

EU strengthens response to threats in space

The Council adopted on 28 September “a decision expanding the bloc’s Space Threat Response Architecture (STRA). The revised mechanism covers threats linked to the EU Space Programme and Secure Connectivity Programme, as well as attacks or other hostile actions targeting the territory, space systems or services of one or more member states” ([Rapporteur](#)). A few weeks before, the arms industry lobby ASD published the [GALAXY report](#) on the “European space sector’s strategic challenges and future prospects.”

Lithuanian Presidency priorities

Lithuania will run the EU presidency from January 1st, 2027, and its president Gitanas Nausėda declared “that his priorities will be “European security and defence, comprehensive support for Ukraine, European Union enlargement, strengthening competitiveness, preparedness for hybrid threats, and protection of external borders” ([Euractiv](#)).

EIB to finance a military base in Lithuania for German troops

The European Investment Bank (EIB) will grant a €290 million loan for the construction of a military camp in the south-east of the Lithuania. This base will host a German Armoured Brigade, comprising around 4,000 soldiers and 750 civilian staff, as part of efforts to strengthen NATO’s eastern flank ([press release](#)).

Corruption allegations against NATO unfounded says... NATO

“[NATO announced](#) [on 17 July] that it had concluded its investigation into alleged malpractice within its procurement agency, the NSPA, and stated that “the allegations levelled against senior NSPA officials, including its Director General, Stacy Cummings, were unfounded” ([B2pro](#)).

A Spanish military to head MPCC

Vice-Admiral Ignacio Cuartero Lorenzo takes over Werner Albl as head of the MPCC (Military Planning and Conduct Capability), the EU’s military mission command centre ([B2pro](#)).

• LINKS

[This arms manufacturer was jailed in Brussels. Now Estonia is welcoming his investment - Follow the Money](#), 27/07/26

[Israel signs \\$3.5 billion air defense deal with Greece](#), DefenseNews, 31/08/26

[US tech found in Russian ballistic missiles](#), DefenseNews, 01/09/26

[EU auditors lament lack of top-down EU defence planning | Euractiv](#), 03/09/26

[Amended Regulation \(EU\) 2021/821 as regards the list of dual-use items subject to controls on export](#), 14/09/26

[Council of Europe: Europe’s weapons could end up in hands of extremist regimes](#), Euractiv, 17/09/26

[Estonia takes defence firm to court over €70mn contract for Kyiv | Euractiv](#), 02/09/26