

EU Defence Industry Transformation Roadmap



Context

In 2025, the European Commission published its **Defence Industry Transformation Roadmap**, titled "**Unleashing Disruptive Innovation for Defence Readiness**".¹ It aims to boost disruptive innovation in the military area and strengthen Europe's defence industry. The Roadmap aims to address weaknesses in the EU's defence sector revealed by and learnt from the Russian Ukrainian war, where it has been proven that small and agile new defence actors can deliver capabilities faster and more efficiently. It then presents key challenges to be addressed and corresponding EU actions.

Focused on three key objectives, the roadmap presents steps to:

- 1) better connect the defence and deep tech communities,
- 2) accelerate the integration of advanced technologies into military capabilities,
- 3) enhance Europe's defence production capacity through disruptive industrial advanced manufacturing solutions.

For Malta, such a Roadmap can bring the necessary change to integrate its industry better in the Defence and Security European industry, allowing the island to engage with a new defence industrial ecosystem in Europe, as well as better advocate for its unique challenges in scaling up disruptive SMEs.

The Malta Business Bureau presents this policy brief to summarise the Roadmap and ends the brief with the key elements relevant to the Maltese context.

Lessons From Ukraine

According to the Roadmap, Ukraine has shown that innovation cycles have become shorter and that battlefield advantage comes from the ability to adapt and iterate quickly, rather than from the possession of high-end complex systems.

Lessons outlined in the report include Ukraine's success at **leveraging dual-use innovations**, integrating civilian or commercial technologies that can also be used for defence purposes. Apart from dual use innovative artillery fire power, (such as First-Person View Drone systems), other examples include cyber capabilities, used for disrupting adversary command systems and protecting communication networks.

Ukraine showed how **agile innovative ecosystems** can offer solutions in a matter of weeks. The report highlights how *"organisational and technological agility is the direct consequence of procurement models based on bottom-up, decentralised decision-making approaches, quick testing in battlefield conditions, end-user feedback integration into industrial processes."*

Limits to scalability and agility still linger relating to **dependence on reliable access to raw and processed materials**, and critical components.

¹ [European Commission \(2025\)](#), EU Defence Industry Transformation Roadmap: Unleashing Disruptive Innovation for Defence Readiness, COM (2025) 845 final, 19 November 2025.

A European Defence Revolution

The Roadmap highlights that an unprecedented surge in defence investments across the EU is creating conditions for the rapid uptake of disruptive technologies. Many critical defence innovations are inherently dual use, where most of the new defence players **form part of Europe's broader civilian tech and startup ecosystem**.

Support initiatives for new defence innovators have been launched:

- The EU has already invested in defence innovation through the European Defence Fund (EDF), which dedicates 4—8% of its annual budget to disruptive technologies.
- The Commission is working to further **simplify and accelerate** EDF processes for disruptive R&D, and to reinforce its technology scouting (e.g. via the Joint Research Centre).
- At EU level, the **European Defence Industry Programme (EDIP)** aims to strengthen Europe's defence industrial base and support innovative SMEs. The **EU Defence Innovation Scheme (EUDIS)**, launched in 2022, will dedicate up to €1.5 billion through 2027 to “*foster game-changing technologies*”.
- European Defence Agency's **Hub for Defence Innovation (HEDI)** also fosters collaboration on innovation across Member States (MS).

Proposed Actions

Despite this momentum, the EC acknowledges persistent structural challenges. These include gaps in financing for scaling firms, slow procurement cycles, market fragmentation, and skills shortages. The roadmap proposes the following actions:

1. Supporting the full investment journey

There is a lack of growth capital in the European defence innovation journey, reflecting a structural shortcoming in European capital markets.

Proposed Action	Timeline	Scope/Purpose
Launch a €1 billion Defence innovation Fund-of-Funds (with EIB/EIF)	By Q1 2026	Provide growth capital for innovative defence startups/scale-ups, strengthen supply chains and consolidation in the EDTIB.

2. Turbo-boosting the time-to-market of defence products

The EU's defence innovation cycle from ideation to capability remains very slow and cumbersome. Access to testing infrastructure is limited, cross-border mobility for is hindered and the certification and validation of technologies across MS is fragmented.

Proposed Action	Timeline	Scope/Purpose
Propose a pilot “AGILE” innovation instrument	Q1 2026 (proposal)	New accelerator program with 6—12 month solution cycles, to speed entry of new players and deployment of game-changing technologies ahead of the next MFF.

Facilitate new entrants' access to EU testing infrastructure	Starting 2026	Open up the Commission's JRC facilities, AI/quantum pilot lines, and MS' test ranges and sandboxes to defence startups for fast validation and iteration of prototypes.
Propose "Manufacturing-as-a-Service" and "Security-as-a-Service" initiatives	Q2 2026	Initiatives to enable SMEs to leverage existing industrial production lines and secure facilities on-demand, reducing upfront investment.
Propose mutual recognition schemes for certification & validation across the EU	By end 2026	By leveraging the potential of the "28th regime concepts" ² , develop mutual recognition of defence tech certifications and common standards, so innovative solutions can be adopted across MS more quickly.
Create a European Defence Data Space	By 2028	Create a trusted, interoperable data ecosystem for defence (building on the EU Data Strategy) to enable secure sharing of data for AI training, digital twins, predictive maintenance and emerging capabilities.

3. Enhancing access to new defence capabilities

SMEs, small mid-caps, startups and scaleups face a knowledge gap when trying to venture into the defence sector. Also, procurement processes in defence remain complex to navigate and lengthy, especially for new entrants.

Proposed Action	Timeline	Scope/Purpose
Launch EUDIS Tech Alliances connecting startups with end-users (armed forces)	Pilot by Q4 2025	Set up networks of defence innovators and military end-users in priority capability areas (aligned with the SAFE joint procurement priorities and including Ukraine). Facilitates direct feedback from armed forces to startups.
Create an EU Defence Innovation Marketplace for new defence technologies	By Q4 2026	Online platform to showcase and fast-track procurement of EU-funded defence tech (e.g. EDF project results), increasing visibility of startups' products and allowing MS to more easily procure innovative solutions.
Commission to be set example as a first customer for dual-use tech	By Q4 2026	Commission to directly purchase services/products from emerging dual-use companies (initially focusing on space-based data services) to validate their solutions, send market signals of demand, and attract further investment for those firms.
Encourage 10% of MS's armament procurement for disruptive tech	By Q2 2026	Work with MS (through EDA's HEDI and expert networks) to earmark at least 10% of their military procurement budgets to innovative and disruptive technologies.
Revise the Defence and Sensitive Security Procurement Directive (2009/81/EC)	TBC	Update EU procurement rules to simplify and expedite defence acquisitions. Aim to enable "fast-track" procedures for lower-cost or rapidly evolving tech, make tendering more SME-friendly, and factor in long-term industrial/innovation value over cheapest upfront cost in contract awards.

² The "28th regime concepts" propose an optional, single, harmonized legal framework for companies to operate across the EU Single Market, existing in parallel to the 27 national regimes.

4. Generating the defence skills and talents

The EU's defence sector remains exposed to labour and skills shortages that threaten its operational capabilities and in turn the EU's Security.

Proposed Action	Timeline	Scope/Purpose
Launch a “Skills Guarantee” pilot program (Union of Skills initiative)	Start Q4 2025	Retrain and upskill workers from declining industries (e.g. automotive) into defence-sector jobs. Provides vouchers or training support to help at-risk workers transition into roles needed for Europe's defence tech and production growth.
Establish an EU Defence Industry Talent Platform (for traineeships)	By Q4 2026	Create a matchmaking platform offering vouchers for traineeships in defence and dual-use SMEs/startups. Increases visibility of career opportunities for young professionals and improves cross-border access to specialized talent.
Leverage EU academies for defence skills (e.g. digital, space academies)	Start Q2 2026	Integrate defence-related modules into existing EU online academies to address skills gaps in areas like AI, cybersecurity, quantum, and advanced manufacturing. Aligns training content with industry needs and strategic priorities.
Explore a dedicated EU Defence Skills Academy	From 2028 onward	Building on the above efforts, assess the creation of a permanent European Defence Industry Skills Academy. Would institutionalize long-term training programs to ensure a steady pipeline of talent for the defence sector across MS.

Way forward – ‘The Importance of a New Defence Industrial Ecosystem’

The Roadmap's implementation will set the stage for a new defence industrial ecosystem in Europe, geared towards readiness by 2030. The Commission plans to convene an Annual Strategic Dialogue on Defence Industrial Transformation, bringing together MS, industry, and the European Defence Agency to track implementation, share best practices, and maintain momentum.

The Malta Case

Malta should consider how these proposals may allow Maltese businesses to access EU funding and contribute to European security resilience without compromising the constitutional principle of neutrality.

Clearly outlined by PM Abela's comments on how national security efforts should not *“fuel the arms industry that perpetuates conflict rather than peace”*, the line is drawn when it comes to financing lethal weaponry³. Malta benefitting from the defence-allocated pot of money or not, the EU will still disburse it. Not capitalising on this capital would result in an opportunity lost. Malta should not be completely cut off from the realities around us and should adopt a **balanced approach**, one that supports efforts

³ (Malta News Agency, 2025), PM Abela backs EU defence boost, insists on safeguarding Malta's neutrality

to safeguard our long term-security, increase defence spending, while remaining neutral. The distinction seems to lie between passive neutrality **and active neutrality**.

Although no large defence producers are based in Malta, local SMEs, high-end manufacturing firms, and cyber security **companies focused on dual-use products** and can stand to benefit from the growing push to innovate.

Aligned with this mindset, **Europe's security landscape** does not necessitate investment in classic footfall military as the threats are not physical invasion but risks relating to political interference, cyberattacks, and assaults on infrastructure. **Increasing Malta's defence spending**, as the PM has called for⁴, can be achieved by focusing on more fundamental elements of security and defence rather than lethal weaponry, such as cybersecurity, maritime and airspace surveillance, secure logistics, crisis preparedness, protection of critical infrastructure, investment in intelligence, food security and defence diplomacy. Such industries are typically characterised by **high levels of productivity**, offer high wages and can support the **diversification** of Malta's economic sectors.

Key Roadmap actions, such as access to **test infrastructures**, and a **€1 billion Fund-of-Funds for scale-ups** are particularly relevant for Malta's advanced manufacturing SMEs, many of which operate in precision components, electronics, aerospace subassemblies, and critical software solutions. Moreover, the Roadmap's commitment to **mutual recognition of certification** and **SME-friendly procurement** is an opportunity to ease market access and cross-border collaboration.

It also must be stressed that **competitiveness funding must not become collateral damage** to increasing MFF allocations for defence, as this risks undermining growth drivers across Member States.

Framed by the constitutional neutrality, both the state and Maltese industry may find their most effective engagement within the dual-use dimension of the EU's defence industry. This approach enables Malta to benefit on multiple fronts: gaining access to EU funding, higher productivity, increasing national defence spending and enhancing Malta's long-term security.

⁴ [\(Times of Malta, 2025\)](#), Robert Abela wants Malta to increase its defence spending

Disclaimer: This is a policy brief to create awareness about the legislative proposal and for information purposes. It is not an official position of the Malta Business Bureau.

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