



AUSTRIAN INSTITUTE FOR
EUROPEAN AND SECURITY POLICY

EFA European
Forum
Alpbach

Nr. 2025/8

Recharging European Defence

European Forum Alpbach 2025

Austria in Europe Days: Security Track Report

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November 2025

AIES COMMENT

Recharging European Defence - European Forum Alpbach 2025

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Introduction

This year's European Forum Alpbach (EFA25) occurred – once more – during a period of rapid changes for Europe, both in respect of the continent's role in the international system and the worsening security situation within it. Russia's war of aggression against Ukraine has entered its fourth year, with its continuously expanding strategic drone- and missile-bombing campaign against Ukrainian cities and the gruelling attritional fighting along the frontline. In parallel, Moscow has further expanded its hybrid and greyzone warfare against the rest of Europe utilizing an array of tools, such as spreading disinformation, expanding sabotage and sending unmanned aerial vehicles (UAVs) both across land and sea borders.

Donald J. Trump's return to Washington D.C. for a second presidency has likewise rattled Western allies, as his administration has unleashed a trade-war against friend and foe alike and put US commitment to Europe in question. The expanding struggle between the United States and China, leveraging state tools to steer trade through tariffs, sanctions, and export controls, has once more showcased Europe's supply chain vulnerabilities.

Within this continuous maelstrom of bad news, the EU and Europe as a whole still struggle to find their footing. In each of

EFA's four thematic tracks – Climate, Finance and Economy, Democracy and the Rule of Law, and especially Security – the shifting sands in the international system set the tone for discussions. No better example than the Austria in Europe Days' Security Track is necessary: despite the country's continuing neutrality, the issue of creating a European Defence Union and reinvigorating Europe's defence industrial base presented the thematic red line.

This first of two reports on the Austria in Europe Days thus looks back at the discussions during EFA25 on how to "Recharge European Defence": the continent's defence industry, its armed forces, but also its very commitment to self-reliant defence.

The objective is not to prepare for wars of choice, but to prevent wars of necessity.

Europe's Ambition: Conventional Deterrence

Why does Europe need to invest in defence once more? The Russian war against Ukraine and hybrid attacks against the Western world already underscore the need for Europeans to invest in their own military capabilities, but discussants agreed that the stakes are even higher. Europe faces at least one opponent – Russia – but eventually more in the decades to come, that are

both capable of large-scale combat operations and willing to employ these to pursue political goals through open warfare. This demands the ability to sustain conventional deterrence, in order to disincentivise them from attacking – be it by full-scale war or limited adventures to undermine the credibility of NATO's and the EU's mutual defence commitments.

Beyond that, Europeans widely agree that the continent should not become a theatre for other powers to realise their grand strategic designs. Hence Europe needs to become an independent actor on the world stage to forestall such external designs, a long-term ambition linked but not completely identical with the near-term challenge posed by Russia. In a nutshell, the objective is not to prepare for wars of choice, but to prevent wars of necessity.

The red line connecting both near- and long-term challenges is the demand to fill Europe's hard power gap: military power that can be employed autonomously, built on sovereign capabilities, capacity and readiness. The battlefields of Ukraine cannot simply be taken as a "blueprint" for future wars, but important features are visible: the relevance of mass in attritional war, the rapid adaptation cycles of emerged technologies, and the demands put on all of society. The rest of Europe needs to prepare accordingly.

One of the foundations for addressing the persisting hard power gap is a defence industrial base that can satisfy the needs of Europe's armed forces, is highly innovative and able to scale up production rapidly. In Alpbach, these pivotal points were addressed throughout the discussions, both on and off the podium: How to increase sovereignty and autonomy? How to invigorate the European defence industry? And what trade-offs will all of this require from European societies?

Sovereignty by Design

The EU's member states' defence budgets have more than doubled between 2022 and 2025. In addition, the EU's ReArm initiative provides another €150 bn. of loans to 19 members states and has opened debt restrictions to potentially mobilise another €650 bn. through national defence budgets. It thus seems like the required means to achieve the ambition of sovereign defence are available. But the task is daunting, as both established military capabilities and newly emerged ones – for example drones – need to be scaled up rapidly.

Case in point is European reliance on strategic enablers provided by the United States. From reconnaissance to command, cyber defence or air mobility – the list is considerable and poses a crucial challenge. Without them, Europe's armed forces would be unable to deploy collectively, and be blinded and vulnerable. No European nation is large enough to field all of them,

and hence a joint approach is necessary.

For some enablers – for example space-based intelligence, surveillance, and reconnaissance (ISR) – joint programmes are the desirable approach. For others, a division of labour between the nations appears more prudent. Nonetheless, a clear roadmap to complement – or if necessary replace – US capabilities is still missing.

Europeans spend the price of a cinema ticket on space.

In Alpbach space-based assets were highlighted as one example on how to proceed. Galileo and Copernicus show that joint action can bring Europe into space. The EU's IRIS2 and GOVSAT initiatives for sovereign communication assets may do the same. In addition, multiple countries are launching and expanding their space programmes and even the European Space Agency (ESA) has reoriented to include defence-related programmes in its portfolio.

With space serving as a crucial military domain and economic frontier, investment levels are nonetheless not yet competitive. European nations only spend a quarter as much as the United States on satellites. Or as one participant critically commented: Europeans spend €24 per citizen and year for space programmes – the price of a cinema ticket.

Two examples illustrate the task in the space domain. First, the unscheduled loss for Europeans of the medium-lift capability provided by Soyuz launches from Guiana Space Centre after 2022. Second, a whole year without heavy-lift capability after the Ariane 5 was retired. Since then both the follow-up Ariane 6 model and Vega-C have become operational. But the space market is exploding: Due to smaller satellites and various designs for mega constellations demand is exploding, but no reusable European rocket design is yet operational. Hand in hand goes the development of new spaceports, from Sweden and Norway to the Azores and to German sea-based initiatives. These could potentially mitigate the reliance on one single facility complex in French Guiana.

Space-based capabilities are a crucial enabler for the defence of Europe, and many of the challenges mirror those in the quest to develop other strategic enablers. Underlying it all is the broader question: how to harness the economic potential and innovativeness existing in Europe and specifically the EU? How to create a true Single (Defence) Market?

Towards a European Defence Market

Discussants in Alpbach agreed: In contrast to the overall success story of European integration, the EU has yet missed out on integrating its national defence markets. The fragmentation into 27 national defence in-

dustries is a result of heterogeneous threat perceptions, national policies of nurturing, and at its core diverging national priorities and a lack of trust. Despite the atrophy of defence budgets after the Cold War, and for some observers even because of it, member states have retained policies to retain national resources and champions.

Merging this fragmented landscape and conducting procurement jointly promise efficiency and savings through economies of scale. In some cases, this is already unfolding, but in the grand scale an entrenchment of the status quo looms. With the rapid growth of defence investment the European defence sector has bounced back and is rapidly growing in scale. But at the same time, flagship programmes such as the Future Combat System (FCAS) have become an example of the inability of finding common ground. As governments prefer to support their own industries and rely on the national security exemption in Article 346 TEU to procure from them, the considerable volume of additional investments may well trickle away within this fragmented market.

Thus, the European ambition of establishing a true Single Defence Market stalls and it is not ensured that new regulatory packages such as the Defence Omnibus will be enough to loosen the restraints – for many observers in Alpbach, the need for integration was nonetheless clear. While the incentive to strengthen domestic industry

during a period of economic crises appears sensible, foregoing efficiency gains of an integrated market would be a fundamental mistake. Instead of making a courageous next step in the European project, this could lead to an industrial and technological lock-in for decades.

Old and New Players

On the individual level, the re-armament of Europe's forces has benefited both established defence enterprises and new market entrants. The latter are addressing the exploding demand for new capabilities, such as affordable autonomous systems or innovative software-solutions. New start-ups, and small and medium enterprises are drawn to the now expanding sector.

Europe needs to be active, not reactive – we need a Flagship Plan.

This bodes well for the “spin-on” effect from civilian technologies to the defence sector, but limitations remain. Additional investments are still crucial. While the Environmental, Social and Governance (ESG) regulations are often criticised for hampering investments into defence, this has already been mitigated. In fact, the root cause putting the brakes on the dynamic lies deeper than regulations: our own risk-aversion.

One example highlighted was the speed and intensity of feed-

back cycles in the sector. Gaining feedback not only from the frontline in Ukraine but also from other armed forces is crucial to fulfil requirements and adapt quickly. Often enough though, start-ups with innovative solutions cannot scale up without considerable funding, cannot gain contracts without scalability, and cannot gain funding without contracts. This vicious circle can only be overcome when public funding is employed for risk-reduction, paving the way for private investments. Additional public risk-mitigation mechanisms thus need to be expanded to harness indigenous innovation.

This specific example shows only one of the intricacies hampering the rapid transformation of the European defence sector and its ability to welcome new entrants. Throughout the discussions, this crucial factor – mindset – for policy making, procurement management, and the overarching issue of whole-of-society and whole-of-government preparedness and defence readiness was repeatedly highlighted. Often enough the resources are available, but new ways of policy-making are lagging behind.

The ambition – preventing a war through deterrence, and at worst winning one without external help – appears clear. The means, such as finances and innovativeness, are in fact available. But the ways, the methods, to put this strategy together are often lacking. There are multiple causes, from entrenched interests, lack of trust, to the sensible

peace-time red-tape that now presents an obstacle. Mindset nonetheless represents a common denominator, as Europeans cannot overcome prevalent roadblocks without accepting higher risk, implementing deeper reforms, and fundamentally changing how we think about our own security.

The Price of Security

Changing our mindset, funneling investments into defence, and reactivating compulsory military service require trade-offs from societies, companies, and individual citizens. Alpbach with its audience stretching from experienced experts to young scholarship holders provided an excellent environment to debate the subject. How will new debts affect the intergenerational contract? Why should a new generation of Europeans sacrifice one year for military service? Even their lives to defence other European nations? And should nation states cede further sovereignty?

Indeed, there are no easy answers to these questions. Any Euro spent for the military cannot be spent for social services. The “peace dividend” drawn from falling defence budgets after the Cold War has blurred the importance of defence in governmental spending. Accepting that the armed forces are an insurance against aggression and other crises appears prudent in this regard. Hopefully, it never needs to be claimed – but it should be available if push comes to shove.

The “post-heroic” contemporary society may not be able to mobilise large numbers of young people with old slogans of patriotism and glory. This makes communicating the benefits of liberal democratic societies for each and every citizen ever more important. It strengthens democratic resilience and stimulates individual reflection. Focusing on surveys about the willingness to defend one’s country can also be misleading. For many in (Western) Europe, the threat of open war still seems abstract and unrealistic. But when the crisis becomes tangible, citizens will “take up arms”, if they appreciate what they are fighting for.

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This does not only mean actual arms, but encompasses any function supporting society in both peace and war. Achieving defence readiness means preparing societies and states for crises in general, with Nordic countries repeatedly being cited as role models. The increasing frequency of crises and their interlinked nature threatens to overwhelm the capacity of citizens to cope and of governments to react. This makes social cohesion and resilience even more important and should provide a cornerstone for the social contract itself.

There are also potential synergies for Europe’s industrial and technological base that should

be considered. While the defence sector is not in the same technological lead position as it was historically, knowledge still flows both ways. Efficient energy storage for the modern battlefield may benefit the green transition. Health systems capable of accommodating high volumes of wounded are also a hedge against the next pandemic. And serving with or without uniform strengthens the cohesion of societies often drifting apart.

During a dedicated workshop session, a diverse group of EFA25 participants discussed these costs and benefits in detail. They highlighted the need for leaders to better communicate the societal costs, promote burden sharing both within societies and member states, and explain the respective perspectives to citizens. Political unity can only be achieved through compromise and provides the baseline to tackle the lack of common trust in Europe.

The complex developments unfolding necessitate not only more trust and cohesion, but also the courage to envisage and implement innovative solutions. The [Alcide Project](#) – Activating the Law Creatively to Integrate Defense in Europe – was presented as a prime example of this approach. It envisions the reinstatement of the European Defence Community (EDC), a defence integration initiative from 1952. It was ratified by four out of six members and never came to life. Members of the Alcide Project assert that it could still be reactivated by France and Italy ratifying the treaty now. The

EDC could thus become the nucleus for true European defence integration, which other nations can join.

The Roadmap to 2030 and Beyond

The European Forum Alpbach has once again displayed that there is momentum to indeed Recharge Europe, and specifically its defence ambitions. There is an overarching consensus on the ambition, that is to prevent the terrible war against Ukraine spreading even further on the continent. Perspectives on how to achieve it may diverge, but discussions and comprise are crucial in our liberal democratic societies.

The means are available, be it in industrial prowess, innovative research networks, or a new generation of dynamic Europeans. Increasingly the ways are also taking shape. Since the conclusion of the Forum, the agreements have been reached on the Defence Readiness Roadmap 2030, the European Defence Industry Programme (EDIP), and the Mini-Omnibus for defence. Further initiatives are in the pipeline and joint flagship projects are to be implemented in the coming two years.

These achievements cannot distract from the multitude of tasks still ahead. Further reforms are needed, the EU's capacity to act remains limited by unanimity and the resulting capacity to obstruct of single members, and

the time is ticking. Courageous action is needed to overcome the silo mentality still shaping European and domestic politics. New partnerships need to be forged – between member states, sectoral interest groups, and all parts of society – to build the cohesion necessary to face the looming challenges.

About the Author

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