



The European Defence & Security Summit, an initiative of EBS and ASD, welcomed over 400 in-person participants, with several hundred following online. We hosted 4 exclusive panels, including 3 keynote speeches, and 3 interactive interviews, featuring 27 prominent speakers, gathering prominent figures from EU institutions, national governments, NATO, and the defence industry, among others.

The primary agenda of the Summit was to delve into Europe's urgent security and defence concerns. Specifically, #EDSS2024 emphasised the pivotal role of the European defence industry in addressing present and future security challenges, exploring strategies for Europe to effectively deal with them.

IN CONVERSATION WITH MICAEL JOHANSSON

The war in Ukraine has triggered an ongoing change of mindset with regard to defence. It's been an intense year: Member States send support to Ukraine, new EU initiatives, industry capacity build-up, investments, and common incentives. But there is much more to do. We are so far taking incremental steps in a paradigm shift. We need an ever-warm industrial capacity for increased readiness, long-term investments, and commitments, based upon a risk-sharing model and the European Defence Fund calling for significant fresh capital. The European Investment Bank is crucial to secure funding, and it could send important signals to pension funds and others to invest in the European defence industry. Leveraging emerging technologies and enhancing cooperation among EU Member States for joint procurement are indispensable.

OPENING CONVERSATION: SUPPORTING UKRAINE

There is an ongoing effort to integrate the Ukrainian and European defence industries, which would be mutually beneficial. The EU has provided a lot of military support to Ukraine since 2022, but more is still needed. Overall, the EU needs to take more responsibility for its security, which would also benefit its partners. Spending more, better and European is key for that objective. The industry needs predictable, long-term demand to build up its production capacity. Cooperation with allies and partners is important, but there must be a level playing field.

“For a long time, our defence industry was neglected. Now we are rising from the ashes to reach the highest level, the NATO standard.”
- Oleksandr Kamyshin, Minister for Strategic Industries of Ukraine

WAR ECONOMY: POSSIBLE AND/OR NECESSARY?

The term ‘war economy’ expresses a sense of urgency that is not shared at the same level everywhere and by everyone in Europe. There is however a consensus for the need to ramp up defence industrial capacities. To achieve European defence preparedness, innovation, new systems, and improved procurement collaboration are imperative, alongside faster decision-making. There is a consensus for a new approach to defence, with increased funding, improved predictability, and better communication among allies. Collectively, Europeans possess the means, capabilities, and determination to protect their society.

WHICH DEFENCE INDUSTRIAL POSTURE FOR THE WEST: BETWEEN EDIS AND USDIS

In today's geopolitical environment, it is necessary to align the EU and US strategies (EDIS and USDIS), focusing on complementarity rather than competition to maximise efficiency. Indeed, both strategies, as well as national security strategies of European and transatlantic partner nations consistently highlight the significance of partnerships and alliances. Coordination and cooperation are also key for providing time for both strategies to be implemented effectively. On the European side, moreover, it is imperative that governments spend more, better, and together.



GEARING UP THE EUROPEAN DEFENCE INDUSTRY PART 1: WHAT ROLE FOR THE EU?

To bolster defence capacity across all aspects, there is an estimated need of at least €100 billion, with an additional €50 billion needed for strategic European projects in the contested cyber, space, maritime and air domains. While the initial €1.5 billion allocated for EDIP is a positive step, more funding will be needed in the future. Nevertheless, the European defence industry has made tremendous efforts to ramp up production and managed to double its production capacity within a year, aiming to double it again by 2025. This has allowed significant quantities of support, such as ammunition, to be provided to Ukraine. These efforts must and will continue regardless of political developments in the US. EDIS and EDIP provide a robust framework to boost Europe's defence readiness, and it is up to Member States now to take this work forward.

“The issue in Europe now is availability; to have availability, we need to drastically increase the capacity.”
- Thierry Breton, European Commissioner for Internal Market

GEARING UP THE EUROPEAN DEFENCE INDUSTRY PART 2: WHAT DOES INDUSTRY NEED?

The war in Ukraine has demonstrated that European defence requires a strong European defence industry. European cooperation is essential for delivering world-leading capabilities, addressing the challenges of duplication and fragmentation, and ensuring harmonisation and standardisation between the different systems used across Europe for improved interoperability and efficiency. The European Defence Industrial Strategy offers a vision of the EU's ambition and objectives, which sends a message to the entire defence ecosystem. Industry is already doing all it can from its side to boost its readiness, but it is now up to the Member States to take the necessary decisions and make the required investments.

DEFENCE AND SECURITY UNDER THE NEXT EU MANDATE PERIOD

The European Parliament and European Commission have voiced support for prioritising orders to Ukraine, however, a portion of manufacturing, specifically ammunition, has been diverted elsewhere. Yet, recognising Ukraine as a top priority is crucial, given its existential significance for Europe's security. Urgent action is needed, despite current budget constraints. It was highlighted that pooling resources to procure necessary equipment for Ukraine is feasible, as all the necessary instruments are available. The key now is to move beyond mere rhetoric and take concrete steps to support Ukraine. The time for talk is over - it's time to walk the walk and ensure the safety and stability of our region.

“We need Ukraine to win this war, if not out of solidarity and generosity, for our own security.”
- Nathalie Loiseau, Chair of the Subcommittee on Security and Defence, European Parliament



ASD is the voice of the European Aerospace, Security and Defence Industries. Our overall representation adds up to more than 4,000 companies, accounting for 98% of industry's total turnover and 92% of its total employment in Europe. As European companies specialising in aeronautics, space, security, and defence, we form an industry that connects and protects. We create the products that enable global mobility; and develop and supply the equipment that safeguards against internal and external threats. Headquartered in Brussels, our association actively supports the competitive development of our industries at both European and global levels by advocating common positions and providing technical expertise to institutions and member companies.



The European Business Summits is a renowned organisation that creates and supports networking and debating events in Brussels, including its biggest and most prestigious event – the annual European Business Summit. The main goal is to bring business and politics together and to stimulate thinking on the most challenging European issues. Through its events and publications, EBS delivers an inspired and informed contribution to policy-making in Europe. EBS is proud to acknowledge the High Patronage of His Majesty the King of the Belgians, as well as the Patronage of Mrs Ursula Von der Leyen, President of the European Commission, and the Patronage of Mrs Hadja Lahbib, Minister of Foreign Affairs, European Affairs and Foreign Trade and the Federal Cultural Institutions.

QUESTIONS OR REMARKS? CONTACT US!

CONTACT

MICHELA SANDRON
COMMUNICATIONS MANAGER
m.sandron@ebsummit.eu

KEYNOTE SPEECH

URSULA VON DER LEYEN, PRESIDENT OF THE EUROPEAN COMMISSION

Thank you very much Mr Thysen,

Thank you very much Mr Pie for the invitation,

Ladies and Gentlemen,

It is a pleasure to be here. Over the last years, many have been the times in which the world has collectively held its breath. Many have been the mornings in which we have woken up to a new, more dangerous reality. And, once again, we meet here today in a world more precarious and more menacing than it was 12, or 6 or even 1 month ago. The Iranian attack on Israel and the chilling sight of 185 drones and around 150 cruise and surface-to-surface missiles is the latest seismic event of our generation. At the same time, we face the urgent priority of supporting Ukraine as the Russian-inflicted war on its territory becomes ever-more bloody, intense and drawn out.

And we need to work with our partners on ensuring regional stability. But we do need to take stock and look deeper at what Iran's assault means. Because the attack, the defence and the aftermath are all instructive in different ways.

Only time and history will tell us whether this marks a definitive turning point. But what we can already see is that this attack marks a shift towards open confrontation. And it shows us the nature of modern warfare. The weapons used were far greater in number and firepower than those that have been previously employed by Iran's proxies. The second takeaway is the nature of the defence. It is truly remarkable how effectively and swiftly defence systems were able to intercept virtually every single drone and missile. But it is no miracle.

It rather shows the real value of consistent long-term investment in advanced defence capabilities and technologies. And above all it shows the value of building partnerships and cooperating with allies. The central role of the United States, the UK, France and others should not be underestimated. And nor should the role of the Arab countries in the region in averting a far greater damage.

And the third point about this weekend is what it tells us about the wider threat landscape. Because this attack should not be seen in isolation. It was the latest signal of intent of a new league of authoritarians.

Russia's brutal war of aggression against Ukraine is now in its third year and is more entrenched and intense than ever. North Korea is delivering order after order of ammunition shells to Russia. Iranian drones are flying over Ukrainian cities on a daily basis. Iran is even helping Russia with the technology and the manufacturing it needs to build those drones on home soil. More broadly, we are seeing leakage of advanced weaponry, which has until now always remained in the hands of states. Non-state groups like the Houthis are being armed with new-tech weapons to inflict untold damage.

The new league of authoritarians is working in concert to tear up the international rules-based order to redraw maps across different continents and to stretch our democracies to the breaking point. So, Ladies and Gentlemen, the point is that the world is as dangerous as it has been for generations and Europe is in the middle of it. So, this is why it is time for the European awakening on defence and security. Because there is so much at stake here – our freedom and our prosperity depend on our security, and we have to bring our actions in line with this changing security environment.

Ladies and Gentlemen,

This is why we need to start working on the future of our security architecture – with all of the speed and all of the political will that is required. As part of this, there will be core action which will always remain of course in the hands of the Member States. Let me be very clear, the Member States will always be responsible for their troops and all decisions linked to that – from recruitment to training, from the doctrine that is so important to deployment decision.

This is the absolute foundation for every Member State. But Europe also has tools and responsibilities in areas that are critical to our defence. Take the Single Market, or take research, take the innovation point or industry.

These are all European competences – and much more. We need to use Europe's combined financial, structural and political strength where it can have the biggest impact. Because Europe's defence is a task for all of Europe – with Member States and EU institutions working closely together.

KEYNOTE SPEECH

URSULA VON DER LEYEN, PRESIDENT OF THE EUROPEAN COMMISSION

We have shown in the last years how this can work in practice. Member States have stepped up their defence spending. Their national defence budgets have already risen by 20% since 2022, so the beginning of the Russian aggression in Ukraine. This has started to compensate for years of underinvestment. And at the same time, we are together spending more on common capacities and projects between Europeans. Just take the European Peace Facility that has mobilised EUR 6.1 billion to support the Ukrainian armed forces with lethal and non-lethal military equipment and supplies. And of course, the European Defence Fund is investing in high-end defence capabilities in critical areas, you know them, such as naval, for the ground, air combat, space-based early warning, or take cyber. And now, with our most recent proposal for a European Defence Industrial Programme, we propose to dedicate an additional EUR 1.5 billion from the EU budget. So, we know that it can be done – and we are showing the way to a more sovereign Europe.

Let me be clear: European sovereignty is needed, but European sovereignty will never be at the expense of our partners and friends. And it will certainly never affect the importance and the need for our NATO alliance. In fact, a more sovereign Europe, and you know it, in particular in defence, is vital to strengthening NATO, as member states have plain and simply one single set of forces. You are familiar with that. But at its core European sovereignty is about taking responsibility ourselves, taking responsibility for what is vital and even existential for us. That is precisely what Leaders agreed in the Versailles Agenda just after the start of the war, followed by the Granada declaration.

Ladies and Gentlemen,

as the world gets more dangerous, it is now time to build on this and take the next leap forward on security and defence. And I believe that at European level our work should focus around three core priorities: the first is preparedness, the second is investment, and the third is partnerships. Let us start with preparedness.

Strengthening Europe's preparedness is an urgent task. As the geopolitical and security landscape becomes more difficult, so the threats faced by European countries become not only more acute but also more complex.

In response, we need to be better prepared to face multi-dimensional threats, which cross over and intensify each other. Given the breadth of the risk, this cannot just be a task for one country or one defence community. It is a much broader task that will need a whole-of-society approach. The starting point for this is having a very clear picture of the threat landscape and frame our response accordingly. This is why, Josep Borrell and myself, we have asked the former President of Finland, Sauli Niinistö, to lead the work on a report on European Union preparedness. This will tap into President Niinistö's great experience but of course also into the experience of countries like Finland and the Baltic States. They not only have an acute understanding of the risks but also of how an integrated and comprehensive response can be developed. And once again, this will require action at both national and European level.

At the European level there is a lot we can do. On risk identification, for example, and on more regularly assessing the threat landscape. Europe can of course also help coordinate the military and civilian domains. Military and civilian actors need to be fully capable and ready for all types of emergencies. This has to be based on a broad effort across society and involve different ministries at the same time in a seamless way; and, crucially, play a role in the rearming of Europe, for instance by supporting industry to manufacture the necessary capabilities to respond to all scenarios, including at the highest level of intensity. Setting this approach out on paper can be an invaluable building block for a comprehensive European Union Preparedness Strategy. And this, in turn, can have dissuasive effects on threat actors, lower residual risks and crucially offer greater assurance to our citizens on their safety and security.

The second point is about investment and industrial capacity. The threat of war may not be imminent, but it is not impossible. We should be prepared. And that starts with the urgent need to rebuild, replenish and transform Member States' armed forces. In doing so, Europe should strive to develop and manufacture the next generation of battle-winning operational capabilities, and to ensure it has the sufficient quantity of matériel and the technological superiority that we may need in the future. That means turbocharging our defence-industrial capacity in the next five years.

KEYNOTE SPEECH

URSULA VON DER LEYEN, PRESIDENT OF THE EUROPEAN COMMISSION

That is the task of the moment. At the heart of this must be one simple principle – and you have heard it many times today already: Europe must spend more, spend better and spend European.

Spending better starts by aggregating demand among the Member States. Spending European means that our investments not only increase our security but of course also bring jobs, know-how and economic growth to the European Union. Spending together will help reduce fragmentation, enhance cost-effectiveness and increase the so much-needed interoperability of our armed forces.

But to do this we must collectively send a strong signal to industry. This is why we will look at how to facilitate offtake agreements for interested Member States. This would give our defence industry companies stable orders and predictability in the long run. That is the most important, the predictability for you, to really invest in what matters. It will increase the support for industrial ramp-up, as we are now doing with ammunition through ASAP. We will also identify European Defence Projects of common interest, that means in other words that we focus efforts and resources on the topic or the structure that has the biggest impact and the most added value. And we will propose on how to use the economic power of the European Union to step up investment in defence and enhance the access to finance – that is so crucial for industry. In doing so, we will focus on innovation to ensure Europe has that edge in the new technologies, which we see being deployed across the world in different conflicts.

Ladies and Gentlemen,

The last point is about partnerships.

As we strengthen our own sovereignty of defence, industry and key technologies, we will also strengthen our core partnership with NATO.

A more sovereign, prepared and better financed European defence will of course only serve to make NATO stronger. Over the last years, we have increased our cooperation with NATO for example against cyberattacks, for better military mobility, or to fight disinformation, the hybrid threats that we are facing. We have seen these hybrid threats and we have addressed them together with NATO.

We have seen these hybrid attacks against Latvia, Poland and Lithuania organised by the Lukashenko regime.

And we have seen two more EU members join the Alliance. And we have worked hand in hand when it comes to supporting Ukraine with what it needs to win this war. We will continue ensuring that our cooperation gets stronger. And at the same time, we need to look at whether we, our society, security and defence cooperation will need perhaps other partners, such as the United Kingdom.

Moreover, we have proposed to increasingly bring Ukraine into our latest proposals for the European Defence Industrial Programme. So the door is open for partners to join, for partners to be included in our Defence Industrial Programme because I think it is time to together step up on defence in a way that certainly will be challenging, but together we will be able to master it.

It will require a new European defence mind-set, from Member States to institutions to industry to investors alike. And of course, it will require the political and moral courage to stand with Ukraine here on European soil for as long as it takes. Because, Ladies and Gentlemen, the cost of insecurity, the cost of a Russian victory, is far greater than any saving we could make now. The cost of facing multiple threats and conflicts without being prepared is far greater than we can afford. This is why it is time for Europe to step up on defence and security.

I thank you for your attention and long live Europe.

OPENING REMARKS BY BELGIAN DEFENCE MINISTER LUDIVINE DEDONDER

Ladies and Gentlemen,

It is an honour for me to be able to open this Summit, and I would like to thank the organisers for making this gathering possible.

And with good reason: this discussion on European defence and security is taking place in a unique context, given the geopolitical tensions prevailing from the Sahel to the Middle East, and even in our immediate geographical environment.

With Russia's invasion of Ukraine over two years ago, Europe is facing new geopolitical uncertainties and a new security reality. Against this backdrop, defence and security are more than ever a priority. As Minister of Defence, it is my duty today to convey several messages, even more so in my capacity as representative of Belgium, which currently holds the rotating Presidency of the Council of the European Union.

Faced with the return of war to our borders, Europe has a duty to assume a global strategic role that is not just political or economic, but also military. In terms of defence: the renewal of stockpiles, interoperability between our armies and the strengthening of our defence industrial base are all part of the urgent need to reorganise Europe and redeploy the tools of a common defence.

Ensuring our security means re-industrialising Europe to enable it to produce what it needs to defend itself, and to limit its dependence, particularly in the most critical areas. I intend to respond to this imperative at Belgian level by placing Defence firmly at the heart of society and our country's socio-economic recovery.

As soon as I took office in twenty twenty, work began on rebuilding Belgian Defence, demonstrating our determined commitment to a genuine Europe of Defence and European strategic autonomy. Over the next few years, it is clear that our major challenge will be to extend this reconstruction effort, so that it is sufficiently robust to act as a deterrent, and sufficiently resilient to support a war effort if necessary.

So that Europe coordinates its forces in the face of these many security challenges, it is vital to continue to operationalise and implement the Strategic compass and its four pillars.

This will enable us to achieve greater strategic autonomy and make the Union a relevant geopolitical player on the international stage.

First, we must "**Act**". All of us here have a leading role to play in the construction of a genuine Europe of Defence, of which interoperability is one of the most relevant aspects. Belgian Defence has spared no effort, whether on land, in the air or at sea.

Some cooperation already exists, and it is vital that we continue our commitment to increasingly interoperable European capabilities. All of you here today are paving the way for European defence by working on the interoperability of capabilities at EU level.

We are gathered here today to discuss one of the major challenges of our time: European defence and security. And this moment will allow us to deepen the discussions in favour of ever greater interoperability between our armies.

The second pillar is "**Protect**". This pillar, at the centre of the Strategic compass, is also one of the structuring values of the policy pursued since I took office. In this respect, it seemed essential today to return to our protection against some constantly evolving threats, those linked to new information and communication technologies. Now more than ever, we need to protect our defence weapon systems and networks. Protecting the communications and new equipment of the other components.

But there is more: the digital age has transformed the way we live, work and communicate. With these advances come a responsibility: cybersecurity is no longer just a line of code in our defence, it is a fortress that protects our democracies, our freedoms and our shared values. Faced with constantly evolving hybrid threats, we must not just be reactive, but proactive.

Anticipation, innovation and security are the keys to our digital future. From disinformation campaigns to cyber-attacks that threaten maritime safety or the organisation of our elections, we are now being called upon to defend our public institutions and critical infrastructures. So, more than ever, we need to protect our citizens and businesses if necessary.

OPENING REMARKS BY BELGIAN DEFENCE MINISTER LUDIVINE DEDONDER

In Belgium, we have therefore strengthened our intelligence and cybersecurity resources, with the creation of a brand new, fully-fledged Component within our defence system, the Cyber Component, starting with the establishment of a Cyber Command in October twenty twenty-two. Cyber Command and our new Cyber Component spearhead this vision, uniting national defence efforts with those of the European Union to form an impenetrable cyber shield.

This is why the notion of a 'dual' capability also seems essential to me. The Cyber Component must not only be equipped with the most modern resources, but these resources must be operational in both military and civilian environments.

We are resolutely pursuing a global and integrated approach to information warfare, with all our partners at federal level in Belgium and more widely with our partners and allies. We are closely monitoring attempts by foreign powers to polarise public opinion and manipulate information through "fake news".

By working closely together, we are creating an integrated security ecosystem capable of defending and promoting our common interests.

As you know, the third part of the Strategic compass is "**Invest**". It is now essential that we strengthen our defence industrial and technological base, which is vital to our strategic autonomy, to reduce our dependence, and enable us to deploy in all areas of defence: land, sea, air, space and cyber.

When I took over as head of Defence, investment was my biggest priority. The current government has decided to invest no less than eleven billion euros in this Department in order to rebuild it not only in terms of personnel, but also equipment and infrastructure. So, since I took office, the current budget for Belgian Defence has almost doubled in four years. In addition, for the first time in Belgium, the government has approved an innovation strategy: the Defence, Industry and Research Strategy (DIRS). This will enable Defence to play a leading role in this area, with an unprecedented budget of one point eight billion euros to support research and development up to twenty thirty.

This brings me to the last key aspect of the Strategic compass, namely working in "**Partnership**". As you will have gathered, partnership is at the heart of our work, for a country like Belgium, which is located at the crossroads of Europe. All the projects that Defence carries out within the DIRS framework take the form of partnerships with the scientific world, academia, industry, and associations.

With the DIRS, I am convinced that Defence can make its contribution in the field of technological innovation in the service of national security and defence policy and the strategic autonomy of the European Union. These contributions are essential to ensure our economic prosperity and resilience.

But working in partnership also means moving forward together, between European nations, and in the same direction. In line with the European Defence Industrial Strategy, to increase the readiness of the European defence industry, Member States must invest more, better, but above all together and in European equipment. In practical terms, this means major projects in which Member States pool their expertise, but also planning joint purchases to achieve economies of scale and thus strengthen interoperability between our armies. Working in partnership takes on its full meaning here in areas that are constantly evolving, where it is necessary to respond to current challenges but also to anticipate future developments.

Within the European Union, we have excellent industrial players who are world leaders in their fields. This is why the Belgian Presidency is organising an event dedicated exclusively to industrial issues in Europe. The EU Defence Industry Event, to be held at the end of April, will provide an opportunity, through a conference and an exhibition of our best Belgian defence industries, to continue the work of maintaining and increasing this lead, in order to strengthen European defence.

To conclude this speech, I would like to reiterate our resolute support for Ukraine. Belgian Defence will continue, as it has done since the beginning of this unacceptable war provoked by Russia, to provide aid to Ukraine and its people. This remains at the heart of our concerns.



OPENING REMARKS BY BELGIAN DEFENCE MINISTER LUDIVINE DEDONDER

It was with this in mind that at the end of January, during an informal ministerial meeting, we decided to pursue this commitment by laying the foundations for future aid to Ukraine, whether military, financial or industrial. More than ever, the Belgian industrial base will remain mobilised to support Ukraine in its efforts to modernise its armed forces, in the short and long term. And Belgian Defence will remain firmly committed to this integrated approach, aimed at providing Ukraine with long-term guarantees for its security.

In this vein, in May, the Belgian Presidency of the European Union will support the third EU-Ukraine Defence Industry Forum. After Kiev and Washington, Brussels will be the venue for this major event.

Ladies and gentlemen, we are gathered here to look to the future, without apprehension, but with a resolute and united spirit. Together, we owe it to ourselves to promote a European ambition in terms of defence and security that is not limited to military issues alone. It is a social issue. It is about building a Europe that is strong on its foundations, with a unifying project and resilience to serve our democracies and our peoples.

In this respect, the important European elections next June will provide a unique opportunity to influence the strategic agenda and the major directions we want to give to the Europe of tomorrow.

Thank you for your attention and for your commitment.



CLOSING SPEECH: TIME FOR EUROPE TO PREPARE KAJA KALLAS, PRIME MINISTER OF ESTONIA

Ladies and gentlemen,

Nearly 35 years ago, on a Thursday in November, the Berlin Wall fell. A wind of change blew across Europe. Two years later, Estonia got its freedom and independence back after half a century in the Soviet prison. My generation is a lucky generation because we did not have any freedom growing up and then we got it all back. My grandparents' generation was exactly the opposite - they had freedom and then lost everything.

I also recall another Thursday over two years ago – an early February morning when Russia launched a full-scale war against Ukraine. It starkly reminded us that freedom is not a given – you have to fight for it. It is our duty as leaders to make sure that for no future generation freedom will one day just be some memory of a distant past.

Europe is facing a critical moment that will shape our security and future for decades. We need to keep in mind that we have much to defend and a very real threat to defend against. With the right resolve and unified effort, I believe we can succeed.

Russia aspires to recreate its own vision of the world where force prevails – at our expense. Russia has shown that it does not care about the ways and means as long as its desired ends remain within reach. We have run out of room for error in second-guessing Russia's willingness to use military force to achieve its hostile strategic aims. We must make sure we would not run out of time, too.

As things stand, the Russian Armed Forces are numerically stronger than they were two years ago. Russian military industrial complex has been mobilized. It produces considerably more equipment and ammunition in every category than the Euro-Atlantic community combined.

In a matter of years, Russian military posture at the eastern flank of NATO will likely multiply.

The Russian Armed Forces reform is already ongoing and new units are being formed by our borders in spite of the heavy fighting and losses in Ukraine.

This is not a reasonable setting for any kind of negotiations with a country whose credit score of honouring its commitments is close to zero.

Let us not be fooled – Russia's long-term interest is still very-very opposite of peace.

There are various estimates of how soon Russia will reconstitute and be in a position to attack again. The number – three, five or ten years, does not matter. Everyone agrees that they will be ready and willing for a next war. All they will be looking for is an opportunity – which we must deny them.

Russia is holding every single person in Ukraine at gunpoint – every day and every night. This could be Europe's fate all the same. Or it could not, if we choose to act and avoid it.

The first and crucial step is to ensure Ukraine's victory and Russia's defeat. What Ukraine needs most is ammunition and air defence. And it needs it fast. Estonia has just sent Ukraine another package of military aid, including ammunition.

Ukraine also needs our long-term commitment. We have made the calculations: if all countries supporting Ukraine would commit to at least 0.25% of their GDP as military aid over the next few years, then Ukraine can win the war. I am glad to see that this initiative is gaining support.

The war in Ukraine has taught us that deterring Russia requires much more than we initially thought. It has also shown that we need to be prepared for the unlikely, even unthinkable scenarios. After all, they are only unthinkable until they happen.

Let me outline what needs to be done.

Together with our transatlantic allies, Europe needs to establish a new, permanent state of defence readiness that will far outlast the war in Ukraine. That is also the mission of the first ever European Defence Industrial Strategy. It provides the necessary foundation for the crucial step change of European defence.

Europe has entered the period of Great Awakening about the state of our industrial base. It is widely recognised that we need to ramp up our industrial capacity – not only for Ukraine, but also for ourselves. It is European nations' armed forces whose combat effectiveness is limited by capability gaps, and European warehouses that lack sufficient supply for defending Europe.

The state of European defence is a strategic challenge that requires also strategic actions.



CLOSING SPEECH: TIME FOR EUROPE TO PREPARE KAJA KALLAS, PRIME MINISTER OF ESTONIA

It means, first, a higher overall government spending on defence. The peace dividend is over and decades-long underinvestment into defence has proved to be a strategic mistake. The total defence expenditure of the EU member states as a share of GDP peaked at 1.6% in 2005.

It has struggled to recover from substantial cuts that followed. In NATO, 2% is the agreed minimum, but not all allies are doing this. Some allies, including Estonia, are spending more than 3% or even 4%. To meet the demands of the new security reality, more is required from everyone. Not only those countries who are sharing their border with Russia.

It also means filling capability gaps and acquiring and maintaining large stockpiles of ammunition. It means securing our supply chains – working together with our transatlantic partners to shorten and de-risk our supply networks.

It means sharing the burden of risk with industry when it comes to capital investments and spare capacity maintenance. At the same time, competitiveness and the normal functioning of the market must be preserved as much as possible.

It means increasing the pool of technologically skilled workers.

And finally, it also means preparing our societies at large. Because at a time of war, the first effective limits reached tend not to be raw materials or labour, but social discord and administrative friction.

Research indicates that one of the most important factors influencing defence resolve is the belief in the possibility of victory. However, “will to defend” is not granted; it must be nurtured and protected. This task becomes challenging if the necessary tools to fight are not there.

We come full circle, back to defence spending and investment. Maintaining a constant state of preparedness is expensive, but it is nothing compared to the costs of actual war, which could reach trillions in a single year.

This does not have to mean only economic burden. The defence industry is not just crucial for security. It also creates jobs, boosts economy, drives technological innovation and other spill-over effects.

We have been slow learners, but European governments are picking it up. Europe’s defence-spending trajectory has had a sharp upturn. It reached a total of 360 billion euros last year – a level not seen since the Cold War. More and more of this spending is going towards investments that meaningfully improve our ability to defend. Defence readiness has taken its rightful place at the top of our priority list. We have set course for initiatives offering interim solutions for the most pressing concerns. Finding ways to ensure additional funds for European defence is no longer a political suicide, but an open and daily discussion of a matter of urgency.

The reality is that both need to take initiative and do more. Fortune favours the bold.

For the governments, there has not been more of a reason to invest in defence for decades.

For the defence industry, the window of opportunity to scale, innovate and succeed has not been wide open for decades.

Only when tapping into this potential at both ends, we can create positive synergy. Good examples are already happening.

One European company is constructing a new ammunition plant, with its own investment of 300 million euros. This will add hundreds of thousands of rounds of production capacity per year and create 500 new jobs. Another is planning to eight-fold its production of 155mm artillery ammunition within the next three years. A third one will reach a fivefold ammunition production increase in 2024 already.

All those companies also received a good amount of funding from ASAP – the EU’s industrial reinforcement fund. Such funding will be continued – and hopefully also increased – in the EU’s upcoming Defence Industrial Programme. Member States look for ways to significantly boost its budget.

Of course, it is up to the governments to create an environment where industry can prosper. As your sole customers, we are often difficult partners. We must do better to cooperate with you and tell you about our needs and intentions. Even more importantly, we must listen to your ideas and concerns. Only then can we provide the right stepping stones to enable and speed up industrial growth.

CLOSING SPEECH: TIME FOR EUROPE TO PREPARE KAJA KALLAS, PRIME MINISTER OF ESTONIA

In Estonia, for example, we are developing our own industrial complex for local ammunition production. In the process, we are removing many of the barriers companies usually face when setting up new production lines in new locations.

We are fully aware of the obstacles that companies and particularly small and medium-sized enterprises face when trying to attract private investment and gain access to growth funding. That is why I fully support adapting the European Investment Bank's funding policy to also allow investments into purely defence related projects. This will be an important signal to the wider capital market that the defence industry is an attractive and sustainable investment.

Ladies and Gentlemen,

The EU also needs to dedicate a higher share of its own 7-year budget to defence. The current level, a meagre 0.86%, is simply not enough. The new security reality is here to stay, and our actions must correspond.

But as we all know, everything in the defence industry takes time. Our opportunity for change may be over sooner than we think.

Time matters. Ukraine is buying us leeway to prepare. They are paying for this with their lives, taking out Russian equipment and manpower on the battlefield for the third year.

We also need to get serious about scale. Mass matters, too. We have seen Russia fire Europe's monthly artillery production in a single day in Ukraine. Instead of days of supply, we need to be talking about months of supply. It is essential to scale up our production capacity to be able match these demands.

Like Garry Kasparov has said – and I quote: “The fight against authoritarianism is like a game of chess: it's black or white, but this is not like chess. There is no draw. You win or you lose.”

The road ahead is long but I am confident that together we will call the right shots, once again make freedom triumph over tyranny, and make the future generations proud. There is no other way.

There is simply no other way.

Let's not be afraid of our own power.

Thank you!