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Isomorphic Spillover and Its Limits: The Institutionally Constrained Defence Industrial Policy of the European Union

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Abstract

Starting from the mid-2010s, the European Union (EU) and, in particular, its supranational executive, the European Commission, started to play a role in defence industrial policy that is completely unprecedented. The Commission now supervises a whole array of financial instruments and can use them to nudge member states to develop certain sectors and capabilities. Combining insights from neo-functionalist European integration theory and neo-realist international relations, this article devises the concept of "isomorphic spillover." I argue that competitive, mimetic, and normative socialization with sovereign states creates opportunities for integrationist entrepreneurs to make the EU more state-like, expanding its jurisdiction in the process. The security logics of the "geo-tech world" are thus transforming European integration. That said, isomorphic spillover has limits. The EU's efforts to resemble states are constrained by the fact that it pursues its aims via regulatory powers rather than centralized administrative capacity. While defence industrial policy is an extreme case that illustrates the EU's challenge in particularly stark terms, the logic of the isomorphic spillover has the potential to be applied across all areas of industrial policy.

Keywords

defence integration; European Union; industrial policy; neofunctionalism; spillover

1. Introduction

In the last decade and especially since Russia's February 2022 invasion of Ukraine, legislative initiatives in defence industrial policy have been proliferating in European Union (EU) politics. In 2021, the European Defence Fund (EDF) went online, creating an 8 billion euros (2021–2027) common defence R&D and capability development budget piloted by the European Commission. Shortly after the Russian invasion of

Ukraine, the EU put in place the European Defence Industry Reinforcement through Common Procurement Regulation (EDIRPA). Although it merely consisted of 310 million euros in grants, EDIRPA served as a precedent for many subsequent instruments in defence procurement. The most impressive of these is the Security Action for Europe (SAFE) framework agreed in May 2025. SAFE provides as much as 150 billion euros in loans with 45-year maturity and a 10-year grace period, borrowing conditions more advantageous than many member states could access on their own.

Remarkably, all these policy instruments are grounded in non-defence legal bases such as industrial competitiveness, research policy, or economic and monetary policy (see Table 1) as the founding Treaties of the EU do not confer *any* defence competences on the European Commission. The 2007 Treaty of Lisbon, which consolidates all previous Treaties, explicitly states that defence is within the purview of the European Council and member states, and that "legislative acts shall be excluded" in this field (Treaty on the Functioning of the European Union [TFEU], 2009, Art. 24). Notwithstanding the text of the Treaties, the Commission started legislating first with a market-making "defence package" in 2009 (Blauberger & Weiss, 2013), then with market-directing instruments. The ongoing re-interpretation of Treaty law has led many observers to diagnose a fundamental change in the nature of the European institutional order as supranational modes of decision-making are expanding from market governance into the core sovereign prerogative of defence.

Table 1. Overview of defence industrial legislation by the EU with relevant legal basis (TFEU).

Legislation	Funding	Duration	Legal basis
2009 "Defence Package": Defence Transfers and Procurement Directives	None	Permanent instrument	Article 114 (regulatory harmonization)
European Defence Fund (EDF, 2021)	8 billion euros common defence spending (2021–2027)	Permanent instrument	Articles 173 (industrial competitiveness), 182, 183, and 188 (research policy)
European Defence Industry Through Common Procurement (EDIRPA, 2023)	310 million euros in grants for defence procurement	Emergency instrument	Article 173 (industrial competitiveness)
Supporting Ammunition Production (ASAP, 2023)	500 million euros in grants for defence (ammunition) procurement	Emergency instrument	Articles 114 (regulatory harmonization) and 173 (industrial competitiveness)
Security Action for Europe (SAFE, 2025)	150 billion euros in loans for defence procurement	Emergency instrument	Article 122 (economic & monetary policy)
European Defence Industry Programme (EDIP, under negotiation)	1.5 billion euros in grants for defence procurement (provisional)	Permanent instrument	Articles 173 (industrial competitiveness), 114 (regulatory harmonization), 212 (humanitarian aid), and 322 (financial rules & auditing)

The European Commission's newfound role in defence is an eloquent example of how the advent of the "geo-tech world," a world where technology and production networks have become a battleground of geopolitical competition (Bora et al., in press), had profound consequences for the EU. The Single Market and Economic and Monetary Union, created in the neoliberal turn of European integration during the 1980s, departed from the premise that economic governance operated on technical principles that could be

distinguished from "political" matters pertaining to national sovereignty (Majone, 1999). "The separation of economic and political integration" was a necessary "price to pay" because citizens' loyalty remained wedded to the nation, and positive state-building was inconceivable (Majone, 1999, p. 21). In stark contrast, today's European Commission justifies its role through a geopoliticization of economic governance (McNamara, 2024).

In the spirit of this thematic issue, this article puts the narrative on the rise of EU industrial policy to the test of developments taking place on the ground. Drawing from neo-realist international relations (Waltz, 1979), I make the case for giving analytical primacy to the international system rather than endogenous factors in shaping the political development of the EU. European defence industrial policy is driven by "isomorphic spillover," a process of institutional transformation where the EU's existence in an international system populated by sovereign states forces it to resemble them by expanding its mandate into new areas. In contrast to European integration theory, where the concept originates (Di Carlo & Schmitz, 2023; Tranholm-Mikkelsen, 1991), I theorize spillover as a mechanism that leads to uneven forms of state power (Kelemen & McNamara, 2022). Although the EU is pressured to resemble sovereign states, integrationist entrepreneurs have to use regulatory means to achieve policies that have historically relied on centralized administrative capacity (see Benoît, 2026; Bulfone et al., 2025, 2026; Di Carlo et al., 2025; Kruck & Weiss, 2023; Lepont & Thiemann, 2024; Mertens & Thiemann, 2019), understood as "the action resources deriving from the state's monopoly on legitimate coercion and taxation: military force, police power, border control, public revenue and administrative might" (Genschel & Jachtenfuchs, 2018, p. 181).

Defence industrial policy serves as an *extreme case*, a case that exemplifies a configuration of causes in its most ideal typical form. Extreme cases are useful for exploratory research objectives and conceptual development because extremes tend to "reveal the essence of a situation" (Gerring, 2017, p. 68). Out of all sectors where industrial policy is implemented, defence is where the isomorphic spillover mechanism will be the easiest to observe. Defence is intimately tied to organized violence. If the sovereign state model exerts attraction on the EU's political development, it would be apparent in the governance of defence markets. At the same time, defence presents the greatest challenge to the EU's ability to do industrial policy on the basis of regulatory tools. Unlike civilian industries, defence production is tied to military-operational choices that the European Commission has no levers to influence. Against this background, I seek to understand why the EU implements a defence industrial policy, what means it puts to use, and how this process transforms European integration.

The debate surrounding the Commission's legislative activity in defence industrial policy and its implications for the EU institutional order has so far taken place across "intergovernmentalist" and "supranationalist" strands of scholarship. The intergovernmentalist strand posits that the EU is best seen not so much as a polity with its own autonomy and purpose but as an instrument for member states to implement policies that cannot be achieved on a national scale (Calcara & Simón, 2025; Fiott, 2019, 2023; Fiott & Simón, 2025; Hoeffler et al., 2024; Simón, 2017). The supranationalist strand, on the other hand, insists that European integration is a self-sustaining process where autonomy is incrementally transferred to a new supranational power centre (Blauberger & Weiss, 2013; Hakansson, 2021, 2024; Haroche, 2020; Müller et al., 2024). Through the force of legal precedent and loyalty transfer of transnational constituencies such as defence firms, the Commission can anchor its credibility as an institution that works for the common security interests of Europe.

My argument, based on the isomorphic spillover mechanism, combines elements from supranational and intergovernmental accounts and yet diverges from both. The European Commission leveraged its regulatory competences and expertise in other areas of EU governance to organize a response to systemic change. However, these institutional detours had a high cost for the effectiveness of defence industrial policy. The European Commission sought to shape the European defence sector, but without having any authority over defence planning, understood as the identification of threats and the definition of military capabilities to address them (Gray, 2014). This has so far led to policies that are either low in ambition or ineffective.

The rest of the article is organized as follows. Firstly, I expand on the concept of isomorphic spillover and illustrate what European integration theory has to gain in engaging with neo-realist international relations. Secondly, I show how defence industrial policy can serve as an extreme case to flesh out my conceptual framework. Thirdly, I historically trace the Commission's inroads into two sub-fields of defence industrial policy (defence research and defence procurement) and show that the EU's action faces barriers that will be very difficult to surmount. Finally, the conclusion elaborates on the applicability of my argument to sectors other than defence.

2. Conceptual Framework: The Logic of the Isomorphic Spillover

The concept of "spillover," which refers to the extension of integration into new policy areas and corresponding empowerment of supranational authority, is essential to neo-functionalist theorizing because it is the mechanism that allows European integration to compound over time. Spillovers consist of three distinct ideal types (Tranholm-Mikkelsen, 1991; see also Di Carlo & Schmitz, 2023). "Functional spillovers" refer to situations where the interdependencies between policy areas lead to further integration. "Political spillovers" refer to situations where national stakeholders make use of EU governance, believing that the European scale will enable them to achieve better outcomes in domestic politics. Finally, "cultivated spillovers" refer to situations where supranational agents leverage their expertise and centrality in negotiations to expand their mandate.

With some notable exceptions (Haroche, 2024; Niemann, 1998), scholarship on spillovers has overwhelmingly focused on processes internal to European politics and refrained from theorizing the EU's role within the international system. This article aims to endogenize the external environment in which the EU evolves. In doing so, I imbue neo-functionalism with insights from the discipline of international relations and, in particular, from neo-realism (Waltz, 1979). Although seemingly counterintuitive, I argue that an unorthodox reading of neo-realism, such as the one advocated here, can complement the concept of spillover in crucial ways. A major lacuna of European integration theory has been its attribution of causal primacy to internal drivers and neglect of the international environment. While this critique has so far been formulated from the standpoint of global capitalist relations (see Lavery & Schmid, 2021), less is known about how the texture of interstate politics shapes European integration.

At its core, neo-realism is a systemic theory that conceptualizes world politics as a competition between "units" and, in particular, between states. Neo-realism posits that the units of the international system are subject to evolutionary pressures that make them resemble each other. States "will imitate each other and become socialized to the system" (Waltz, 1979, p. 128). In particular, neo-realist scholars assume that all forms of polity will converge on the form of the sovereign territorial state and that other forms will be selected out.

The international system is thus characterized by institutional isomorphism, "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (Di Maggio & Powell, 1983, p. 149).

This assumption does not require a transhistorical claim that the essence of international politics is conflict and that sovereign states are best positioned to compete in it. A similar argument can be formulated in historicized terms. One only needs to posit that each form of international order is conducive to the development of specific unit-level political forms (Spruyt, 1994). In the post-Cold War era, the EU's development was generally considered to be unaffected by the predominance of the sovereign state. On the contrary, the EU had an elective affinity with the "postnational liberal order" of the post-Cold War (Börzel & Zürn, 2021). A widespread view at the time was that the EU "was anticipating the shape of the future global community" (Lavery & Schmid, 2021, p. 1333). The self-understanding of European elites was that they were pioneering a worldwide move toward forms of political organization more normatively desirable and effective than sovereign states (Keohane, 2002).

It would hardly be an exaggeration to suggest that for much of the post-Cold War period, the EU was exerting isomorphic pressures on its environment to a greater extent than it received them. The notion of the "Brussels effect," coined by Anu Bradford, for example, encapsulates how "the EU's own successful experience in creating a common market has encouraged it to pursue a global order based on those same rules" (Bradford, 2020, p. 24). The EU experience similarly served as a model for the liberalization of capital flows across the world, with European policymakers acting as key agents (Abdelal, 2007). Last but not least, European integration went hand in hand with the construction of a global trade order and the curtailing of vertical industrial policy through the World Trade Organization (Chorev, 2007). The quintessentially neoliberal model of the regulatory state, which delegates market governance to authorities beyond the state and above the reach of politics, thus prospered not only in Europe but also exported worldwide (Slobodian, 2018, Chapter 6).

Fast forward to the geo-tech world of 2025, the European Commission, as well as member states, are pushing for the geopoliticization of the EU as a necessary step for survival in the international system (Haroche, 2023). This geopoliticization of European integration is tied to a global contestation of the rules-based international order to which the EU's internal political development was so intimately linked (Lavery & Schmid, 2021). Against this historical backdrop, I define a "isomorphic spillover" as a situation where *the isomorphic pressures of the international system lead the EU to imitate state-like features and policies, expanding its jurisdiction in the process*. Neo-realist international relations theory, which isomorphic spillover builds on, puts emphasis on the primacy of coercion in causing international change.

Indeed, competitive isomorphism is a potent force. Sovereign states, which constitute the majority of units in the international system, will push competition into the coercive terrain where they are stronger than the EU. The threat of Russian aggression is the most obvious example and the one most relevant to this article's focus on defence industrial policy. Crucially, however, state formation through isomorphism is not an exclusively bellicist process. Many historical accounts, including neo-realist ones (Resende-Santos, 2007; Rosato, 2011), insist that mechanisms such as mutual empowerment (Spruyt, 1994) and emulation (Huang & Kang, 2022) can, much like competition, lead units to resemble one another. Informed by these accounts, I incorporate the *mimetic* and *normative* components of isomorphism in addition to its competitive component (Di Maggio & Powell, 1983).

Firstly, mimetism will operate because the only "success stories" that the EU can emulate in conditions of uncertainty are sovereign states. There will thus be demand from societal constituencies, notably from private firms, for the EU to imitate the means deployed by the most powerful states in the system, where the headquarters of their competitors will be situated. In parallel, political and bureaucratic entrepreneurs will find in the sovereign state model a set of ideas immediately ready to be applied. Secondly, emulation will have a normative component. As a result of a system-wide contestation of international authority (see Hooghe et al., 2019), the EU will suffer from a legitimacy deficit. Under these circumstances, EU and member state elites will be tempted to dissociate the EU from its legacy as a post-sovereign polity and imitate state-like practices such as bordering, exclusion, and security provision (Schimmelfennig, 2021). Indeed, scholars have remarked that the EU's "assertive set of symbols and practices," such as the discourses on European sovereignty, strategic autonomy, and geopolitics, "can be read as directly and unambiguously mimicking national powers" (McNamara, 2024, p. 2386; see also Bora, 2023; Csernatoni, 2022; Oleart & Roch, 2024).

The geo-tech world thus presents considerable opportunities for integrationist entrepreneurs. In designating "integrationist entrepreneurs," I primarily refer to the European Commission and its use of legislative powers to purposefully advance an integrationist agenda. That said, it is equally conceivable that national governments will resort to a state-like image of a "sovereign Europe" in an attempt to realize national objectives (Bora, 2023). The neo-functionalist concept of spillover does not deny that many EU policies have, at a certain point in time, been motivated by national interest. The point it diverges from intergovernmentalist theorizing is that bargains struck by national governments compound over time in ways that member states cannot predict or control (see also Pierson, 1996). As Ernst Haas argued, the single most important driver of integration is not conscious attachment to European goals but rather actors' tendency to develop "dual loyalties" and then to "psychologically ignore or sublimate" the contradictions that these entail (Haas, 2004, p. 14). Initially seen as only means to national ends, "the new central institutions may ultimately acquire the symbolic significance of end values" (Haas, 2004, pp. 14–15).

The isomorphic spillover framework presented here borrows many fundamental insights from neo-functionalism, not least the spillover mechanism itself. That said, its theoretical expectations are as distinct from neo-functionalism as they are from intergovernmentalist approaches (Table 2). I contend that reliance on "dual loyalty" creates severe problems for EU policymaking that neo-functionalist scholarship overlooks. Spillover presents inherent limits as a polity-building mechanism because it means that European integration occurs not through the most efficient pathways but through pathways of least resistance, where the "sublimation of contradictions" described by Ernst Haas is easiest to occur. Administrative centralization

Table 2. Comparison of isomorphic spillover with neo-functionalist and intergovernmentalist integration theory.

	Neo-functionalism	Intergovernmentalism	Isomorphic spillover
Drivers of integration	Endogenous	Endogenous	Exogenous
Integrative mechanism	Spillover	Bargaining	Spillover
Administrative centralization	Likely	Unlikely	Unlikely
Outcome	Polity development	No polity development	Uneven polity development

is not such a pathway of least resistance. Core state powers involve zero-sum trade-offs between national interests for both practical and legitimacy reasons (Genschel & Jachtenfuchs, 2018; Kelemen & McNamara, 2022). Member states are thus reluctant to give them away.

Under these circumstances, we are likely to see that the EU will use alternative means to achieve the functional equivalent of administrative centralization. Indeed, an extensive scholarship shows this to be the case in the practice of EU industrial policy. Particular attention has been devoted to the EU's attempts to compensate its lack of autonomous fiscal capacity by using regulatory tools such as investment policy (Lepont & Thiemann, 2024; Mertens & Thiemann, 2019), competition policy (Di Carlo & Schmitz, 2023; Seidl & Wuttke, 2025), common borrowing (Spielberger et al., 2025), or normative harmonization (Bulfone et al., 2026; Di Carlo et al., 2025). Whether this spillover-based political development trajectory is "uneven" remains contested (see Feudlsperger & Schimmelfennig, 2022; Genschel, 2022; Kelemen & McNamara, 2022), and settling this debate is an endeavour beyond this article. I pursue the more modest goal of explaining why, in *some* cases, the spillover mechanism *can* lead to a "state-building deficit" (Kelemen & McNamara, 2022, p. 965). I do not presume that administrative centralization is necessary for any policy to be effective and legitimate. That said, I suspect that there are at least some substantively important areas where the EU will struggle to achieve its objectives without administrative centralization.

3. The Extreme Case of EU Defence Industrial Policy

This article examines the EU's defence industrial policy as an extreme case. Extreme cases are adapted to provide an ideal typical illustration of a new concept, a step that is analytically prior to generalization. A paradigmatic case can make the relationship between the posited causal factors, the mechanism, and the outcome very transparent (Gerring, 2017, pp. 68–69). It is thus an exploratory method suited to generate new hypotheses whose scope conditions can subsequently be broadened. Defence is an extreme case because it is the industrial sector where alternatives to administrative centralization are the least readily available.

Substituting fiscal policy with private investment is tricky as governments are the sole client. Regulatory tools such as competition policy or harmonization are underdeveloped compared to civilian sectors with still ample room for "national security" exemptions (Blauberger & Weiss, 2013; Fiott, 2024). More generally, defence is a sector where member states will most likely be very attached to their prerogatives and invulnerable to the Commission's attempts to "nudge" them. After all, it touches upon their monopoly on legitimate violence. My aim in taking an extreme case is to flesh out the isomorphic spillover mechanism (as well as its limits) in paradigmatic form. That said, the conceptual framework presented here is very likely to provide insights into industrial policy sectors other than defence as well. I will revisit this point on generalizability in the conclusion.

To demonstrate my argument, I trace EU legislative activity across two fields situated at opposite ends of defence industrial policy: *defence research* and *defence procurement*. Defence research refers to the publicly-sponsored development of future technologies and processes. Defence procurement, on the other hand, refers to short- and medium-term decisions to procure armament systems. Across the two fields, I illustrate the presence of the logic of isomorphic spillover as well as its limits. In doing so, I make extensive use of defence industry-related documents produced by the European Commission, which I contextualize through secondary accounts, documents produced by the European Council, and the European Parliament,

as well as 15 semi-directed interviews conducted with European Commission and national government officials, lobbyists, and defence experts between February 2022 and July 2025 (see Supplementary File).

The first part of my argument is not mutually exclusive with existing neo-functionalist accounts. The Commission, with the support or at least acquiescence of member states, leveraged the EU's existing competences in other areas to expand its mandate into defence industrial policy. I highlight isomorphism as an indispensable part of the spillover mechanism that was analytically and chronologically prior to Commission activism. The functional, cultivated, or political pathways to spillover (see Di Carlo & Schmitz, 2023; Tranholm-Mikkelsen, 1991) would not, in themselves, have been sufficient without system-level isomorphic pressures. Isomorphism not only triggered policy change but also influenced its substance. The EU constantly designed policies in reference to other states in the international system and, in particular, in reference to the US and Russia. The benchmark for policy success established by the Commission is nothing less than the emergence of a "European Defence Technological and Industrial Base" on which "Member States need to be able to fully rely on" (European Commission, 2025a, p. 14).

This brings me to the second part of my argument, which deviates from neo-functionalism. I show that neo-functionalism has neglected the difficulty of achieving administrative centralization via the spillover mechanism and, thereafter, the challenge of navigating zero-sum trade-offs in the absence of administrative centralization. The limits of isomorphic spillover in defence industrial policy stemmed from the absence of EU authority over *defence planning*. When one speaks about European defence, nation-states are understood as the entities that are to be defended. By virtue of this attribute, member states continue to be responsible for planning for their own "future security" (Gray, 2014, p. 1). This means that they decide what constitutes a threat and what type of capability is required to address it. Even assuming that past divergences in threat perception (see Brooks & Meijer, 2021) are partly overcome since February 24, 2022, the second question of capabilities remains divisive. Due to their distinct geographies, strategic cultures, and alliance choices, member states are sovereign in deciding what weapon systems they acquire and from whom. The EU's role in defence planning is limited to non-binding and strictly intergovernmental instruments, namely the Coordinated Annual Review on Defence and the Capability Development Plan.

Scholars have often evoked a pragmatic division of labor where the Commission conducts defence industrial policy without any need for EU defence planning. Provided that the EU is already a "club of high capacity states" when it comes to defence, the "comparative advantages of EU institutions [are] likely to be modest" (Genschel, 2022, p. 1889). Moreover, the EU's role can be complementary to NATO, which is a more suited organisation for collective defence (Hoeffler et al., 2024). My findings indicate that, if the goal is for the EU to overcome fragmentation and create a common defence industrial base, this division of labor approach may be insufficient. If the EU has no say in what capabilities to develop, it is likely that existing patterns of national fragmentation and transatlantic dependence will persist. In turn, deciding what capabilities to develop is indissociable from the military-operational aspects of defence policy.

Many policymakers in the EU are evidently aware of the importance of being able to shape defence industrial demand. The Commission vocally advocates for endowing the EU with "sufficient financial firopower to trigger a demand signal to industry" and initiate "a substantial defragmentation of the EDTIB [European Defence Technological and Industrial Base]" (European Commission, 2025b, p. 5). However, member states categorically refuse the Commission any powers over the military-operational aspects of defence (Hoeffler, 2023). Under these conditions, integration largely takes place via the spillover mechanism.

While a "European army" is nowhere near materializing, member states have gradually accepted some indirect levers of influence over defence planning. Means comparable to those observed in other industrial policy sectors did start to appear, the foremost example being the joint borrowing instrument SAFE. That said, whether they can act as functional equivalents to nation-state-style administrative capacity is far from clear. Altering the structure of defence industrial demand in Europe is a gargantuan task, for which the EU regulatory polity is ill-equipped. The following sections substantiate this point through a detailed historical analysis of European integration in defence research and defence procurement.

3.1. Defence Research

Within the Commission, the desire to emulate the role of defence research in the US preceded the ongoing trend toward the deterioration of the liberal international order. *Mimetic isomorphism* was already observable in the agenda-setting phases of defence research integration during the 1990s and 2000s. Several influential actors within the Commission attributed the existence of a "high technology gap" between the EU and the US to the significance of defence R&D in the American economy and the role of the Defense Advanced Projects Research Agency (DARPA) in funding disruptive innovation (Martins & Mawdsley, 2021). The Commission's preexisting role and expertise in civilian research created avenues to be involved in defence (Martins & Küsters, 2019). In 2003, EU Commissioners Busquin and Liikanen, respectively responsible for Research Policy and Information Society, convened a "group of personalities in security research" composed primarily of industry stakeholders (European Commission, 2004). The resulting report suggested, among other things, to "overcome the separation" between civilian and defence research and allow for a greater role for the EU (European Commission, 2004, p. 4).

Mimetic pressures had an important agenda-setting role as they allowed the definition of EU-level disruptive defence research as a legitimate policy option for the very first time. The ambition to create a "European DARPA" is well-documented not only within the European Commission (see European Commission, 2003, p. 17) but also among key member states. The US DARPA served as a "model" to French policymakers who wanted a centralized entity with a permanent staff that would fund disruptive innovation in the defence sector and make use of the economies of scale provided by the European Single Market (Calcara, 2017, pp. 540–541). These efforts, aimed at the intergovernmental European Defence Agency, did not generate consensus among member states and were shelved (Calcara, 2017).

The transition from agenda-setting to policy initiation occurred through the joint operation of *normative* and *mimetic isomorphism*. The first important threshold in the EU's involvement in defence research was in the mid-2010s, with the proposal for the creation of the EDF. This instrument would have a "research window" destined to allocate 500 million euros per year to innovative projects in defence research (European Commission, 2016a, p. 11). The European Commission leveraged its existing competences to carve itself a role in defence (Hakansson, 2021; Haroche, 2020). The EDF was established in 2021 as part of the 2021–2027 Multiannual Financial Framework and allocated 2.65 billion euros (380 million euros per year) for research actions (European Commission, 2021, p. 14). This involvement in defence research by the Commission was on the legal basis of Articles 182 and 183 TFEU on the EU's role in research and technology policy, along with Article 173 on the EU's role to ensure the competitiveness of European industry (European Commission, 2021, p. 1). These articles on EU research policy had previously been used only concerning civilian or dual-use programs.

Events such as Russia's 2014 invasion of Crimea and the US pivot to Asia were framed by the Commission as events that required European defence integration, especially amidst austerity and fiscal constraints on member state budgets (Müller et al., 2024, pp. 1680–1681). As high-intensity warfare remained a distant prospect at the time, it was normative rather than competitive pressures that were decisive. The joint occurrence of Donald Trump's election as president of the US and the United Kingdom's exit from the EU exerted normative pressures on the EU. In a world where the backlash against globalization and bottom-up demands for sovereignty were growing, EU officials saw defence integration as a way to emphasize the "protective" qualities of the EU to the general public (Hakansson, 2021, p. 595; see also Béraud-Sudreau & Pannier, 2021). This was evident, for example, in the concepts of "sovereignty" and "strategic autonomy" traditionally referring to the nation-state but increasingly appropriated and circulated by the European Commission. Just three months after the Brexit referendum, Commission President Jean-Claude Juncker unveiled the EDF in his 2016 State of the Union speech titled "A Europe That Protects, Empowers, and Defends," where he presented defence integration as a way to address the "existential threat" emanating from Eurosceptic populism (European Commission, 2016b). Subsequently, Juncker maintained that "the momentum behind closer defence cooperation comes first and foremost from the people of Europe" (Juncker, 2017, as cited in Haroche, 2020, p. 859).

Once normative pressures justified EU action in defence research, mimetism provided policy templates that were immediately ready to be used. The role DARPA played in numerous dual-use innovations, including the internet, GPS, and autonomous vehicles, had a major role in shaping EU officials' approach to defence research (Martins & Mawdsley, 2021). Some of these concerns were reflected in the objectives envisioned for EU defence research in the regulation establishing EDF. Much like DARPA, the EU's research tasks are geared toward financing "disruptive technologies for defence" (European Commission, 2021, p. 3). Because of this disruptive nature of technologies, activities undertaken by the EDF are recognized to entail "significant risks" that market actors will be unwilling to take (European Commission, 2021, p. 3).

Although they did not always favor the supranational formats proposed by the European Commission, member state officials and transnational business contributed to diffusing the DARPA-emulating discourse. French President Emmanuel Macron associated his vision of "European sovereignty" with a "European agency for disruptive innovation, as the US has done with DARPA" (Macron, 2017). In response to Macron's call, a predominantly Franco-German cluster of research institutes and firms launched the Joint European Disruptive Initiative in 2018 with the stated aim of being a "precursor to a European ARPA [Advanced Projects Research Agency]" (Joint European Disruptive Initiative, 2025).

Isomorphic spillover resulted in DARPA becoming a model for EU defence research, and yet, the inability to achieve administrative centralization put it beyond reach. This was because defence planning was a prerogative fully retained by member states. As one official puts it, the Commission "only does defence industrial policy because [they] don't have competences in defence policy" (Interview 6). The legal basis was a combination of EU competences in research and competitiveness policy, which allowed the European Commission to use the ordinary legislative procedure, circumvent member state vetoes, and carve out a large role for itself. This was enabled in large part because the European Commission was able to present defence research as a useful lever for civilian innovation and industrial policy. In the words of one defence industry lobbyist, "the EDF is part of a much bigger picture….European strategic autonomy does not refer primarily to defence but rather to all these high technologies" (Interview 2). The research window of EDF

was understood by the Commission and member states as "market-driven, rather than strategy-oriented" (Martins & Mawdsley, 2021, p. 1458). In emulation of the DARPA model, defence innovation is "seen as a trigger for economic development and industrial advancement in other sectors" (Martins & Mawdsley, 2021, p. 1458).

However, commercial motives are antithetical to the DARPA model where the ability of defence research to lead to the most disruptive forms of innovation is premised on its direct relationship with defence planning. As Linda Weiss masterfully argues, what distinguishes the American innovation ecosystem, including DARPA, from conventional forms of industrial policy is precisely that it is driven by the objective of preserving the military primacy of the US as opposed to generating commercial externalities (Weiss, 2014, p. 6; see also Apiz et al., 2026; Block, 2008).

To be sure, serendipity between defence research and commercial innovation is an oversimplification. US defence planners see commercialization as a way to scale up in ways that military spending alone would not allow by itself (Weiss, 2014, Chapter 4). Nonetheless, commercial objectives are means rather than ends. The mandate of DARPA is defined as "creating technological surprise for national security" (DARPA, 2024, p. 6). Project managers define a specific set of technical goals based on how they anticipate the needs of US armed forces to evolve and fund research on this basis.

To provide a few examples: (a) Stealth technology was funded in the early 1970s because Soviet airspace defences became more sophisticated and jeopardized the US military's ability to conduct deep air strikes (Bonvillian et al., 2019, p. 238); (b) unmanned aerial vehicles (drones) were funded in the late 1970s and 1980s because the US military's aerial reconnaissance capabilities, notably deployed during the Vietnam War, proved vulnerable to enemy fire and costly to lose (Bonvillian et al., 2019, pp. 250–251); and (c) internet routing in space was funded in the 2000s because the US military was seeking to merge its ground and space-based communications infrastructure (Weiss, 2014, pp. 116–117). While these technologies later found private uses, not in small part because of active commercialization efforts by the Department of Defense, their raison d'être was military effectiveness rather than profitability. They prioritized achieving an end goal regardless of the efficiency of the means devoted to it.

This underlying rationale is consequential because it affects institutional design choices at two levels. Firstly, DARPA's institutional autonomy is very high. DARPA is composed of six thematic offices, with each piloting several programs. Within this configuration, around 100 program managers enjoy unparalleled discretion in choosing which programs to finance (Bonvillian et al., 2019, p. 11). While a smaller number of deputy directors need to give final approval to projects, DARPA's approach does not impose strict conditionalities. Secondly and relatedly, DARPA has a very high tolerance for risk. Risk is considered inherent to technologies of military relevance and, thus, unavoidable. As a result, the institutional culture of DARPA emphasizes a complete acceptance of failure. One former director, for example, estimates that only 15% of projects succeed (Weiss, 2014, p. 202). Project managers in DARPA enjoy almost complete discretion in terminating projects that have not met the required benchmarks (Bonvillian et al., 2019).

In stark contrast, the research projects of the EDF are characterized neither by a high tolerance for risk nor by institutional autonomy. They are designed to make efficient use of member state money. According to one estimate by the European Parliament, only 40 to 90 million euros of the EDF is dedicated to disruptive

technologies, meaning that there is "a ratio of 40 to 1 in favour of DARPA in the best-case scenario for the EDF" (European Parliament, 2021, p. 100). This 40 to 1 gap is significantly higher than the differential between EDF and DARPA's total annual budgets, which respectively amount to 1 billion and 3.6 billion euros. This institutional design difference between EDF and DARPA is far from a coincidence. Unlike DARPA, the technical goals that the EDF seeks to achieve are the result of a fragile compromise between 27 member states who enjoy full autonomy in defence planning and thus have distinct priorities.

Given that every euro of defence research money can only be spent once, member states always keep an eye on how much they gain relative to one another (Calcara & Simón, 2025). EU-level defence spending is devoted to lowest common denominator solutions. Finding a small number of military challenges and devoting hundreds of millions of dollars (not to mention, as indicated above, that most projects fail) is challenging in the absence of a single defence planning process. That said, integrating defence planning is out of the question. The Commission itself continues to call member states to use intergovernmental tools, such as the Coordinated Annual Review on Defence, the Permanent Structured Cooperation, and the Capability Development Plan, to coordinate the capabilities they will need in the future (Fiott, 2023, p. 454).

For the same reason, the autonomy of the responsible agency is much more restricted in the EU context. While the Commission is responsible for the first draft of the EDF Work Programme, member states retain the power to vote (under qualified majority rules) to give it final approval. Member states thus grant autonomy to the European Commission not as an independent supranational executive but as a coordinator that will prevent any single state or group of states from dominating the decision process (Fiott, 2023). In the case of the EDF, for example, Commission autonomy was a compromise solution favored by smaller member states who sought to prevent France, the member state with the most competitive defence industrial base, from dominating the allocation of defence research funds (Haroche, 2020, p. 864). The Commission, envisioned as an arbiter between member states rather than an independent decision-maker like DARPA, faces numerous safeguards on its institutional autonomy. The compartmentalization of defence industrial initiatives away from defence planning is thus detrimental to the emergence of an effective EU defence research policy.

3.2. Defence Procurement

Much like defence research, the European Commission's ambition to expand its competences to defence procurement can be dated back to the 1990s. Amidst the end of the Cold War, European governments were making large-scale cuts to their defence spending, which jeopardized the profitability (or even survival) of defence firms. According to the numbers advanced by the Commission, the reduction in defence spending led to a 37% fall in defence sector jobs from 1.6 million in 1984 to 1 million in 1996 (European Commission, 1996, p. 3). This was seen as an opportunity to frame common procurement and consolidation as a solution to these problems. At the time, the Commission's approach was focused on removing protectionist policies implemented by member states and favoring cross-border mergers rather than the implementation of an EU-level defence industrial policy (Faure, 2022). The Commission produced several working papers on defence industrial policy throughout this period (European Commission, 1996, 1997, 2003, 2004).

Once again, *mimetic isomorphism* was operating in relation to the US. In every single one of these documents, the rationale for consolidation was systematically illustrated through comparisons between the European and American defence sectors. In the 1996 paper, the Commission argued that US firms had conducted

"mega-mergers" and, as a result, "the average size of the ten largest US defence-related companies [was] now twice that of the ten largest EU defence-related companies" (European Commission, 1996, p. 6). The 1997 paper on the aerospace industry is even more explicit, as the first sub-section is entirely devoted to analyzing the "US strategy." Accordingly, "the US industry obviously benefits from being heavily supported by one single government while the European aerospace market remains fragmented because of national boundaries and separate research and defence policies" (European Commission, 1997, p. 4).

Like in defence research, mimetic isomorphism initially fulfilled an agenda-setting role as mimetic pressures from the US allowed the Commission to present EU-level consolidation as a desirable procurement policy. That said, given that the European Treaties stipulate that the EU cannot legislate in defence, the Commission found it hard to find the right legal basis and take the initiative. An opportunity first arose following the landmark judgments by the European Court of Justice against Italy and Spain. The Commission threatened member states with uncontrolled court-driven integration and presented a procurement directive as a "lesser evil" that would allow them to maintain some control (Blauberger & Weiss, 2013, p. 1122). Although its substantive effects on procurement practices were limited (Fiott, 2024), the 2009 defence procurement directive served as an important precedent for subsequent initiatives by the Commission.

Amidst the conjunction of the US "pivot to Asia" and the pressure of austerity, member states united in the December 2012 European Council highlighted that EU-level cooperation could alleviate "financial constraints" and enable member states to "develop military capabilities and fill the critical gaps" (European Council, 2012, p. 9). This process culminated in the first-ever European Council summit dedicated to defence (European Council, 2013; see also Fiott, 2024, p. 1013). At this juncture, the above-mentioned mimetic pressures started to be complemented by *normative isomorphism*. The Commission presented its role in defence industrial policy as a way to enhance "Europe's ability to decide and to act without depending on the capabilities of third parties" (European Commission, 2013a, p. 3). In a 2013 Communication, the Commission evaluated that 80% of defence procurement was conducted along national lines, which prevented the achievement of economies of scale (European Commission, 2013a). As I have shown in the above sub-section, inroads into defence industrial policy were indissociable from a claim among EU and member state elites to take European integration into the terrain of geopolitical competition, not only because security pressures were increasing but also as a legitimizing device amidst Eurosceptic contestation (Béraud-Sudreau & Pannier, 2021; Haroche, 2020). Like in defence research, the EU's inroads into defence procurement emulated states that are successful in geopolitical competition and, in particular, the US.

This was evident in the Commission's recurrent justification that the number of weapon systems in the EU was too high compared to the US, and EU defence industrial policy should seek to reduce this number. The 2013 Communication, for example, reported that "the EU continues to have eleven suppliers of frigates versus only one US supplier" (European Commission, 2013b, p. 19). In later documents, such comparisons were systematized (see Figure 1) and used to justify integration in defence procurement. Throughout the years, the US–EU comparisons produced by the Commission spread to the policy debate and were mobilized by member states, think tanks, and other actors. This activism culminated in the proposal for the EDF. In addition to its role in defence research, the EDF earmarked 5.3 billion euros for capacity building in the 2021–2027 period.

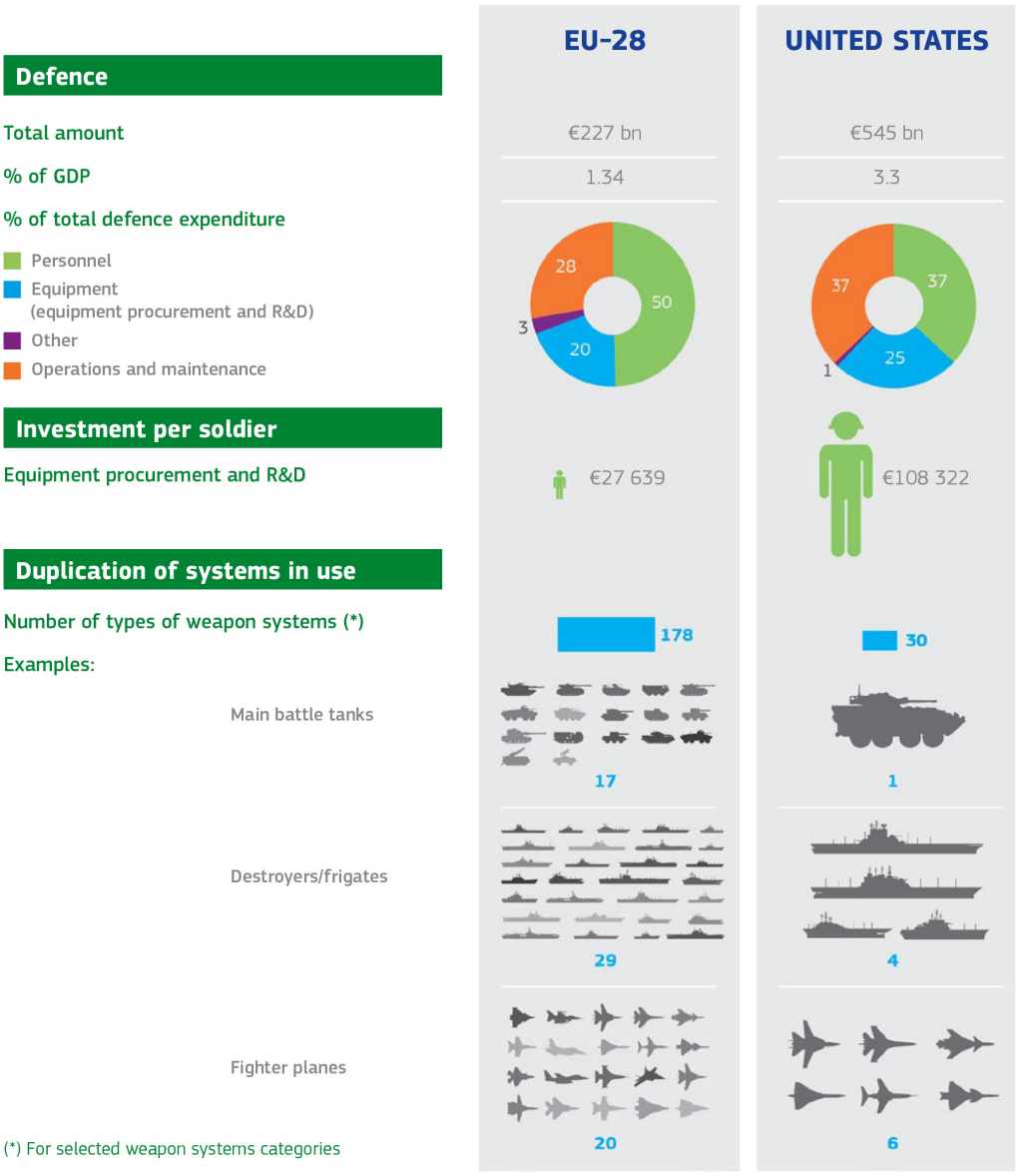

Figure 1. Comparison used in the Commission's *Reflection Paper on the Future of European Defence*. Source: European Commission (2016a, p. 9).

The Commission made use of Article 173 TFEU, which stipulates that "the member states and the Union shall ensure the conditions necessary for the competitiveness of the Union's industry exist" (TFEU, 2009). This was an unprecedentedly creative interpretation of the Treaties. At the time, even the European Commission's own legal service reportedly expressed doubts about the legality of the EDF proposal, which would nonetheless be established in 2021 (Hoeffler, 2023, p. 1297). The use of Article 173 to put in place the capacity-building window of EDF created a precedent that would pave the way to future inroads into procurement policy. The event that gathered the most momentum behind EU legislative initiatives in defence procurement, however, was the February 24, 2022, Russian invasion of Ukraine. This was the first instance when EU defence industrial policy was driven by *competitive isomorphism*. In simple terms, the EU was coerced into integration.

Having launched a full-scale invasion of Ukraine, Russia now posed a direct territorial threat to several EU member states. Alarmingly, Russia's unified defence planning process meant that its defence spending was far more efficient than that of European states, which continued to duplicate programs and capabilities (Brooks & Meijer, 2021, pp. 39–40). In a May 2022 Communication, the Commission lamented that "European defence expenditure has historically resulted in a lower efficiency and output in comparison with that of our allies and of our competitors" (European Commission, 2022, p. 4). Not only did "the US—and more worryingly Russia—[increase] their defence budgets at a much higher rate than Europe," but their spending was far better able to make use of economies of scale compared to the fragmented European defence procurement market (European Commission, 2022, p. 4). Similarly, the March 2025 white paper on European defence stresses that the EU "is being coerced by external actors who are mobilizing their resources and using technology more effectively to achieve their objectives," which could lead the EU to be "a passive recipient of interstate competition" (European Commission, 2025a, p. 1).

These documents were followed by concrete legislative proposals in the field of defence procurement to reduce the variety of distinct armament systems in Europe and, thus, "aggregating and harmonizing European demand" (European Commission, 2024b, p. 3). The EDIRPA (using the Article 173 industrial competitiveness legal basis) was adopted in October 2023 and envisioned grants worth 500 million euros for coordinated procurement (European Commission, 2023). The European Defence Industry Programme, currently under negotiations, envisions 1.5 billion euros in grants for the creation of numerous bodies to coordinate defence procurement at the EU level (European Commission, 2024b). Last but not least, SAFE, a regulation adopted in May 2025, allows for the use of Commission-guaranteed loans up to 150 billion euros to assist member states in financing defence spending with the condition that "the cost of components originating in the Union, in EEA-EFTA States or Ukraine shall not be lower than 65% of the estimated cost of the end product" (European Commission, 2025b, p. 23).

One could argue that the new regulation proposal, SAFE, is of a different nature than previous instruments. From a standpoint of competences, SAFE invokes not the legal basis of competitiveness as in previous regulations, but Article 122 TFEU on economic and monetary policy (Table 1). The use of the Commission's borrowing power arguably corresponds to the creation of state capacity rather than regulatory powers (Spielberger et al., 2025). Furthermore, the SAFE instrument envisions 150 billion euros in loans, which is an incomparably larger amount than the grant-based instruments previously deployed by the EU. Nonetheless, the SAFE instrument is likely to be plagued by the same problems.

The use of "carrots" to incentivize the Europeanization of defence procurement is premised on the assumption that the prospect of cutting costs will lead EU member state governments to harmonize the type of weapon systems that they will purchase. Relatedly, the legal basis of competitiveness, Article 173, means that the rationale for Commission intervention is not defence planning but rather to defend Europe's defence industrial base (Interviews 6 and 10). Policy instruments devised by the European Commission thus rely on the assumption that economic efficiency concerns can meaningfully shape defence planning. Given that government demand is intrinsically tied to the state's monopoly on legitimate violence and thus often follows military rather than market logics, this assumption is tenuous. Procurement cannot be compartmentalized away from military strategy for two interrelated reasons: operational needs and alliance politics.

Firstly, the differing operational requirements of European states act as a brake to collaborative capacity-building and procurement. Such difficulties, compounded with the reflex to devote public funds to domestic firms, lead most European states to prefer domestic options. There is currently no real EU defence market, as, according to a recent estimate by Bruegel economists, 90% of defence procurement takes place along national lines (Méjino-Lopez & Wolff, 2024). Even when the urgency created by the Russian invasion of Ukraine has pushed many frontline member states' defence spending beyond what their national defence base can produce, they often choose off-the-shelf purchases from non-European firms whose products are more compatible from an operational point of view. In a particularly high-profile example that almost immediately followed the start of hostilities, Poland has decided to purchase 20 billion euros' worth of armament systems from South Korea, including K-2 tanks and FA-50 fighter jets (Kim & Lim, 2023).

Practically all sources point to the same overall trend. As Jonata Anicetti's detailed survey of industry trends based on Stockholm International Peace Research Institute arms transfer data shows, the "Russo-Ukrainian war has negatively impacted EU defence cooperation…potentially increasing both fragmentation and non-EU dependencies" (Anicetti, 2024, p. 445). The European Commission estimates that the non-European share of arms transfers has increased from 60% to 78% following the invasion of Ukraine (European Commission, 2022, p. 5, 2024a, p. 3). While the above-mentioned Bruegel study is more nuanced, it nonetheless notes an "upwards trend" in non-EU and particularly US imports (Méjino-Lopez & Wolff, 2024, p. 5).

Given that France is the most vocal defender of European strategic autonomy (Bora, 2023; Bora & Schramm, 2023), its continued reticence to European cooperation is particularly illustrative of these operational brakes to European defence industrial policy. Since the start of military operations in Mali in 2012–2013 and well into this day ("Le nouveau Reaper block 5 ER," 2024), France preferred American Reaper drones to European alternatives (Faure, 2020, Chapter IV) in large part due to technical requirements between different European states. The European Medium Altitude Long Endurance drone project, developed by Leonardo, Dassault, and Airbus, has repeatedly been delayed in large part because France's requirement for a lighter combat drone clashed with Germany's requirement for a heavier observation drone (French Senate, 2019, p. 59). Although US restrictions on Reaper drones' data had been a key motivating factor for France's initial push for European strategic autonomy in the first place (Interview 15), European divergences in defence planning thus proved to outweigh these concerns.

Current difficulties in completing the Future Combat Air System, jointly led by Dassault and Airbus, paint a similar picture. The Future Combat Air System is jeopardized by zero-sum interest conflicts not only because of Dassault's industrial and intellectual property concerns (see Calcara & Simón, 2025, pp. 1404–1406) but also because the operational needs of the French and German militaries differ. While France needs a fighter jet light enough to take off from an aircraft carrier (French Senate, 2019), Germany has no aircraft carrier and thus no such requirement. As of 2025, the two sides still did not agree on the size of the manned fighter jet that will be part of the Future Combat Air System (Conesa & Pinaud, 2025).

A second barrier to Europeanizing defence procurement, interrelated with these operational considerations, is alliance politics. Many major weapon systems are underpinned by security dependence on the US. For many member states, notably in Central and Eastern Europe, interoperability within NATO and maintaining the US security commitment is a concern that far outweighs industrial policy rationales. While the EU "can help to develop capacities," it cannot be in the driver's seat insofar as "their goals for operational

use will be determined by NATO" (Interview 9). As a result, the EU's spillover into defence was not accompanied by the Europeanization of defence procurement. Since the mid-2010s, nine EU member states have ordered hundreds of F-35 fighter jets. These choices were justified based on defence planning and, in particular, interoperability with the US. Germany, for instance, purchased the F-35 rather than a European alternative, such as the Eurofighter Typhoon or Dassault Rafale, because of the jets' role in (US-provided) nuclear deterrence (Sprenger, 2022; also Interview 4). This decision was maintained even amidst rumors on the existence of a "kill switch" controlled by Washington (Hoyle, 2025).

The general competitiveness advantage of US firms and the resulting incentive for EU firms to prioritize transatlantic ties to European cooperation is common to all sectors (Zurstrassen, 2025). Alliance politics further adds to the potency of such factors. The military hierarchy within the transatlantic alliance overlaps with an industrial-technological hierarchy geared to "make smaller states more dependent on the systems integration capabilities of American prime contractors and on the US defence spending that supports them" (Baltz, 2025, p. 10; see also Caverley, 2007). In sum, European integration in defence procurement thus faces formidable barriers that regulatory means may not be able to address.

4. Conclusion

This article has argued that the EU and, in particular, the European Commission, is increasingly feeling compelled to imitate sovereign states. As the (neo)liberal international order is deteriorating, the permissive conditions that allowed the EU's peculiar development as a post-sovereign polity are giving way to isomorphism. In governing the Single Market and Economic and Monetary Union, the EU encounters coercive practices from states, allies, and adversaries alike. At the same time, the discrediting of international authority and rise of populism often leads pro-EU elites to justify European integration based on its "protective," state-like qualities. However, the EU plays the imitation game with institutional constraints that result from the European Treaties and a lack of administrative centralization. "Isomorphic spillover and its limits" refers to this dual dynamic.

The EU's defence industrial policy is, due to its tight connection to defence planning, an extreme case where the logic of the isomorphic spillover is apparent in its most ideal typical form. That said, similar dynamics can be identified in other areas of industrial policy as well. As stated above, many scholars argue that the EU may achieve its objectives through regulatory means without needing to develop centralized administrative capacity (Bulfone et al., 2025, 2026; Di Carlo et al., 2025; Mertens & Thiemann, 2019). This article illustrates how industrial policy presents unique challenges that may not be surmounted by the regulatory mode of policymaking that the EU is accustomed to. What to spend public money on is a distributional question intimately linked to a political community's sovereign choices about who they are, what they want, and whom they fear. While the difficulty of shaping defence industrial demand is a particularly eloquent case, all industrial policy entails that some sectors or capabilities are decided to be "strategic" and others not (Seidl & Wuttke, 2025). What industries are worth preserving and what dependencies are dangerous can be decided with some level of technocratic competence and method. This does not change the fact that they are political value judgments.

The ability to make autonomous decisions beyond particular interests is a requirement for "good" industrial policy (Evans, 1995; Weiss, 1995; see also Juhasz et al., 2024, pp. 235–236). This implies a vantage point from

where the general interest of Europe is decided. In stark contrast, the regulatory infrastructure of the EU was founded on the idea that public choice should be based not on politics but on knowable rules enforced by non-majoritarian institutions. This was not only because of the popularity of neoliberal ideas but also because they constituted institutional pathways of least resistance. As Giandomenico Majone argued, non-majoritarian bodies acted as "mechanisms of cleavage management essential to the progress of European integration" because "a consistent application of majoritarian standards would only produce deadlock and possibly even disintegration" (Majone, 1999, pp. 19–20). The extent to which regulatory instruments can be repurposed for industrial policy will thus be a crucial test of whether the EU can be a polity.

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Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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