2025–2029

Defence Strategy for Industry and Innovation

Foreword

Increasing threats require strong armed forces to protect the Netherlands and our allies. Strong armed forces need to be underpinned by a strong Defence industry and a highly innovative ability. The large scale Russian war in the Ukraine shows this: it's not only a war between two armed forces, but also between industries and innovative abilities. An important operational success factor is who can produce more, who can adapt and innovate faster, and who can sustain the longest. To deter Russia and other possible adversaries, we must be better at this than them.

Alongside their importance for security, a strong industry, innovative ability and knowledge base, are essential for our economy. They create job opportunities. Innovations in Defence also have spill-overs to civil applications, fostering further economic development. In this way we are creating benefits with the current Defence Strategy for Industry and Innovation for both our security and our economy.

Urgent action is called for. Security threats are increasing rapidly. The United States have called upon us to take more responsibility for our own security. We must scale-up our and innovative ability now. These historic times won't allow for gradual scaling up and growth, but require an impulse and courage to change. This demands action from the armed forces but also from the Netherlands as a whole. And it requires government, business and research institutions to act differently.

The Ministry of Defence will take a leading role in this endeavour by increasing investments in innovation and by scaling up industry. In the five Dutch focus areas (NLD areas), we will strengthen coordination and develop roadmaps, in cooperation with the Dutch business community and research institutions. We will give direction by specifying our ambitions for 2030 and 2040. As a government, we will act as smart developer in these areas, for it is in these areas that we can really make a difference on the world stage. We will change our internal processes to move faster from idea to implementation and scale-up, which is the only way to accelerate innovation. To achieve this, we need our partners: we cannot do it alone and we have to learn, try, fail, try and persevere together until we get there. This includes the Ministry of Defence designing its procurement process in such a way that companies are encouraged as much as possible to scale up production capacity, financiers need to make investments and research institutions need to innovate with us. The Ministry of Defence will maximise international efforts to bring together demand from other countries and position Dutch companies and research partners in international tenders through Industrial Participation. We will involve research institutions, companies and other governments in our demand specifications at an early stage, to ensure that companies and research institutions can deploy their knowledge and expertise and to allow for scaling-up.

We will do this in continuous dialogue in our ecosystems and within the newly launched public-private platform 'Defport'. Together with research institutions and industry, we will innovate, develop scale-up initiatives and remove concrete obstacles. Besides the driving role of the Ministry of Defence, society, industry and research institutions are also expected to take an active role in order to make this possible. This strategy is the starting point: we have to make sure that together we turn words and plans into concrete actions and results. For our safety today and tomorrow.

Urgency & goal

The Netherlands is not at war, but is no longer at peace either. After years of peace and safety in Europe, the Netherlands must refocus on protecting and defending its own territory and that of the NATO alliance. The Netherlands and Europe need to take more responsibility for their own security and depend less on others. In addition, recent conflicts such as the Russian war in Ukraine show that both traditional war concepts and new technologies are being used, e.g., both trenches and fibre-optic drones.[1] The international rule of law and democratic values are under pressure. The production capacity of European industry is not scaling up fast enough to meet current demand, which is a major obstacle in strengthening our armed forces. New challenges due to climate change are also widely recognised as security threats. It is therefore essential to anticipate this complex "threat multiplier".[2] In order to become less dependent and be ready for today's and tomorrow's fight, it is essential to better utilise knowledge, shorten innovation cycles and scale-up production capacity of military equipment.[3] The process of moving from idea or new technology to implementation and scale-up needs to be faster. This is the only way to increase our production capacity and ensure real results. This is only possible if research institutions, ministries, companies, financial institutions and armed forces work together and everyone is challenged to work together towards the effects that need to be achieved and problems that need to be solved. This will contribute to our resilience and to a credible deterrence.

This strategy guides the Netherlands' choices and actions for future-proof armed forces and for an increased European strategic autonomy in security and Defence. We are building **strong**, **smart** and future-proof armed forces **together** with partners that, with sufficient military equipment and a strong innovative ability, will make the required contribution to NATO and to security within Europe in order to deter, fight and win. The government recognises that the Netherlands and Europe need to take more responsibility for their own security. This is an urgent task, which is why the government is strengthening the Netherlands Defence Technological Industrial Base (NLDTIB), knowledge base and the preconditions that companies and research institutions need to be able to take the right steps. This subsequently allows the Netherlands to make its contribution to strengthening the European Defence Technological Industrial Base (EDTIB). This strategy has been prepared in collaboration with companies and research institutions to provide clarity on choices and direction for the next five years. Because of the rapidly changing geopolitical situation, the operational demands this puts on our armed forces and the speed of technological developments, an annual action agenda with concrete objectives for that year will also be published.

We are not starting over but will build on previous frameworks, choices and actions.[4] The Defence Industry Strategy (DIS, 2018), which is based on an analysis by the Hague Centre for Strategic Studies (HCSS) (2018)[4], sets out why having a technological and industrial base of our own in the Netherlands is important to ensure our security and that of our allies. The validity of that analysis was confirmed in 2022, when, after the release of the 2022 Defence White Paper, the DIS was reassessed and confirmed in the changed geopolitical context. Moreover, the Maritime Manufacturing Industry Sector Agenda outlined the importance of having a technological and industrial base specifically for the maritime sector.[5] The 2023 Security Strategy for the Kingdom of the Netherlands defines our actions for the coming years to ensure our national security; the implementation of the current strategy will be aligned to this.[6] The 2021-2025 Strategic Knowledge and Innovation Agenda (SKIA) and the 2022 Defence White Paper have shifted the focus to strengthening and growth, following years of cutbacks in research and innovation policy. The 2022 and 2024 Letters to the House of Representatives on research, innovation and production security brought more focus to this policy by making choices, focusing on Dutch opportunities and emphasising the importance of cooperation, both nationally and internationally.

1 Letter to the House of Representatives titled 'Resilience to military and hybrid threats', 2024 (Parliamentary paper 30 821, no. 249); annex Assessment of Military and Hybrid Threats, MIVD & AIVD, 2024.
2 NATO Climate Change and Security Action Plan, 2021; A Strategic Compass for Security and Defence. For a European Union that protects its citizen, values and interests and contributes to international peace and security.
3 The future of European competitiveness: Report by Mario Draghi, The European Commission, 2024.
4 2018 Defence Industry Strategy (DIS) (Parliamentary Paper 31125, no. 92); Essential interests and the national defence-related industrial and technological base, HCSS, 2018; 2022 Defence White Paper (Parliamentary Paper 36 124, no. 1); Letter to the House of Representatives on the DIS in a new geopolitical context, 2022 (Parliamentary Paper 31 125, no. 122); 2021-2025 Strategic Knowledge and Innovation Agenda, 2020 (Parliamentary Paper 35 570 X, no. 32); Letter to the House of Representatives on the Innovation and Research Implementation Agenda, 2022 (Parliamentary Paper 31 125, no. 122); Letter to the House of Representatives on the Progress of the Innovation & Research Implementation Agenda, 2024 (Parliamentary Paper 31 125, no. 130); Letter to the House of Representatives on the Action Agenda regarding Security of Production and Supply of Ammunition and Defence Equipment, 2024 (Parliamentary Paper 36 410, no. 93); Defence White Paper 2024 (Parliamentary Paper 36 592, no. 1).
5 Letter to the House of Representatives presenting the Maritime Manufacturing Industry Sector Agenda, 2023 (Parliamentary Paper 31 409, no. 423); No guts, no Dutch Glory! – Maritime Manufacturing Industry Sector Agenda, 2023.
6 Security Strategy for the Kingdom of the Netherlands, 2023 (Parliamentary Paper 30 821, no. 178).

The most recent 2024 Defence White Paper has strengthened the policy direction: the Ministry of Defence needs to strengthen, make smart choices and collaborate. The same is required for the research, innovation and industry domain to win the battle of today and tomorrow and strengthen the Dutch knowledge and industrial base. We need to strengthen, make smart choices and accelerate in order for the Netherlands to develop, produce and actually deliver in key positions for our armed forces and the armed forces of our allies. That means learning from each other and from what is happening around us and in the field, ensuring continuous development and allowing ourselves to fail intelligently.

Strong, smart, together

Strong

A strong armed force needs sufficient and high-quality equipment, personnel and services.[7] Our Needs are determined by analyses of our potential future deployments, are concretely agreed upon in a NATO context and arise from operational and other challenges that demand a solution. The set of needs forms the *capability pull* towards industry and research partners. What the Dutch armed forces need, we should preferably procure within the Netherlands, from our own research and industry base, and otherwise within Europe. To strengthen that base using the *capability pull* as a guideline, the Ministries of Defence and Economic Affairs are working on:

- A **strong Defence base in ten fundamental areas**, across the scope of research, experimentation and industry (scale-up).

- **Strengthening and broadening the knowledge base**: the Ministry of Defence is strengthening its knowledge base that enables us to take up different roles, from smart developer to smart buyer and smart policy-maker, for example. As new technologies and concepts with both civil and military applications are rapidly developing, the Ministry of Defence is committed to strengthening our knowledge base and forming new collaborations with civil research institutions.[8]

- **Strengthening the NLDTIB**: to ensure strong armed forces and in order for the Netherlands to have a place in international supply chains, the NLDTIB needs to be scaled up. This entails scaling up successful innovations into production, as well as scaling up current production facilities. The Ministry of Defence is actively working with industry and research institutions on this by setting up concrete projects and through Defport. The 2024 Defence White Paper has specifically allocated budget to facilitate scaling up innovation and production.

- **Industry-enhancing procurement**: the Ministry of Defence is strengthening the NLDTIB in part by placing more orders with Dutch and European parties. The Ministry of Defence is adjusting its procurement policy by also taking into account where a product is from and how quickly it can be delivered. In line with the 'Letter to the House of Representatives on reducing the administrative burden and speeding up the procurement process', the Ministry of Defence is making more and quicker use of exception provisions where possible and where necessary.[9] If the Ministry of Defence does acquire the equipment elsewhere, for example because we do not have the relevant industry in-house ourselves, the Ministries of Defence and Economic Affairs will, through **Industrial Participation**, make a case for the involvement of Dutch companies and research institutes in the development, production and maintenance of Defence equipment.

- **Mitigating high-risk strategic dependencies**: it is necessary to have sufficient raw materials and semi-finished products and to be able to protect the NLDTIB if necessary, so as to ensure that unique Dutch knowledge and technology do not fall in the hands of potential adversaries. The government is monitoring supply chains and is making them sustainable, and is committed to innovation

7 Where this strategy mentions equipment, it broadly includes hardware, software and IT.

8 Government's response to the advisory report of the Advisory Council for Science, Technology and Innovation (AWTI) titled 'Kennisoffensief voor Defensie' (Knowledge Offensive for the Ministry of Defence), 2025 (Parliamentary Paper 36 592, no. 12).

9 Letter to the House of Representatives on reducing the administrative burden and speeding up the procurement process, 2024 (Parliamentary Paper 36 600 no. 6).

and circularity.[10] In addition, the government is taking various protect and promote measures to ensure that the Netherlands is and remains a leader in strategic technologies and knowledge, as described, for example, in the National Technology Strategy (NTS).[11]

- **Financing the Defence industry**: companies producing military equipment or civilian equipment with military applications are experiencing bottlenecks in access to finance.[12] Private funding does not materialise sufficiently due to special characteristics of the Defence industry. The Ministry of Defence, in cooperation with the Ministry of Economic Affairs, has therefore drawn up a **Defence Industry Financing Action Plan**. This plan aims to improve access to private funding for the Defence industry and, where this leads to bottlenecks, to supplement it with public or public-private funding in a targeted way.

Smart

The smart choices to be made by a country like the Netherlands, as an ally and a medium-sized European country, are based on where the *capability pull* and *push* come together. The *capability pull* is formed by operational needs, the *push* by today's and tomorrow's societal, technological and industrial developments. In the Netherlands, both needs and developments converge in five technology areas we excel in: Quantum, Smart Materials, Space, Intelligent Systems and Sensors.[13] These areas stem from the broad base, but because of our unique knowledge and industry position, the Netherlands is able act as smart developer in these fields. Besides these five Dutch focus areas, the Netherlands traditionally excels in the maritime industry, on which we will continue to focus.
In Ukraine, we can see how fast technological developments are going, what impact they have on warfare and how we need to respond as a government. This has taught us that the Netherlands needs to act smarter not only in *what* we do, but also in *how* we do this. What will be prioritised:

- **Additional investments in the 5 NLD areas**: across the process of knowledge building, technology development, experimentation, ecosystem building and scaling-up, we are investing in the 5 NLD areas and in the maritime industry, seeking to link up with the NTS in order to advance key technologies in the Netherlands.

- **Creating a smarter Defence organisation** that can innovate faster through a connected process. Ideas are born in people: a promising concept or new technology needs to be fostered, tested in an operational setting earlier, we need quicker feedback on what we have learned from this in order to make adjustments and, in case of success, we need to be able to purchase and scale-up faster and implement on a large scale. This means taking account, not only of the technological aspects of innovation, but also of the human and organisational preconditions: what does it take to move something forward in each step of this process? Additionally, financial flexibility within the Ministry of Defence's is an important preconditions.

10 Letter to the House of Representatives on Progress regarding the National Raw Materials Strategy, 2023 (Parliamentary Paper 32 852 no. 291); Letter to the House of Representatives on the 2023-2030 National Circular Economy Programme (NPCE) including the government's response to the Integrated Circular Economy Report (ICER) and the exploration by the Social and Economic Council of the Netherlands, 2023 (Parliamentary Paper 32 852 no. 225).
11 National Technology Strategy (NTS), 2024 (Parliamentary Paper 33 4009, no. 140).
12 Letter to the House of Representatives on funding bottlenecks in the defence industry, solutions and action lines, 2025 (Parliamentary Paper 31 125, no. 133).
13 2022 Defence White Paper (Parliamentary Paper 36 124, no. 1); Letter to the House of Representatives on the Action Agenda regarding Security of Production and Supply of Ammunition and Defence Equipment, 2024 (Parliamentary Paper 36 410, no. 93); Letter to the House of Representatives on the Progress of the Innovation & Research Implementation Agenda, 2024 (Parliamentary Paper 31 125, no. 130).

Together

The Netherlands and the Ministries of Defence and Economic Affairs cannot achieve all that needs to be done, alone. The Netherlands is a medium-sized country in the European Union with a small but knowledge-intensive and highly skilled NLDTIB. A lot of equipment and services need to be procured through partners. In addition, a vital NLDTIB requires exports, the needs of the Dutch armed forces alone are not sufficient as a market. The NATO is working on interoperability and standardisation and the EU is working on scaling-up the European defence industry through active European industrial policy and funding and through encouraging joint procurement and joint R&D. Within the Netherlands, there is intensified cooperation with research institutions, industry, other ministries and regions. Based on their own role, each partner contributes to future-proofing the armed forces within NATO. This intensified cooperation is shaped within and outside of the Netherlands by:

- **Setting up Defport**: Defport is a public-private partnership instrument that helps implement this strategy and create the right preconditions for success. Within Defport, the Ministry of Defence, the Ministry of Economic Affairs, the Netherlands Industries for Defence and Security (NIDV), the Confederation of Netherlands Industry and Employers (VNO-NCW), the Association of Mechanical and Electrical Engineering (FME) and research institutes and the financial sector work together to bridge the gap between supply and demand, so that the Defence market becomes more attractive for companies and research institutes and companies to become or remain active in, or to invest in.

- **Strengthening cooperation within the government:** the Ministries of Defence, Economic Affairs and Education, Culture and Science Will cooperate more intensively on the five NLD areas. Every euro can only be spent once: we are looking for multipliers from different government sources.

- **Cooperating at a regional level** and **deploying joint testing facilities**: every region counts, which is why ecosystems are being built by research institutions, industry and government at specific locations in the regions, where joint work is done on knowledge building, testing, innovation (and scale-up of innovation) and production. Civil research partners ranging from schools for senior secondary vocational education, universities, universities of applied sciences and think tanks will be involved.

- Increasing the **international focus on pooled demand**, **regional technological cooperation**, **coproduction** and **standardisation** in a proactive way. This is done bilaterally, between groups of countries, and in the NATO and EU contexts.

- Intensifying cooperation with the **Ukrainian Defence industry**.

Figure: Defence Strategy for Industry and Innovation 2025-2029