

## Spain

### Spain's Defence Policy Recalibration: Navigating the Israeli Arms Embargo, NATO Spending Pressures, and EU Industrial Funding

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## I. Introduction

Spain's defence updates this quarter reflect a moment of reforms in response to both domestic and international pressures that have crystallised in several initiatives, including the formalisation of an arms embargo on Israel and a commitment to increase defence spending this year. On the one hand, the Spanish government enacted Royal Decree 10/2025 on 23 September 2025,<sup>1</sup> which prohibits defence exports to and imports from Israel of material included in defence and dual-use control lists. Simultaneously, Spain has operationalised its compromise to increase defence spending after the approval of a national plan for security and defence.<sup>2</sup> This plan commits Spain to reaching 2.1% of its GDP in defence spending, up from 1.4% in 2024. This commitment is supplemented by Spain's proactive pursuit of EU defence funding to meet its targets, encouraging

Spanish firms to coordinate applications, amongst others, to the European Defence Fund (EDF). The following sections explore each of these initiatives in detail, highlighting key implementation challenges and their potential impact on the future direction of Spain's defence strategy.

## II. Arms Embargo on Israel

On 23 September 2025, the Spanish Council of Ministers enacted Royal Decree 10/2025, establishing urgent measures in response to the Gaza conflict.<sup>3</sup> This Decree prohibits exports to and imports from Israel of the material included in national defence and dual-use control lists, and imports from Israeli settlements (irrespective of their nature), as well as restrictions on the use of Spanish ports and airspace for flights or ships transporting items to Israel that could be of military use. These limitations do not apply to the flights or vessels directed or departing from the US bases located in Spain, which are regulated by a bilateral US-Spain agreement.<sup>4</sup>

The approval of this Decree followed several months in which the Spanish government claimed to have, *de facto*, suspended or denied licences for defence transfers to Israel after the beginning of the conflict in Gaza.<sup>5</sup> Spanish ministers have repeatedly framed the step as a human rights and humanitarian response, and the embargo was presented as necessary to avoid complicity in the commission of international crimes and human rights violations.<sup>6</sup> The domestic act governing these exports is Act 53/2007 on the control of external trade of defence and dual-use material.<sup>7</sup> This instrument establishes the licensing system for defence and dual-use goods, and provides the legal framework for the inter-ministerial body (Junta Interministerial Reguladora del Comercio Exterior de Material de Defensa y de Doble Uso) that issues export licences, awards contracts and authorisations. According to Act 53/2007 and its imple-

DOI: 10.21552/edseq/2026/1/22

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1 Real Decreto-ley 10/2025 por el que se adoptan medidas urgentes contra el genocidio en Gaza y de apoyo a la población palestina (23 September 2025).

2 Government of Spain, Plan Industrial y Tecnológico para la Seguridad y la Defensa (2025), <<https://www.lamoncloa.gob.es/consejodeministros/resumenes/Documents/2025/230425-plan-industrial-y-tecnologico-para-la-seguridad-y-la-defensa.pdf>>, accessed 2 November 2025.

3 Real Decreto-ley 10/2025 (n 1).

4 Agreement of Defence Cooperation between the US and the Kingdom of Spain (Madrid, 1 December 1988).

5 Mateo Martínez Zubillaga, *Spain-Israel: The complexity of arms trade when a conflict is underway* (Global Affairs and Strategic Studies Blog, 29 November 2024), <<https://www.unav.edu/web/global-affairs/spain-israel-the-complexity-of-arms-trade-when-a-conflict-is-underway>> accessed 02 November 2025.

6 Middle East Monitor, 'Spanish foreign minister calls for suspension of EU-Israel association agreement, arms embargo' (23 June 2025), <<https://www.middleeastmonitor.com/20250623-spanish-foreign-minister-calls-for-suspension-of-eu-israel-association-agreement-arms-embargo/>>, accessed 02 November 2025.

7 Ley 53/2007 sobre el control del comercio exterior de material de defensa y de doble uso (28 December 2007).

menting regulations,<sup>8</sup> the government may refuse, suspend or revoke licences based on defence and foreign policy interests or human rights concerns. The recent decree invoked those existing competencies to impose an urgent prohibition on all defence-related trade with the state of Israel based on the human rights exception that Article 8.1 of Act 53/2007 provides.

The Spanish government has repeatedly noted that this initiative is consistent with the international and EU obligations that the country has assumed within the fields of IHL and human rights. At the EU level, Council Common Position 2008/944/CFSP on arms exports defines the criteria that Member States should apply when assessing military export licences,<sup>9</sup> particularly the risk that exported items might be used for internal repression or violate international humanitarian law, and the broader foreign policy and security implications of transfers. Although Common Positions are binding and Member States are required to act in conformity with these, Member States retain national licensing discretion. Spain is also a party to the Arms Trade Treaty (ATT)<sup>10</sup> and has committed itself to following EU and international standards in this area,<sup>11</sup> which require states to refuse transfers when there is a substantial risk these would be used to commit or facilitate serious violations of IHL and/or human rights breaches. These instruments constitute the legal basis that justifies the measures adopted through this Decree, which was ratified on 8 October 2025 through a vote in Parliament.<sup>12</sup>

However, this embargo has raised operational and legal questions. Spanish ministries have used Royal Decree 10/2025 to terminate or deny contracts with Israeli firms. So far, the Ministry of Defence and the Ministry of the Interior have reported the cancellation or non-renewal of procurement with Israeli suppliers, and at least the termination of a contract for ammunition on the basis of licensing refusals.<sup>13</sup> At the same time, these processes have exposed the practical difficulties of implementing this decree: long-term maintenance contracts, licensed supply chains that include Israeli components, and transfers routed through third countries pose compliance challenges.<sup>14</sup> Implementation, therefore, depends on detailed administrative guidance (license registers, customs notifications, end-user verification) and inter-ministerial coordination that has proven challenging.

The Spanish embargo sits on a broader international legal and political debate about European and Israeli defence industry cooperation. The EU Common Position<sup>15</sup> requires assessing the risk of misuse and potential grave violations on a case-by-case basis. However, the Spanish government has chosen to issue a full embargo based on Article 6(3) of the ATT, which permits the denial of any transfer of conventional arms when such items may be used in acts that may constitute war crimes, genocide or grave violations of the Geneva Convention. This decision follows Slovenia, which imposed a full prohibition on the exporting and transit of military weapons and equipment from or through the Republic of Slovenia to Israel, and importing from Israel.<sup>16</sup> Other European states have implemented targeted measures. For instance, the Netherlands restricted, in April 2025, export controls for all military and dual-use goods to Israel. The UK has suspended around 30 of its 350 licenses for arms exports to Israel as well.<sup>17</sup>

8 Real Decreto 679/2014 por el que se aprueba el Reglamento de control del comercio exterior de material de defensa, de otro material y de productos y tecnologías de doble uso (1 August 2014).

9 Council Common Position 2008/944/CFSP of 8 December defining common rules governing control of exports of military technology and equipment [2008] OJ L 335/99.

10 Arms Trade Treaty 2013.

11 European Council Doc 8675/2/98 Rev 2 European Union Code of Conduct on Arms Exports [1998]; International Code of Conduct on Arms Transfers (New York 1997); Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (January 2015).

12 Resolución del Congreso de los Diputados, por la que se ordena la publicación del Acuerdo de convalidación del Real Decreto-ley 10/2025, de 23 de septiembre, por el que se adoptan medidas urgentes contra el genocidio en Gaza y de apoyo a la población palestina (8 October 2015).

13 Jesus Maturana, 'El Ministerio de Defensa de España cancela contratos con Israel por valor de más de 1.200 millones' (Euronews, 26 September 2025). <<https://es.euronews.com/2025/09/26/el-ministerio-de-defensa-de-espana-cancela-contratos-con-israel-por-valor-de-mas-de-1200-m>> accessed 16 October 2025; Politico, 'Spain terminates Israeli ammo contract after uproar threatened to topple coalition' (24 April 2025). <<https://www.politico.eu/article/spanish-government-terminates-israeli-weapons-contract-amid-uproar/>> accessed 16 October 2025.

14 See Martínez Zubillaga (n 5).

15 Council Common Position on arms exports (n 9), art. 2(1).

16 Prime Minister of the Republic of Slovenia, 'The Republic of Slovenia is the first European country to prohibit the importing, exporting and transit of weapons to and from Israel' (Press Release, 31 July 2025).

17 Elisenda Calvet Martínez, *EU sanctions against Israel: here's what's on the table* (The Conversation, 14 July 2025). <<https://theconversation.com/eu-sanctions-against-israel-heres-whats-on-the-table-260982>> accessed on 6 October 2025.

In May 2025, it also suspended negotiations with Israel on a new free trade agreement.

While the embargo is now established in Spanish law, implementing it effectively is not without obstacles. The first key challenge that is still pending involves disentangling complex supply chains, as many national military systems incorporate components sourced from Israeli firms. Ensuring that subcomponents or dual-use parts are not routed through third countries or re-exported requires licensing controls, customs oversight, end-user verification, and tracing mechanisms that have not been clearly implemented. On the other hand, Spain has never been a major supplier of Israel's conventional arms compared to other EU Member States,<sup>18</sup> so the embargo's strategic impact on the conflict in the Middle East will be merely symbolic or political.

### III. Contract Spending Increase

On 22 April 2025, the Spanish Council of Ministers approved an Industrial and Technological Plan for Security and Defence of Spain and Europe,<sup>19</sup> which includes an increase in defence spending that has the

aim of reaching the target of 2.1% of the Spanish GDP in 2025. This will be achieved through €10.47 billion in additional investment in five priority areas: personnel costs; cybersecurity systems; acquisition of new defence equipment; improvement of dual-use capabilities for emergencies and natural disasters, and spending in missions overseas (the Government has not clarified whether this would concern employment conditions, equipment, or additional investments in missions). Spain has already committed this additional budget in actions, such as the grants awarded to Airbus for six special modernisation programs in the air domain as part of the government's so-called Special Modernization Plans (Programas especiales de modernización).<sup>20</sup>

This plan was submitted to NATO and was discussed in its last summit, as part of Spain's commitment to NATO of reaching 2.1% of its GDP in defence spending, which falls behind the final commitment of 5% of the national GDP in defence spending by 2035 reached by other NATO members.<sup>21</sup> However, this is a substantial increase for a country such as Spain, which spent just under 1.3% of its GDP on defence (amongst the lowest in the alliance).<sup>22</sup> The resulting agreement, which allows Spain to increase spending to just 2.1% until the next review in 2029, has been presented by the government as a success.<sup>23</sup>

Nevertheless, in recent weeks, US President Donald Trump has complained about Spain not adopting the 5% target agreed in that last NATO summit, calling it a 'laggard' and suggesting that the country could suffer additional tariffs as a countermeasure.<sup>24</sup> Although this is a significant increase for Spain, the country risks being sidelined within the evolving EU defence frameworks or risk exclusion from key capability-building initiatives if it does not increase its spending beyond 2.1% of its GDP. Furthermore, it must align its national defence strategy with the EU's Readiness 2030 initiatives to maintain its role as a key partner within the EU legal framework, which some argue requires a budgetary increase that exceeds current commitments.<sup>25</sup>

### IV. EU Defence Funding

Spain remains active in EU defence programmes, and the Ministry of Defence has been promoting access to the EDF by Spanish firms. In February 2025, the

18 Alon Sahar & Itamar Mann, *Policy and Legal Considerations regarding German Arms Imports from Israel* (Verfassungsblog 26 August 2025), <<https://verfassungsblog.de/the-other-side-of-trade/>> accessed 02 November 2025).

19 Plan Industrial y Tecnológico para la Seguridad y la Defensa (n 2).

20 Real Decreto 847/2025 por el que se establecen las normas reguladoras de la concesión directa de préstamos a varias entidades, para el desarrollo industrial del programa asociado al Sistema Integral Aéreo de Última Generación (23 September 2025).

21 NATO Heads of State and Government, The Hague Summit Declaration (The Hague, 25 June 2025).

22 NATO, Defence Expenditure of NATO Countries 2014-2025 (July 2025), <[https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/2025/8/pdf/250827-def-exp-2025-en.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/2025/8/pdf/250827-def-exp-2025-en.pdf)>, accessed 02 November 2025.

23 Waya Quiviger, *NATO has deep divisions – but why is Spain its most openly critical member?* (The Conversation 29 July 2025, <<https://theconversation.com/nato-has-deep-divisions-but-why-is-spain-its-most-openly-critical-member-260987>> accessed 02 November 2025).

24 Jeff Mason and Trevor Hunnicutt, 'Trump floats dropping Spain from NATO alliance' (The New York Times, 10 October 2025), <<https://www.reuters.com/business/aerospace-defense/trump-floats-dropping-spain-nato-alliance-2025-10-09/>> accessed 02 November 2025.

25 Félix Arteaga, Daniel Fiott & Luis Simón, *The defence dilemma: can Spain ride Europe's defence revival?* (Elcano Policy Paper June 2025).

EU launched the EDF Work Programme 2025 with proposal submissions open from mid-February to 16 October 2025. The EDF plans to allocate €7.95 billion for the 2021–2027 period to promote European cooperation in the field of research and development of defence-related products and technologies. Its aim is to boost the competitiveness, efficiency, and innovation capacity of the European defence technological and industrial base, with special attention given to SMEs, which could provide greater strategic autonomy and freedom of action for the EU. Within this context, Spain issued a national call to coordinate proposals and has been encouraging the application of consortia involving Spanish firms. According to the analysis, nearly 30% of EDF projects (2021–2024) included Spanish firms within their consortia, with a particular representation of large firms, such as Indra or Navantia. The success of this initiative cannot be evaluated yet, as the EU call for proposals only closed on 16 October 2025.

Additionally, the Spanish Ministry of Defence has announced that it is prioritising and supporting applications to other EU instruments. For example, Spain plans to apply to the new EDIRPA procurement instrument (launched in 2024 for joint purchases in areas like ammunition and air defence) and the ASAP (Act in Support of Ammunition Production) ammunitions fund. Notably, a Spanish company, i.e., Rheinmetall-Expal, was allocated €23.75 million under the EU ASAP scheme in 2024 for gunpowder and shell development, and Spain continues to support EU-coordinated ammunition production. Separately, the EU's European Peace Facility and PESCO programmes continue to involve Spain, which co-leads some PESCO projects – e.g., the Menorca AUV programme.

On the other hand, Spain remains involved in the Eurodrone MALE UAV programme, a four-nation development programme that includes Germany, France, Italy and Spain, led by the Organisation for

Joint Armament Cooperation (OCCAR). Airbus and Indra in Spain build major components (front fuselage, sensors, ground control, etc.), ensuring Spanish industry holds a role in the programme. Spain's defence industry also participates in EU-financed programmes, such as Eudis Hackathon 2025 (17–19 October 2025), which engages industry partners to develop tech ideas, with an emphasis on cyber-R&D, a priority area to meet new spending targets under the government's Plan for Security and Defence.

## V. Conclusion

Spain's defence policy in this quarter reflects a moment of reforms and recalibration in response to both domestic and international pressures. The approval of a Decree limiting imports and exports of military and dual-use material to and from Israel has codified a policy that has been *de facto* implemented over the last two years. Nevertheless, it has not addressed the loopholes and implementation obstacles that this policy has faced. Simultaneously, the commitment to increase defence spending to 2.1% of GDP and the pursuit of EU defence funding show Spain's attempts to reinforce its industrial and technological capabilities within the European and NATO frameworks. At the same time, it exposes the pressures to do that without compromising other domestic budgetary goals in a country where defence spending is not perceived as a priority.<sup>26</sup> This, in turn, shows the relevant challenges that Spain is facing, such as maintaining cohesion with allies amid shifting global security dynamics, while maintaining its domestic compromises.

26 Alberto Bueno, Marién Durán and Rafael Martínez, '¿Brecha cultural? Percepciones de elites políticas, económicas y militares españolas respecto de las Fuerzas Armadas' (2025) 189 Revista Española De Investigaciones Sociológicas 5.