BUSINESS
FINLAND

Market snapshot on Defence sector in Spain & Portugal

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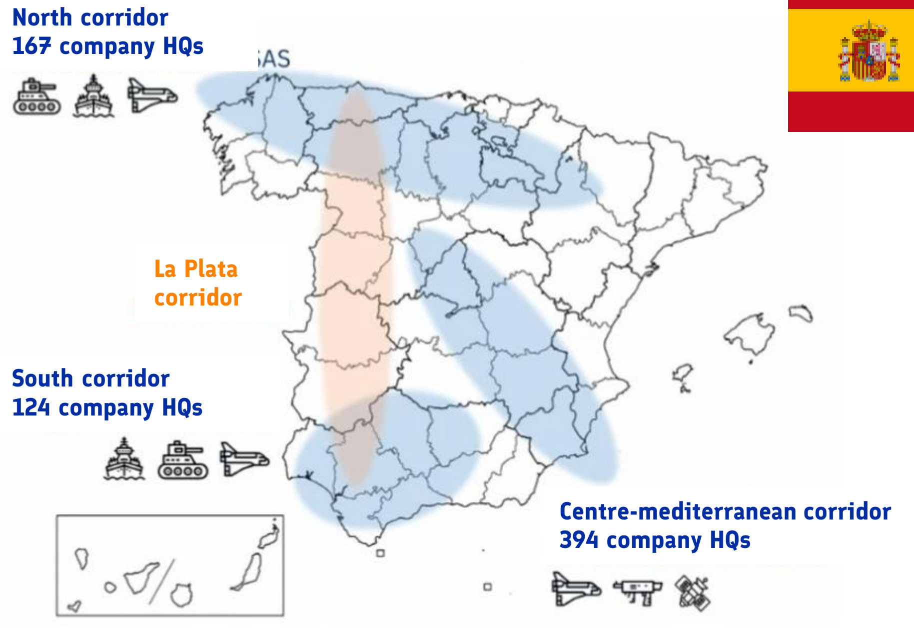
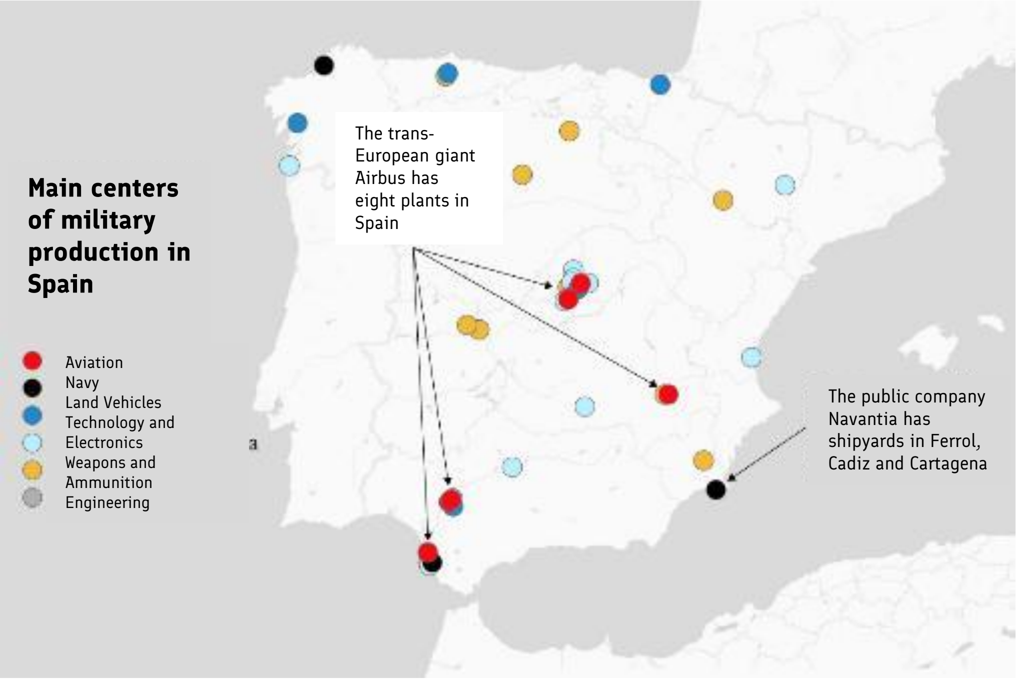
Overview of Spain’s Defence Sector

- Spain's defence sector is managed by the [Ministry of Defence](), which oversees military operations and national security policies
- The **Spanish Armed Forces** consist of the **Army**, **Navy**, and **Air** and **Space** Force, as well as the **Royal Guard** and **Military Emergency** Unit
- Spain's **defence sector** aligns with its **NATO** commitment; Spain joined **NATO in 1982** and actively participates in NATO missions
- Spain’s defence sector includes around **400** companies, generating approximately **36,000** direct jobs
- About **80%** of the sector’s turnover comes from **exports** due to relatively low domestic defence spending
- The **aeronautical** industry accounting for **65%** of sales, followed by **naval** (13%), **land** (**10%**), and other **subsectors** (**12%**)
- Key industry players
  - Airbus Defence & Space, Navantia, Indra Sistemas, GDELS-Santa Bárbara Sistemas and ITP Aero—together represent nearly **87 %** of Spain’s international defence business
- Defence industry clusters are concentrated in three main industrial corridors: **north**, **centre-mediterranean**, and **south**. A fourth corridor, **La Plata**, is emerging to connect **Asturias to Seville**
  - Madrid and Seville are major aerospace hubs, while Cartagena and Cádiz specialize in naval production. Albacete focuses on helicopters, and Galicia and Asturias on land vehicles
- Interactive Map **“The Military Industry in Spain”**
  - visualizes the most important companies that manufacture weapons, weapons materials or components, and services that supply the Spanish Ministry of defence or are destined for export

Industrial corridors of Defence

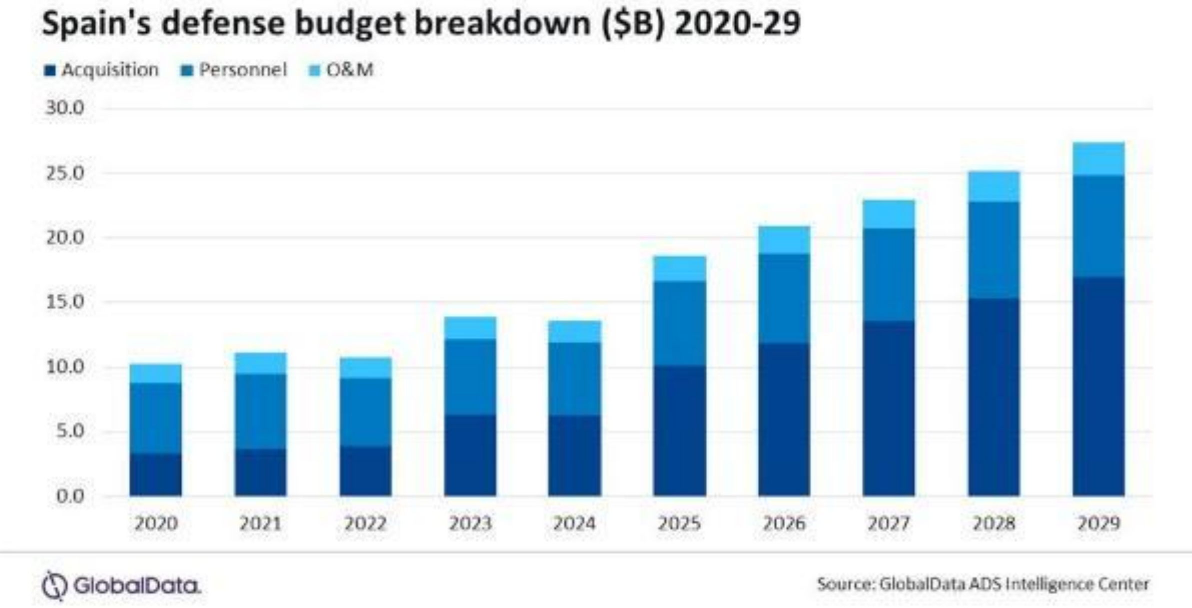




1. https://www.defensa.gob.es/Galerias/gabinete/red/2023/red-ingles/red-14/p-50-51-red-14-eng-estrategia.pdf
2. https://euro-sd.com/2023/05/articles/31342/spains-defence-industrial-capabilities/
3. https://www.infobae.com/espana/agencias/2025/04/24/el-mapa-de-la-industria-de-defensa-en-espana-tres-grandes-corredores-y-hubs-emergentes/

Government Policy & Budget

- **Historically** Spain's defence **budget** growth has been **lagging** behind Nato targets
- The urgency to adapt to new **geopolitical realities** has driven **higher investments** in military technology and capabilities
- According to Devere article (2025), Spain will increase its **defence** budget to reach NATO's **2 percent of GDP** target by the **end of 2025**
  - Prime Minister Pedro Sánchez unveiled an Industrial and Technological Plan for Security and Defence, pledging roughly **€10.5 billion** in additional funding.
- Key spending priorities
  - improving **conditions** and salaries for military personnel
  - bolstering **telecommunications** and **cybersecurity** ("digital shield")
  - procuring new **equipment** and **modernising hardware**
  - investing in **defence R&D** and **domestic industrial** capacity
- The plan stresses "**spending better, not more**," aiming to coordinate procurement across EU partners and foster Europe's strategic autonomy.
- Funding will come from public savings, unspent budget lines, and unused EU recovery resources—without raising taxes or cutting social programmes.
- Spain's **defence** outlay will climb from about **1.3 percent of GDP** in 2024 to the NATO benchmark of **2 percent by 2025**
- Along with other European nations, **Spain** faces pressure from US President Donald Trump, who is urging NATO allies to increase military spending to as much as **5%**
  - Spain has been hesitant to grow it to **5%**



1. https://www.army-technology.com/news/spains-defence-budget-growth-lags-behind-nato-targets/?cf-view
2. https://www.larazon.es/economia/industria-belica-espanola-logra-12000-millones-facturacion-13-pib-sueldos-altos-sector_202404256629f7bc8e6602000186773b.html

Defence sub-sectors

Aerospace Sub-Sector

- The **aerospace** sub-sector is Spain's **most vital defence industry** component, accounting for **64%** of defence exports
- **92%** of aerospace production is destined for **export**, led by **Airbus Defence & Space** and **Airbus Military**
- Spain participates in major European projects like the **A400M**, Eurofighter Typhoon, and Future Combat Air System (FCAS)
- Local facilities, such as **Seville** (A400M assembly) and **Getafe** (A330 MRTT conversion), play critical roles in international aerospace supply chains
- **ITP Aero**, involved in aircraft engine production, is a key player in projects like the **Eurofighter** and **A400M**

Naval Sub-Sector

- The naval sub-sector contributes **13.5%** to defence sales, led by **Navantia**, which holds a **79.4%** market share
- Key projects include the S-80 submarines and F-110 frigates for the Spanish Navy, featuring cutting-edge technology like "digital twins"

Land Sub-Sector

- Land defence accounts for **8.1%** of defence sales, led by **GDELS-Santa Bárbara Sistemas** with **44%** market share
- The VCR Dragon 8×8 armored vehicle is a key domestic program, with significant industry participation (**Indra**, Sapa Placencia, and EM&E Group)

1. https://euro-sd.com/2023/05/articles/31342/spains-defence-industrial-capabilities/

The four largest companies in the Spanish Defence industry

ALL OF THEM ACCOUNT FOR **MORE THAN 75%** OF THE ACTIVITY OF THE ENTIRE NATIONAL SECTOR

AIRBUS

Sus diversas empresas copan sobre el **60% del valor de las ventas de defensa** de la industria armamentística española.

HEADQUARTERS IN SPAIN

- Airbus Defence and Space — Madrid
- Airbus Military — Madrid
- Airbus Helicopters España — Albacete

indra

58.000 employees

Presence: **50** countries

Comercial operations: **140** countries

The Spanish State, through SEPI, owns 28% of Indra.

REVENUE IN 2023:

4.343 million euros

GENERAL DYNAMICS SANTA BÁRBARA SISTEMAS

Originally from Spain, it was acquired by the American General Dynamics Corporation in 2021.

- **Trubia** (factory)
- **Madrid** (headquarters)
- **Sevilla** (factory)

At the end of 2023, the Spanish Ministry of Defence awarded it the contract to manufacture 348 Leopard tanks.

+2.000 million euros

THE **LARGEST CONTRACT** TENDERED BY THE MINISTRY OF defence.

Navantia

Maintains and services the ships of the Spanish Navy.

7.364 million euros

CUMULATIVE ORDERS (end of 2022)

In 2023, it **secured contracts** worth more than €2 billion.

2.000 million euros

68% of its **revenue** comes from **exports**

INTERNATIONAL PRESENCE

Subsidiaries / Offices

Norway, Turkey, India, Brasil, **Saudi Arabia**, **Australia**

FUENTE: Spain Defence & Security Industry 2023 **GRÁFICO:** Carlos G. Kindelán

Key Defence Industry Players

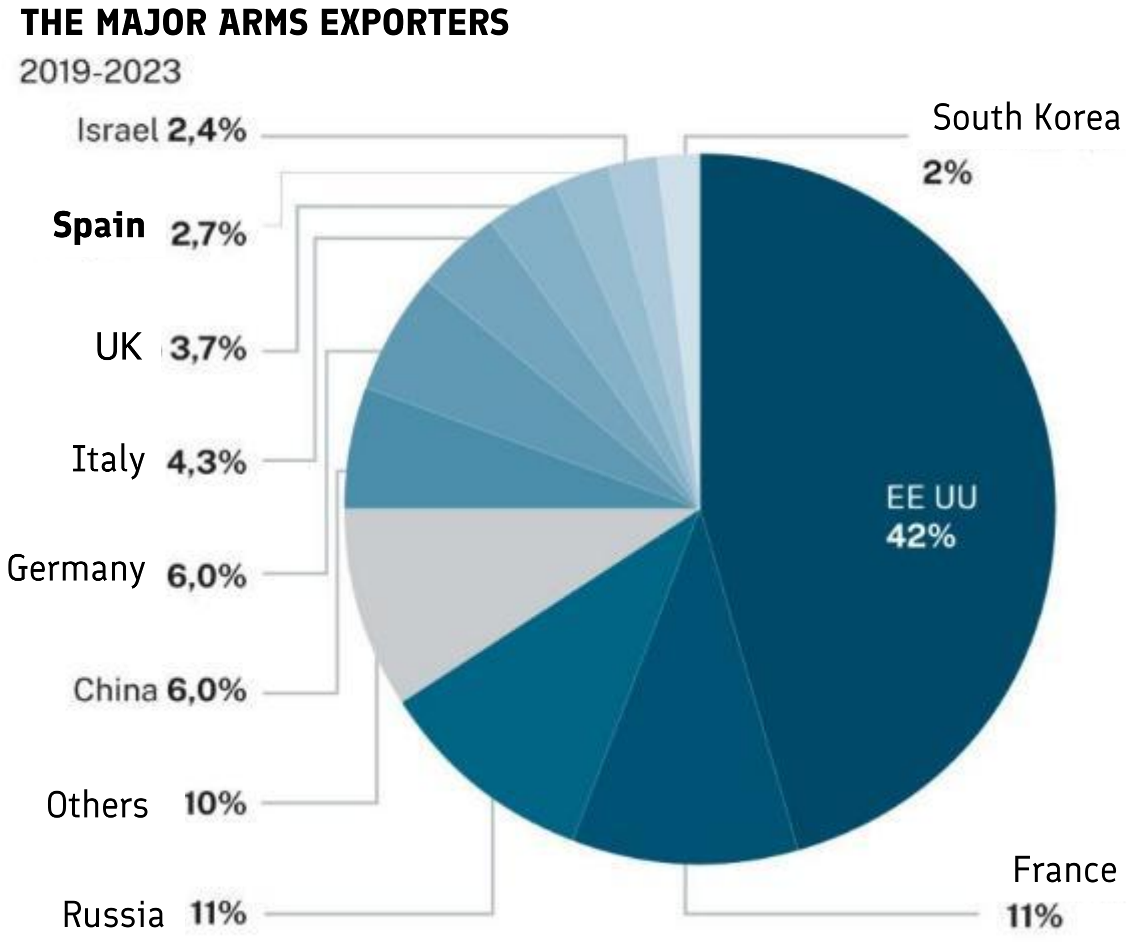
Company		HQ location	Website	Focus
AIRBUS	Airbus Defence & Space	Madrid, Getafe	https://www.airbus.com/en	Aerospace, military aircraft, satellites
Navantia	Navantia	Cartagena, Ferrol	https://www.navantia.es/en/	Naval shipbuilding, submarines, systems integration
indra	Indra Sistemas	Madrid	https://www.indracompany.com/en/	Defence electronics, cyber defence, simulation systems
GDELS	General Dynamics European Land Systems / Santa Bárbara Sistemas	Trubia, Asturias	https://www.gdels.com/es	Armored vehicles, weapons systems
sener	SENER Aeroespacial	Getxo, Basque Country	https://www.group.sener/en/	Electromechanical systems, communications intelligence
ITP AERO	ITP Aero	Zamudio, Basque country	https://www.itpaero.com/en/	Aero engine and gas turbine manufacturer. Services for a wide range of engines for regional airlines, business aviation, helicopters, industrial and defence applications.
RHEINMETALL	Rheinmetall	Madrid	https://www.rheinmetall.com/en	Develops, manufactures, integrates and maintains products, systems and services for Defence and Security (weapon systems, munitions, EOD and demilitarization)2

Key Defence Industry Players

Company		HQ location	Website	Focus
	CT Ingenieros	Madrid	www.ctengineeringgroup.com	Provides integrated engineering and technological transformation services across the entire product life cycle for aeronautical, naval, rail, automotive, energy and industrial-plants sectors
	Oesia Grupo / Tecnobit	Madrid	www.grupooesia.com	Designs, develops, manufactures and maintains cutting-edge technology products in intelligent vision, simulation and tactical & secure communications for defence and security
	Hisdesat Servicios Estratégicos S.A.	Madrid, Spain	https://www.hisdesat.es/	Governmental satellite services for defence, security, intelligence, and foreign affairs
	Grupo TRC	Madrid	https://trc.es/	Cybersecurity, telecommunications, technology integration
	Sainsel Sistemas Navales	Madrid	https://sainsel.eu/	Specialized in the design, development and implementation of comprehensive solutions for defence, surveillance and security at a global level.
	Sapa Placencia S.L.	Placencia, Gipuzkoa	https://sapa.es/	Power transmission systems for military vehicles
	EM&E Group	Madrid	https://eme-es.com/en/	Design, development and production of high-tech defence and security systems through vertical integration, R&D&I and strategic autonomy

The Competition and Collaboration

- **Spain** and **the US** signed an industrial cooperation agreement in 2025 enabling **Sener** and **Oesía-Tecnobit** to produce **PAC-3 MSE** components for Spain's Patriot batteries
- Spain collaborates with Germany and France since it holds a **33 %** stake in the NGWS/FCAS programme under PESCO, with **Indra** co-leading **four work strands** alongside **Airbus Germany** and French **Dassault Aviation**
- **Indra** and **EDGE** launched the **PULSE joint venture** in Abu Dhabi 2025 to co-develop next-generation radar systems and localize production
- Spanish primes and SMEs **compete** with **EU peers** for EDIDP and PESCO contracts across naval, air, and land platforms
- Spain's aerospace firms (**Airbus DS, ITP Aero**) compete with **US**, **French**, and **UK** manufacturers in global markets, accounting for **64 %** of national defence exports through platforms like **A400M** and **C-295**
- Spain also supports multilateral defence R&D, contributing to missile systems like Meteor (via MBDA) and space technologies.



1. https://www.larazon.es/economia/industria-belica-espanola-logra-12000-millones-facturacion-13-pib-sueldos-altos-sector_202404256629f7bc8e6602000186773b.html

Opportunities, Challenges & Trends

- **AI** and **automation** will boost **ISR (**Intelligence, Surveillance, and Reconnaissance) and **C4ISR** (Command, Control, Communications, Computers+ISR), with smart sensors, unmanned vehicles, and predictive decision-making tools
- **Cybersecurity** will center on **CMMC** (Cybersecurity Maturity Model Certification) compliance, **quantum-safe** encryption, and **fortified networks** to safeguard critical systems
- **Space** defence will advance **missile-warning satellites**, **debris management**, and counterspace electronic warfare to protect orbital assets
- **Regional allies** will deepen **interoperability** through **joint exercises**, **new defence pacts**, and **standardized technologies**
- **Hypersonic missiles**, **directed-energy weapons**, and **battlefield biotech** will emerge, posing **strategic**, **ethical**, and **legal challenges**
- **Training** will leverage **AI-adaptive** programs, immersive **VR simulations**, and distributed e-learning for scalable, realistic preparation
- **Autonomous surface** and **underwater vessels**, backed by **AI** command systems, will enhance **naval ISR** and countermeasure capabilities
- **Defence as a Service** will offer **subscription-style** access to scalable, real-time-updated **capabilities** like **satcom** and **ISR**
- **Organizations** integrating **advanced tech**, **sustainability**, **cybersecurity**, and **alliance interoperability** will secure future strategic advantages

1. https://mssdefence.com/es/blog/defensa-2025-tendencias-clave-que-impulsan-la-innovacion/

Major professional events in defence sector

- FEINDEF Spanish International Defence and Security Fair
  - Spain's main international defence and security exhibition, held in Madrid and supported by the Ministry of Defence
  - Showcasing military technologies, cybersecurity innovations, and global collaborations
- DRONExpo, Madrid
  - A trade fair and congress dedicated to unmanned systems and drone technologies
- SPIE Security + Defence Madrid
  - SPIE Security + Defence is the leading international conference for engineers and scientists involved in the latest developments in sensing, data and signal analysis, optronics, quantum science, optical technologies, and funding programmes
- SEDEXPO, Silleda Galicia
  - International Fair of Security, defence, and Emergencies that brings together professionals, companies, and institutions from these three interconnected sectors to showcase innovations, exchange knowledge, and conduct live demonstrations

Overview of Portugal’s Defence Sector

- Portugal's defense sector is **relatively small** but **strategically vital** for supporting national security and contributing to the economy
- Managed by the **Ministry of National Defence**, it focuses on **modernizing capabilities**, responding to **international threats**, and fulfilling **NATO/EU** obligations
- Dominated by **SMEs** and a handful of **state-affiliated** enterprises, the industry has shifted from a mainly state-owned structure to one where private firms and clusters drive innovation and exports
- Portugal’s defense capabilities include **small arms**, **naval** systems, **armored** vehicles, **cybersecurity**, and **aerospace** components
- The country is active in producing dual-use technologies that serve both civilian and military applications

- The government conceded in April 2025 that it will bring forward the target of allocating **2%** of **GDP** to defence, reflecting pressure from allies and rising geopolitical challenges

- In 2024 defence budget was **USD 4.6 billion**, about **1.46%** of **GDP**, up from USD **4.2** billion in **2023**
- **Personnel expenses** represent around **58.6%** of total spending, down from 81.3% in 2014
    - Equipment acquisitions now account for **19.5%** (versus 8.4% in 2014)
- Portugal’s foreign minister Paulo Rangel says that Portugal will meet its **5%** defence commitments to **NATO** in “two steps”: spending **3.5%** of GDP in “**clear investment**” and “**1.5% on infrastructures**”

1. https://www.defesa.gov.pt/pt
2. https://www.globaldata.com/store/report/portugal-defence-market-analysis/
3. https://www.portugal.gov.pt/en/gc23/communication/news-item?i=once-2-of-gdp-is-allocated-to-defence-this-will-become-the-basis-from-then-on
4. https://www.theportugalnews.com/news/2025-04-28/portugal-misses-defense-spending-target/97214

Main Segments & Events of the Defence sector

- **Cybersecurity**, **Communication&Surveillance** and **Maintenance** prove to be the most promising segments in the Portuguese Defence Sector
- **Cybersecurity**
  - Portugal is prioritizing cybersecurity, with one of the largest investments in this sector under the **LPM** (National Defense Strategic Investment Plan) for the coming years
  - Investing **45 million €** in the coming years
  - Accounting for a fourth of the market while also offering an exceptional ROI, making it one of the most profitable and high-potential segments
  - The cybersecurity segment in Portugal's defence sector constitutes a significant portion of the industry, **22.67%** of the companies in the defence market have revenues referent to this segment
- **C&S**
  - Needs for advanced **communication** and **surveillance** technologies through a **89 million €** investment under the LPM with the market project to grow at more than 10% year over year
- **Maintenance**
  - Invests 15,8% of the total defence budget into this segment, illustrating its importance
  - Its heavy reliance on imported equipment makes it a prime segment for system upgrades and modernization by countries like Finland

Main events

- **REPMUS**
  - Started in 2010 in Portugal and has grown into a significant event with approximately 2,000 participants from 30 countries
  - It is an invitation-only event, but since Finland joined NATO, Finnish companies have started receiving invitations
  - Website: https://www.nato.int/cps/en/natohq/news_228959.htm?selectedLocale=en
- **ICMCIS**
  - Organized by NATO and the Portuguese Ministry of Defence
  - Largest scientific conference in Europe on military CIS, provides a platform for exchanging ideas and exploring advanced ICT developments for military systems
  - Website: https://icmcis.eu/

1. Market study, Nova Junior Consulting

Key Defence Industry Players

Company		HQ location	Website	Focus
ARSENAL DO ALFEITE	Arsenal do Alfeite	Alfeite (Almada)	https://www.arsenal-alfeite.pt	Designs, constructs, and maintains naval vessels and weapon systems for the Portuguese Navy and NATO partners, including warships and support vessels.
idD PORTUGAL DEFENCE	idD Portugal Defence	Lisbon	https://www.empordef.pt	idD Portugal Defence aims to help the Defence Technological and Industrial Base in becoming an international player in the Defence Economy. Its action focus on the enhancing the interface between the Armed Forces, companies, universities and research centres and international organisations of which Portugal is a member.
eti Simulation & Engineering Solutions	ETI (EMPORDEF – Tecnologias de Informação)	Lisbon	https://eti.pt/	Develops advanced virtual training and simulation platforms along with maintenance support software for aeronautical, security, and defence operations.
NAVALROCHA, SA.	Navalrocha	Lisbon	https://www.navalrocha.pt	Operates dry docks and repair facilities, offering comprehensive ship repair, conversion, and maintenance services for military, commercial, and research vessels.
OGMA GRUPO EMBRAER	OGMA – Indústria Aeronáutica de Portugal	Alverca (Lisbon metro)	https://www.ogma.pt	Manufactures aerostructures and provides MRO services for civil and military aircraft, serving as an authorised maintenance centre for Embraer, Lockheed Martin, and Rolls-Royce.
EID A COHORT PLC COMPANY	EID	Lisbon	https://www.eid.pt	Designs and integrates tactical communications, electronic warfare solutions, and mission-critical systems for land, naval, and air defence platforms.
TEKEVER	Tekever	Lisbon	https://www.tekever.com	Designs and manufactures unmanned aerial vehicles, satellite communication systems, and AI-enabled drone platforms for surveillance, maritime patrol, and disaster response.
CEiiA	CEiiA	Matosinhos (Porto area)	https://www.ceiia.com	Provides R&D and engineering services in advanced mobility, aerospace, and defence, focusing on vehicle prototyping, space systems, sustainability, and digital twins.