An unprecedented defence transformation

Whitepaper



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Context



The Belgian Federal Government has committed to a historic strengthening of Defence in response to today's security challenges. The 2025 Policy Note outlines a substantial increase in resources and an ambitious agenda:

- **Massive funding injection:** Belgium raised defence spending to two percent of GDP in 2025 (five years earlier than planned), doubling the budget share virtually overnight. This rapid influx of funds is financing new weapons systems (from F-35 fighter jets to cyber defence and security) and improved readiness. A revised multi-year programming law (enacted in late 2025) will lock in stable growth through 2030 and beyond, potentially exceeding two percent of GDP in response to NATO's request. Furthermore, there is a strategic objective to incrementally raise this target to five percent—3.5% for the defence budget and 1.5% for the resilience budget - by 2035. Additionally, Belgium can leverage new NATO-EU funding avenues. For example, the EU's Security Action for Europe (SAFE) initiative (as part of the ReArm Europe Plan) could make up to €800 billion available across member states for joint defence procurements. This is a once-in-decades opportunity to acquire and upgrade defence capabilities with help from European partners, but it demands robust planning and coordination.
- **Organisational growth and modernisation:** the armed forces will expand by roughly 8,000 personnel in the next few years, reaching about 34,700 staff (including 29,000 active-duty troops) by 2029. To achieve this, the Ministry of Defence (MoD) will introduce new recruitment models (e.g. a generic enlistment track to reduce mismatches), scale up training infrastructure, and adopt a people-centric approach to improve retention and military life. Internally, Defence is also reorganising its command structure to be more agile: creating a joint staff director to oversee transformation, new brigades in the army for better command, and planning a Cyber Command. At the same time, Belgium's updating its legal framework (a Defence Code or CoDex) to enable new missions (like domestic support tasks) with the necessary authority. In short, Belgium's Defence organisation is undergoing cultural and structural change to maximise the impact of the new investments.
- **Accelerating the industry:** Belgium recognises that a stronger military must be built hand-in-hand with a stronger defence industry. The updated Defence Industry and Research Strategy (DIRS) released in 2025 maps out priority technologies and industrial cooperation with clarity on federal and regional roles. Part of that will be achieved through the Organisation for Defence Innovation (ODIN) – a dedicated hub to drive R&D, prototypes, and tech ecosystem engagement. There's a heavy focus on supporting defence start-ups and small and medium-sized enterprises (SMEs) and developing legal frameworks for grants and partnerships (e.g. via the Royal Higher Institute for Defence (RHID) to integrate innovation from small firms. Belgium is also considering joining large European development programmes (future fighter jets, land systems, etc.) if its industry can absorb the work. Meanwhile, procurement policy will favour local industry where possible, for example, by invoking essential security interests to source domestically and finalising a long-term industry partnership for counter-drone systems to safeguard bases and troops from unmanned aerial vehicle (UAV) threats. Additionally, Belgium will draft a National Defence Plan and a National Enablement Plan for host-nation support—working with private infrastructure and logistics providers to ensure NATO forces can transit through Belgium effectively. All these initiatives aim to strengthen the Belgian Defence Technological and Industrial Base (DTIB) and spur innovation and economic growth.

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01
Funding and programme strategy

Our consulting support aligned to defence priorities

PwC offers a comprehensive suite of services to assist both the Ministry of Belgian Defence and industry stakeholders in realising their goals. Our approach is collaborative—we work with military leadership, civil servants, and private sector partners to design and implement solutions.

Challenge: with the sudden increase to two percent of GDP, and ambition to go towards five percent, as well as additional European funds on the horizon, defence faces a complex task: how to **effectively programme and manage this influx of resources**. There's pressure to deliver quick wins for readiness (e.g. ammunition stocks and maintenance) while also investing in long-term capabilities. Moreover, accessing EU instruments like SAFE or the European Defence Fund (EDF) requires multi-national coordination and proposal expertise. Robust financial controls must be in place to track the expanded budget and demonstrate transparency.

Our support: PwC helps **translate financial inputs into strategic outcomes.** Our financial and programme management consultants bring tools and experience to make sure money is well-spent and aligned to priorities

Strategic budgeting and prioritisation models

PwC helps Belgian Defence and industrial partners prioritise investments using scenario-based financial models that respond directly to the sharp increase in defence spending triggered by the updated Military Programming Law and NATO commitments. This makes sure that the influx of funds is phased responsibly—balancing immediate readiness measures with long-term capability development—while keeping both government and industry focused on what can realistically be delivered.

Programme management office (PMO)

To manage the surge of new programmes resulting from the increased defence budget and accelerated capability ambitions, we can establish or reinforce PMOs that provide structure and oversight across major initiatives. A dedicated PMO for large procurement programmes ensures coherent planning, timely delivery, and early risk identification. We apply industry standard programme management methodologies (e.g. Agile, Scrum, Prince2, and PMBOK), tailored for Belgian Defence and adaptable to industrial partnerships, enabling both Defence and suppliers to keep programmes on schedule, on budget, and aligned with strategic priorities.

> We translate financial inputs into strategic outcomes.

EU and NATO funding navigation

PwC helps both Belgian Defence and industry partners navigate European and multinational funding instruments. Our team supports the preparation of strong applications for mechanisms such as the EDF, SAFE, and NATO common funded opportunities—including the administrative, financial, and consortium building work these programmes require. Whether Belgium co-develops capabilities with neighbouring countries or industry leads an innovation project, we ensure partners meet compliance requirements, assemble the right cross-border consortia, and maximise subsidies or cofinancing opportunities. In doing so, we help both Belgian Defence and the wider Belgian industrial base stretch their investment budgets further while accelerating participation in major European capability programmes.

01
Funding and programme strategy

Financial governance and oversight

With the sharp increase in defence spending and the acceleration of new programmes, robust financial governance becomes critical for both Belgian Defence and industry partners. PwC can design dashboards, reporting frameworks, and control mechanisms that provide real-time visibility on spending, progress, risks, and results. This includes setting up key performance indicators (KPIs) that track readiness improvements, delivery performance, and industrial participation. We also help integrate these expanded financial flows into treasury, audit, and compliance processes. The objective is to ensure transparent, data-driven oversight that builds confidence among political leaders, Belgian Defence stakeholders and industrial partners by demonstrating tangible returns on the rising investment levels.

Lifecycle costing and total cost of ownership (TCO) analyses

Lifecycle costs are often underestimated when new capabilities are procured, even though long-term sustainment, maintenance, and affordability ultimately determine programme success. We conduct detailed lifecycle costing and TCO analyses to inform early investment decisions—helping Defence ensure long-term operability and enabling industry partners to design solutions that remain competitive, supportable, and financially viable over time. In parallel, we identify efficiency opportunities across the capability lifecycle, allowing both Belgian Defence and industry to optimise resources and redirect savings to priority needs.

In summary: PwC acts as a strategic advisor and implementation partner for both Belgian Defence and industry across all aspects of financial planning and programme delivery. Our support ensures that investments are prioritised effectively, major programmes are professionally governed, and European funding opportunities are fully leveraged. By strengthening financial governance, transparency, and long-term affordability, we help create a defence ecosystem where public institutions and industrial partners can deliver capability outcomes reliably and credibly. This disciplined approach lays the foundation for successful execution across Belgium's defence transformation.



02

Operational and organisational transformation

Challenge: expanding and transforming the armed forces at this rapid pace is a vast human and organisational endeavour. Belgian Defence must attract thousands of new employees in a tight labour market and make sure they're **effectively trained, integrated, and retained**. At the same time, the organisation's structure and processes need modernisation—from adopting a new command model (with the joint staff director and associated staff changes), to updating how decisions are made and how information flows. The culture may need to shift to become more innovative and people-focused and long-standing issues (like initial training attrition or aging infrastructure) must be addressed. This must all happen while maintaining ongoing operations and morale.

These shifts also have implications for the broader defence industry: as Belgian Defence grows and modernises, companies must adapt their own workforce planning, skill profiles, and ways of collaborating to match new requirements, new technologies, and faster delivery cycles. Ensuring that both Belgian Defence and industry have the right people, skills, and organisational capacity is therefore essential for the successful delivery of Belgium's capability ambitions.

Our support: our people and change specialists work closely with Belgian Defence and industry partners to build an agile, future-ready organisation. We cover the full spectrum: recruiting, HR processes, training systems, change management, and organisational process redesign.

> Expanding and transforming the armed forces at this pace is a vast human and organisational endeavour.

Recruitment pipeline design and talent acquisition strategy

PwC designs end-to-end recruitment and onboarding pipelines that help Belgian Defence attract and integrate the large number of new personnel required in a highly competitive labour market. This includes sharpening the recruiting strategy, modernising outreach and employer branding, and using digital tools to streamline the application-to-onboarding journey. We also support targeted campaigns for critical profiles (such as cyber and technical specialists) and establish partnerships with educational institutions to create sustainable talent pipelines. These approaches can equally support industry partners who need to align their own workforce strategies with Belgian Defence's growing capability ambitions.

Onboarding design and training capacity expansion

Strengthening the readiness of a rapidly expanding force requires onboarding processes and training systems that can absorb and develop large cohorts efficiently. We design comprehensive onboarding journeys, potentially structured over 12 months, that provide new soldiers and civilian staff with mentorship, clear career pathways, and regular engagement checkpoints to reduce early attrition.

To support the growth in troop intake, we help Belgian Defence assess and scale its training capacity by determining the required number of instructors, facilities, and digital learning tools. We develop modern training approaches such as blended learning, e-learning modules for foundational knowledge, and simulation-based methods for specialised skills. When new infrastructure such as the non-commissioned officer (NCO) campus in Tournai is launched, we provide project management to ensure curricula, staffing, and digital enablement are operational from day one.

These approaches can also guide industry partners that need to scale or modernise their own training pipelines to stay aligned with Belgian Defence's evolving capability requirements.

02

Operational and organisational transformation



Retention programmes and people-centric workforce policies

Improving retention is essential for sustaining Belgian Defence's expanding force. We help modernise personnel policies to make Belgian Defence a more attractive long-term employer—including updating rotation practices, introducing flexible career paths, and strengthening family and wellbeing support. We assess compensation and incentive structures for critical skill groups, from cyber operators to technical specialists, and recommend targeted measures such as specialty pay, bonuses, and accelerated progression.

We also support the design and implementation of the modernised reserve system (Reserve 3.0), defining new reserve roles that appeal to civilian professionals and developing employer partnership programmes that make it easier for companies to release staff for reserve duties.

Organisational design and change management

Large transformation programmes across the defence ecosystem, from the modernisation of command structures to the creation of new operational and support functions, require clear organisational models and disciplined change management. We help organisations design structures that define how units and teams operate, how decision making flows between headquarters and operational elements, and how joint coordination functions (such as cyber, capability development, and logistics) are integrated into the wider organisation.

PwC also guides Belgian Defence and industry teams through the people side of transformation. Through structured change-management plans, leadership alignment, engagement workshops, and clear communication strategies, we help personnel understand and adopt new ways of working. Our approach supports not only structural changes but also the cultural shift towards greater innovation, collaboration, and multi-domain integration that's increasingly essential in modern defence programmes.

Process redesign and policy implementation support

As Belgian Defence and industry ramp up to meet increasing capability demands, many core processes—including procurement, logistics, maintenance, IT, and administrative workflows—must scale and adapt. We conduct targeted process reviews to streamline decision making, reduce bottlenecks, and eliminate unnecessary bureaucracy, enabling faster throughput and more efficient programme delivery. This may include simplifying logistics chains, redesigning acquisition steps for faster and compliant contracting, or introducing digital tools to support standardised workflows across organisations.

We also support the translation of new policies and regulatory changes, such as the Defence Code (CoDex), into practical operating procedures. This includes defining clear roles, designing standard operating procedures, training staff, and ensuring inter-agency or inter-organisational coordination where required. These measures help both Belgian Defence and industry partners operate with greater predictability, compliance, and readiness as they jointly deliver critical capabilities.

02

Operational and organisational transformation

Supply chain and resilience projects

A credible Belgian Defence transformation requires robust and predictable logistics. PwC helps Belgian Defence strengthen its internal supply-chain organisation so it can plan, stock, distribute, and sustain equipment and munitions reliably. This includes tightening demand forecasting, stock visibility, warehousing flows, and maintenance coordination, essential to avoid the shortages recently seen across Europe.

As Belgium invests in high-usage capabilities, PwC designs the governance, planning models, and internal processes needed to secure readiness: clear replenishment rules, transparent inventories, and mechanisms to scale production or resupply when operational tempo increases.

Where external actors are required, PwC supports Belgian Defence in establishing practical, operations-driven arrangements with manufacturers, logistics operators, and infrastructure providers. These are positioned as extensions of Belgian Defence's logistics chain, ensuring transport routes, port and rail capacity, and industry support are aligned with NATO movement and sustainment requirements.

In summary: PwC helps build the organisational foundations that allow Belgium's capability ambitions to succeed, strengthening the people, structures, and processes that underpin Belgian Defence's transformation. By improving recruitment, training capacity, retention, and operating models, we reduce the execution risks that often slow down large-scale military reform. A Belgian Defence organisation that's clearer in its roles, more predictable in its decision making, and more effective in day-to-day operations also creates tangible benefits for industry: faster coordination, clearer points of contact, more stable programme governance, and a smoother interface for joint capability development. In short, we support both Belgian Defence and its industrial partners in building a workforce and organisational model capable of delivering modern capability at the pace Belgium now requires.



03

Digital modernisation and cyber resilience

Challenge: modern military power hinges on information superiority and secure, resilient digital infrastructure. Belgium's Policy Note emphasises a "**digital Belgian Defence—Belgium's Defence Policy Note of 2025**, which requires major upgrades to communication systems (tactical radios and satellites), the implementation of robust IT infrastructure across bases, and the continuous hardening of networks and weapon systems against sophisticated cyber threats. New capabilities, such as MQ-9B drones and future command-and-control centres, also demand advanced ICT integration and reliable data flows.

At the same time, both Belgian Defence and the companies that work with sensitive information or participate in capability programmes must navigate increasing cybersecurity and digital-sovereignty requirements. A rapidly growing volume of operational, logistics, and intelligence data creates opportunities for analytics, AI, and decision-support tools, but also puts pressure on organisations with limited IT staffing and legacy systems. The stand-up of the establishment of Cyber Command further raises the need for new structures, processes, tools, and skills in areas not traditionally embedded within the military or the wider industry ecosystem. Ensuring secure integration, interoperable architectures, and consistent cyber resilience across Belgian Defence and industry partners is now essential for delivering modern capability at scale.

Our support: PwC has extensive expertise at the intersection of Belgian Defence and technology. Our IT and cyber consultants, including former military IT specialists, can accelerate Belgian Defence's digital transformation safely and effectively.

> Modern military power hinges on information superiority and secure, resilient digital infrastructure.

Digital roadmap development and target architecture design

PwC helps organisations design a coherent digital defence roadmap that aligns all major IT initiatives (communications, data centres, applications, and user equipment) with its strategic needs. This ensures that, for example, the expansion of satellite communications capacity (through allied programmes and new ground terminals) aligns with the needs of deployed Belgian forces and NATO connectivity. We design target architectures that cover both tactical and enterprise layers: resilient mission-network backbones, secure data flows between operational units and headquarters, sovereign, or military-managed cloud environments, and architectures that can continue operating in degraded or contested conditions. These architectural principles matter equally for industry partners developing mission systems, digital services, or data-driven solutions that must interoperate securely with Belgian Defence networks, comply with cybersecurity and sovereignty requirements, and integrate safely into the broader defence-technology ecosystem.

Cyber risk assessments and Security Operations Centre (SOC) enablement

Cybersecurity is built into everything we do. We assess the cyber risk position of both Belgian Defence organisations and the defence industry's IT, operational technology (OT), and product ecosystems—from enterprise networks to production environments and embedded systems. Based on these assessments, we help implement best-in-class security measures: network segmentation, zero-trust access controls, continuous monitoring through a scalable SOC setup, and updated cybersecurity policies for users and operators.

We also support the hardening of new platforms and industrial solutions from day one. This includes making sure that next-generation systems, whether advanced aircraft logistics platforms, digitally enabled naval assets, or new manufacturing equipment, are securely integrated into the organisation's broader cyber-defence monitoring capability.

03

Digital modernisation and cyber resilience



Across bases, factories, depots, and industrial facilities, we support the rollout of secure wired and wireless networks (the “smart base” or “smart factory” concept), balancing operational security with user convenience. Our Supervisory Control and Data Acquisition/Operational Technology (SCADA/OT) security specialists strengthen critical infrastructure such as power, fuel, and industrial automation systems against cyber sabotage.

Recognising the human factor, we also deliver tailored cybersecurity awareness and training programmes for military personnel, civilian staff, and industry employees alike, because a digitally connected force and supply chain requires every user to follow strong cyber hygiene.

Data analytics and AI solutions

As Belgian Defence organisations and industrial partners deploy more sensors and digital systems, they generate large volumes of operational, logistical, and production data. We help them build a focused data and AI capability that turns this information into practical value. This includes developing predictive maintenance models that reduce the downtime of vehicles, platforms, or industrial equipment—creating readiness and performance dashboards that bring together data on personnel, training, equipment status, or factory throughput and enabling intelligence or data-fusion solutions that combine multiple sources to improve situational awareness and decision making.

We deliver AI and machine-learning pilots in secure environments, showing value quickly and scaling solutions once proven. These can include automated analysis of drone or sensor feeds to detect relevant patterns or anomalies for both operational missions and industrial quality-control processes. All solutions are built with clear governance, ethical safeguards, and human oversight to ensure trustworthy, reliable AI adoption.

Cyber Command enablement

Standing up a Cyber Command requires coordinated organisational and technical development. We advise on its structure, ensuring seamless integration with existing intelligence units and Belgium’s General Intelligence and Security Service ((GISS) missions, and support the definition of its concept of operations (CONOPS) so that roles, processes, and decision flows are clear from the start. To accelerate capability growth, we design and deliver training pathways and cyber-range exercises that strengthen both offensive and defensive skillsets and prepare teams for real-world missions.

On the tooling side, we help select and implement the platforms the Command needs—ranging from digital forensics kits to deployable cyber-defence toolsets that can support operations at home, abroad, or within industrial environments. Where participation in EU or NATO cyber teams is planned, we secure full interoperability by establishing standardised procedures and technical guidelines. Finally, we help draft the doctrines and integration plans required to embed cyber operations smoothly alongside traditional military or industrial operations.

03

Digital modernisation and cyber resilience

Enterprise systems and process automation

Beyond mission-critical IT, PwC supports the modernisation of Belgian Defence and industry enterprise systems, including HR, logistics, and finance platforms. We help replace legacy software with modern enterprise resource planning (ERP) modules or specialised defence logistics systems that streamline processes and provide real-time transparency. By digitising supply-chain and maintenance workflows, organisations can reduce spare-parts shortages and improve fleet and equipment availability—an essential capability as new vehicles, aircraft and production assets are introduced.

PwC also identifies opportunities for workflow and process automation, using technologies such as robotic process automation (RPA) to remove repetitive administrative work and free staff for higher-value tasks. These internal efficiencies enable Defence organisations and industrial partners to absorb increased operational tempo without a proportional rise in overhead.

In summary: by partnering with PwC on digital transformation, Belgian Defence can accelerate the deployment of critical technologies while **managing cyber risks proactively**. Our approach ensures that new systems are delivered **securely and in an integrated way, and are user friendly.**. For defence industry partners, this digital modernisation means easier integration of their products (due to standard architectures and interfaces) and a more tech-savvy customer to collaborate with. Ultimately, these efforts enhance operational effectiveness—from a squad in the field with reliable comms, to a commander with real-time data and a secure enterprise that can function through a cyber onslaught.



04

Industry partnership and innovation



Challenge: the Belgium's Defence Policy Note of 2025 places strong emphasis on partnering with Belgian industry and research institutes to build sovereign capabilities and spur innovation. However, **aligning military needs with industry offerings requires coordination and expertise.** Defence stakeholders must identify which technologies to develop domestically, how to involve local companies (large and small) in procurement, and how to balance speed with supporting the home industry. There's also the challenge of navigating European collaboration: Belgium wants to participate in joint programmes (like future combat aircraft or tank programmes) but needs to make sure its industry can secure roles in those—otherwise investments might flow abroad. For industrial companies (from established defence primes to tech start-ups), understanding Belgian Defence's needs and processes can be daunting, especially for those new to the sector. They might need guidance on compliance, R&D focus, or forming partnerships to bid on big projects. Both sides—Belgian Defence and industry—share the goal of a stronger Belgian DTIB, but they need a catalyst to connect them effectively and drive projects forward.

Our support: PwC serves as **a bridge and facilitator between Belgian Defence and industry,** bringing a unique dual perspective. Our team has consultants with defence procurement backgrounds as well as those with industry and innovation expertise. We help design partnership frameworks, identify opportunities, and get initiatives off the ground.

Defence-industry strategy and ODIN Setup

We help governments, Belgian Defence organisations, and industrial partners shape an effective Belgian Defence-industry strategy that is both actionable and aligned with national capability needs and regional economic strengths. This includes supporting the update of the DIRS by mapping Belgium's industrial competencies against the EU's seven priority capability areas and identifying where local companies can build competitive advantage and contribute to long-term sovereignty. A central element of this work is assisting in the creation and launch of ODIN. Drawing on proven models such as the UK's Defence and Security Accelerator and NATO innovation frameworks, we design an ODIN structure that brings together military experts, industry innovators, and academic researchers in a coordinated ecosystem. We define clear governance for how projects are selected, funded, and managed, and devise practical innovation processes such as prototype grants, challenge programmes, hackathons, and testbed environments. Our goal is to make sure ODIN becomes operational quickly and delivers early impact, for example, running an initial innovation challenge within months of launch. We can also provide a temporary transition team to accelerate the first wave of activities while permanent staff are being recruited, making sure the organisation gains momentum from day one and immediately adds value to both Belgian Defence and the industrial base.

> Belgium's strategic autonomy grows when Belgian Defence and industry work together to build indigenous solutions and expertise.

04

Industry partnership and innovation



R&D collaboration and start-up engagement

Innovation is often driven by agile start-ups, as the Policy Note highlights. We help MoD design programmes to engage start-ups and SMEs, such as a instance, a Belgian Defence Innovation Accelerator programme that provides funding, mentorship, and access to military test environments for promising companies in areas like AI, robotics, and advanced materials. Our consultants can manage such programmes on Defence's behalf, leveraging our network to attract participants. Additionally, we guide the legal and financial setup of supporting instruments (grants, seed investments, and procurement preferences for small businesses) so that Belgium's approach complies with state aid rules while effectively nurturing companies. For start-ups and non-traditional suppliers, we offer a complementary service: educating them on how to work with Defence. This can include workshops on the Belgian Defence procurement process, requirements for security clearance or facility clearance, and how to partner with larger defence primes. By demystifying the process, we enlarge the pool of innovators contributing to defence needs.

Public-Private Partnerships (PPPs) and industrial participation

Many defence programmes benefit from well-structured PPP models—whether for building and operating simulation centres, managing base facilities, or partnering with industry on specialised support services. We help design PPP arrangements that are fair, transparent, and effective, drawing on the expertise of our infrastructure and finance specialists. This includes evaluating models such as leasing versus purchasing major equipment and establishing partnerships where industry manages services like base security technologies or fleet maintenance under performance-based agreements.

In major procurements, we also assist in designing industrial participation requirements (offsets or economic benefit clauses) that ensure foreign suppliers contribute meaningfully to Belgium's economy. This can include subcontracting to Belgian companies, setting up local maintenance or maintenance, repair, and overhaul (MRO) facilities, or investing in Belgian R&D. We structure these commitments realistically, make sure they're fully aligned with national priorities, and support their negotiation so Belgium secures maximum local benefit.

Our independent assessment of industry proposals helps Belgian Defence, and industry clients involved in consortium building, negotiate from an informed position, ensuring best value, reduced risk, and strong economic returns.

European programmes and consortia building

When Belgium considers joining a big multinational programme (e.g. the Future Air Combat System (FCAS) or the Main Ground Combat System for a next-gen tank), we help assess business cases for participation. This involves quantifying the expected cost against benefit (like workshare for Belgian industry or influence on design to fit Belgian needs) and understanding entry conditions. If the case proceeds, we help organise the Belgian industry coalition interface with the programme. For instance, we could bring together aerospace companies, component manufacturers, and software firms in Belgium to form a consortium that can be Belgium's industrial representative in FCAS development. We would assist this consortium with everything from proposal writing to negotiating work packages with the prime contractors from partner nations. By doing so, we aim to secure meaningful roles for Belgian entities so that the invested national funds yield returns in terms of skills, jobs, and tech transfer. We also monitor project governance to make sure Belgium's interests are voiced (for example, in setting requirements or intellectual property arrangements).

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Industry partnership and innovation

In summary: by fostering effective collaboration between Belgian Defence and industry, PwC unlocks innovation and economic growth. Our involvement helps Belgian Defence tap into the creativity and agility of the private sector, while helping companies navigate the defence domain and align their products with real military needs. The result is a win-win: the Belgian Armed Forces gain cutting-edge capabilities and secure supply chains, and Belgian companies gain business and technological advancement. These partnerships also bolster Belgium's strategic autonomy—a key aim of the government—by developing indigenous solutions and expertise. We pride ourselves on our neutrality and broad vision that brings together diverse stakeholders (military, civil agencies, large firms, start-ups, and academia) under a common goal as we keep projects on track through skilled facilitation and management.



05

Customs, export control, and tariffs

Challenge: the aerospace and defence industry in Belgium is confronted with an **increasingly complex regulatory and geopolitical trade environment.** European sustainability initiatives, such as the EU Green Deal, introduce new compliance requirements that compel companies to embed sustainability, ethical governance, and transparency in their operations. At the same time, **Belgian export policies continue to evolve** to streamline the processing of **military-related export applications**. Globally, **geopolitical tensions** intensify export controls and sanctions, including measures related to the Russia-Ukraine conflict, US-China technology restrictions, and the extraterritorial applications of US laws and regulations, creating heightened supply chain uncertainty and limiting market access. Additional trade disruptions from tariffs further increase operational risks and costs. Navigating this landscape that requires aerospace and Belgian Defence companies build agile compliance and risk-management capabilities to maintain resilience and competitive advantage.

Our support: to help aerospace and Belgian Defence firms successfully navigate this evolving landscape, PwC offers a comprehensive suite of services aimed at managing risks and maximising opportunities. We adopt an integrated, cross-functional approach that ensures trade compliance solutions align harmoniously with broader business objectives.

> Geopolitical tensions intensify export controls and sanctions, creating heightened supply-chain uncertainty.

Export controls and sanctions compliance programmes

We build end-to-end internal compliance frameworks tailored for aerospace and defence companies, aligning with EU and US export controls and sanctions regimes. Starting with a detailed risk and exposure assessment, we map your product portfolio, technologies, counterparties, geographies, and supply chain touchpoints to pinpoint where export controls, sanctions, and end-use/end-user risks arise. We then design the organisational structure, governance, and accountability model, defining roles for compliance, engineering, sales, and purchasing teams, supported by clear policies and procedures for classification (e.g. EU dual use and military and the US Export Administration Regulations/ International Traffic in Arms Regulations, EAR/ITAR), screening, licensing, technology transfer controls, and recordkeeping. We develop escalation protocols and red-flag handling and implement audit and monitoring routines, as well as delivering targeted training that reflect your transaction patterns and partner landscape.

Assisting companies with evolving export controls, licensing, and reporting

We help aerospace and defence companies track and comply with evolving EU and US export controls and sanctions rules. We translate regulatory changes into clear obligations, update control matrices and classification codes, and adjust screening, licensing, technology transfers, and reporting workflows. We prepare and manage licence applications (individual, global, brokering, transshipment, and re-export authorisations), advise on licence conditions, and set up records to support audits. When rules shift, such as new EU dual use listings or US EAR end-use restrictions, we rapidly reclassify, update the licensing strategy, and notify partners. We coordinate with national authorities and, where relevant, with US and UK regulators to keep approvals on track.

05

Customs, export control and tariffs

Supply chain resilience amid US–China controls

PwC works with aerospace and defence companies to reassess, de-risk, and reconfigure global supply chains as US-China export controls and reciprocal measures tighten sourcing options and market access. We begin with a multi-jurisdictional exposure map of your bill of materials (BOM), semiconductors, advanced electronics, materials, software, and technical data flows to identify choke points subject to EAR de minimis/foreign direct product rules, Chinese export licensing, entity list restrictions, and sanctions. We create practical strategies to use multiple suppliers, approve backup suppliers and factories, and separate products or technology that contain sensitive parts. Our teams set up secure systems to keep restricted technology separate, track where parts come from, and make sure contracts and sourcing plans fit with licence rules and last time buying needs.

Tariff impact modelling and mitigation

We quantify tariff exposure across your end-to-end supply chain and design practical mitigation strategies. Starting from your bill of materials and routing data, we model applicable duties under current and proposed schedules, preferential regimes, and retaliatory measures, incorporating rules of origin, tariff engineering opportunities, and customs valuation. We then simulate alternative sourcing, routing, and assembly scenarios—shifting value-add, adjusting country-of-origin outcomes, leveraging free trade agreements (FTAs), or re-sequencing manufacturing steps—to reduce effective duty rates while safeguarding compliance. We align contracts, International Commercial Terms (Incoterms), and pricing to allocate tariff risk, set up duty drawback and inward processing relief where eligible, and establish governance for monitoring changes and triggering rapid reconfiguration. The result is clear visibility of tariff cost drivers, an executable plan to optimise landed cost, and resilient operations under evolving trade policies.

Customs and global trade capabilities for the defence sector

PwC supports Belgian Defence organisations in manage tariff exposure, customs compliance, and cross-border movement of controlled components. Our team analyses your bill of materials, sourcing footprint, and routing data to map exactly where duties arise and how they affect programme cost and schedule. We model current and future tariff schedules, rules of origin, preferential regimes, and retaliatory measures that impact sensitive materials such as steel, alloys, electronics, and dual-use systems.

Using this insight, we test practical scenarios to reduce landed cost: alternative sourcing, adjusted routing, shifting value-add, or leveraging FTAs where possible. We set up special customs regimes (inward processing relief/outward processing relief, IPR/OPR, bonded, and duty drawback), streamline classification and valuation processes, and integrate harmonised system/export control classification number (HS/ECCN) governance to avoid delays, misclassification risk, or licensing issues. The result is a clear, actionable approach to lowering tariff burden improving supply-chain predictability while maintaining full compliance with export controls.



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Customs, export control, and tariffs

Customs compliance, sustainability, and emerging trade rules (carbon border adjustment mechanism (CBAM) and EU steel requirements)

Defence supply chains are now affected by new sustainability-linked customs rules. We help you meet these requirements by embedding them into your sourcing and customs processes. This includes support with CBAM reporting for steel, aluminium, and other covered inputs, as well as documentation and traceability for low-carbon and recycled steel under EU initiatives and adaptation to ESG-driven trade restrictions such as forced-labour bans and supplier due-diligence requirements. We can assist in setting up practical reporting workflows, material-level traceability, supplier data requests, and carbon-factor tracking so you can demonstrate compliance without slowing down delivery of critical defence programmes. By aligning customs processes with sustainability rules, we ensure your supply chain stays compliant, audit-ready, and resilient as global trade and environmental regulations tighten.

In summary: by partnering with us, aerospace and defence companies can confidently navigate the complex and evolving customs, export control, and tariff landscape while maintaining compliance and operational agility. Our integrated approach ensures that regulatory requirements, from EU Green Deal sustainability mandates to multifaceted export controls and trade sanctions, are met without compromising business objectives or supply chain resilience. We deliver tailored frameworks, ongoing compliance support, and proactive risk mitigation strategies that adapt to geopolitical fluctuations and emerging trade policies. This enables companies to safeguard market access, optimise costs, and accelerate growth in a challenging global environment. Ultimately, our expertise empowers the Belgian aerospace and defence sector to turn regulatory complexities into competitive advantages, supporting sustainable, secure, and compliant international trade operations.



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Conclusion and call to action

Belgium's defence transformation is a bold and multi-faceted journey—one that, if successful, will yield a stronger military and a more vibrant defence industry. Achieving these outcomes requires not just funding and intent, but expert execution and collaboration at every step. This is where PwC stands ready to assist as a trusted partner.

We offer **deep sector knowledge, seasoned experts, and a commitment to Belgium's success.** Our value lies in our holistic approach—we understand strategic objectives as well as the on-the-ground realities of implementation. Whether it's **establishing a new programme management office, reengineering a training pipeline, deploying a cyber solution, or forging an industry consortium**, we have done it before – in Belgium and internationally—and we can do it together with you.

Why work with us? Because we amplify your strengths and fill capability gaps:

- For **Belgian Defence leaders,** we provide bandwidth and specialised skills to implement initiatives quickly without overburdening military staff. We bring independent, data driven perspectives to inform decisions (backed by evidence and best practices from other nations), and we remain flexible to adjust to evolving needs or political guidance.
- For **industrial partners**, we offer clarity and guidance in engaging with the Ministry's opportunities. We help structure partnerships where everyone wins and make sure that communication between technical and business teams remains clear (we "translate" between defence requirements and industry proposals).
- For **Belgium as a whole**, our involvement helps deliver results on the Defence Plan—a more capable army, a safer cyberspace, more Belgian innovation in defence—which strengthens national security and economic resilience. We act with the highest integrity and confidentiality given the sensitivity of defence matters, and always with the mission objective in mind.



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Conclusion and call to action

We're excited about the prospect of working together on this nationally important mission. Our team's passionate about defence and security, and we measure our success by the success of our clients—in this case, seeing Belgium's defence transformation achieve its promised outcomes. By choosing us as your consulting partner, you gain a dedicated ally that'll go the extra mile to make this journey efficient, innovative, and inclusive.

Let's turn strategy into reality. We invite you to reach out to us to discuss further how we can tailor our services to your needs. Together, we can make sure that Belgium's Defence enterprise not only meets the challenges of today but is also prepared for the uncertainties of tomorrow.



01
Modernisation of Defence

02
Accelerating the industry

03
Becoming your strategic partner

"We look forward to partnering with you for a safer and stronger future.

Contact us: To schedule a detailed discussion or presentation with our Aerospace and Defence consulting team, please contact:



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