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European By Default or European By Design?
Arming European states through European military-industrial cooperation

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Abstract

The war in Ukraine has accelerated Europe's rearmament, yet genuine military-industrial cooperation remains underused. This paper argues that such cooperation offers the most effective response to current geo-economic challenges and outlines four political and budgetary measures to strengthen Europe's defence industry.

Keywords: Defence industry; European cooperation; European Union; State armament policy; Strategic autonomy

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Executive Summary

Since the start of the war in Ukraine in 2022, European states have continued to rearm, either by importing military equipment from the United States or by favouring domestic industrial solutions. Despite proactive rhetoric, European cooperation has remained an underinvested political practice, meaning by default rather than by design. However, I demonstrate that European cooperation is a more appropriate practice than off-the-shelf purchases or autarky in responding to the geo-economic challenges posed by the war in Ukraine. I make four recommendations to support the political and institutional changes necessary for the success of European military-industrial cooperation.

- Recommendation 1: Increase the number of meetings between heads of state and government and their ministers, as well as the number of 'European mobility' positions in national administrations.
- Recommendation 2: Declassify data on European cooperation programmes and make the cooperation objectives set by the European Defence Agency (EDA) binding.
- Recommendation 3: Allocate a larger portion of the national budget for the acquisition of military equipment produced through European cooperation.
- Recommendation 4: Support the €131 billion budget covering industrial defence and space issues proposed by the European Commission for the next multiannual financial framework (MFF, 2028-2034).

1. Introduction

Military-industrial cooperation is defined as a political practice involving at least two states located in Europe – including within the European Union (EU) – in order to address shared geo-economic issues, including the war in Ukraine. European military-industrial cooperation takes the form of more or less institutionalised political actions such as joint declarations or *ad hoc* initiatives, the signing of bilateral or multilateral treaties, joint participation in armament programmes, the shared use of EU regulatory or financial instruments, transnational industrial consolidation, etc.

Since the start of the war in Ukraine, European states have continued to use European cooperation by default rather than by design, despite proactive political rhetoric. As Enrico Letta (2024), Sauli Niinisto (2024) and Mario Draghi (2024) have successively pointed out, the war in Ukraine has instead reinforced the two other political *modi operandi* that enable European states to arm themselves: autarky and importation. The autarkic practice consists of the leaders of a European state producing and acquiring armaments within the national political sphere without cooperating with other European states. Conversely, the transatlantic practice consists of a European state's leaders importing military technologies developed abroad, mainly from the United States but also from Turkey and South Korea. The common feature of these two opposing political practices is that they oppose European states investing in military-industrial cooperation on the continent.

However, European military-industrial cooperation offers a dual comparative advantage for rearming European states compared to the national practice of autarky and the transatlantic practice of importation. On the one hand, European cooperation would enable European states, through economies of scale, to pool the financial resources necessary to develop, produce and acquire advanced military technologies such as fighter aircraft. Indeed, no European state has the budgetary resources to achieve this alone: Neither Germany, nor France, nor Poland, nor any other[1]. On the other hand, European cooperation could maintain intergovernmental governance in Europe, including within the EU, allowing states to retain their prerogatives, which is the unanimous preference of national political leaders, regardless of their party affiliation.

Why are autarky and importation political practices unsuited to a time of war in Europe, and how can European state leaders maximise their chances of making Europe a strategic power by investing in European military-industrial cooperation? In the first part, I present four sources of weakness in Europe's strategic capacity for action. In the second part, I develop four recommendations for strengthening European cooperation, a political prerequisite for Europe to become a strategic power.

2. Four factors weakening Europe's strategic capacity for action

2.1. Increased dependence of European states on the United States

The first factor weakening Europe's strategic capacity for action is the increased dependence of European states on the United States. Almost four years after the start of the war in Ukraine, 'strategic autonomy' remains an 'illusion' (Brooks and Meijer, 2021). Since 2022, nearly eight out of every ten euros spent by European states on military equipment has been spent on non-European equipment (78%), with two-thirds (63%) coming from the United States (Draghi, 2024). A more recent study published by the IISS (2024) puts these results into perspective, estimating that European states spent "just" over half of their military budgets on European suppliers (52%). However, this study confirms that nearly half of European states' military budgets (48%) for arms procurement was used to import military equipment from the United States (34%) or other non-European states (14%). At the NATO summit held in The Hague in June 2025, the Alliance's heads of state and government, under pressure from US President Donald J. Trump, committed to increasing their national military spending to 5% of their GDP within ten years – 3.5% for military expenditure (personnel, military equipment, operations); 1.5% for 'enhanced security' expenditure (critical infrastructure, military mobility, cyber security)[2]. A few weeks later, in July 2025, the Prioritised Ukraine Requirements List (PURL) was created as part of a joint initiative

[1] The development and production costs of the fighter aircraft of the future called SCAF – currently the most expensive armament programme – are currently estimated at around €100 billion. No European state is currently in a position to meet this budgetary commitment, all things being equal. A different scenario could be drawn under several conditions, which would have to be met cumulatively: a steady growth rate of over 5% over a decade, a national military budget of 5% over the same period, a drastic reduction in welfare state budgets, and strategic priority given to funding the fighter jet over other military technologies (drones, cyber, AI, etc.). This scenario which, in France, for example, is favoured by the *Rassemblement National* (RN) seems neither credible nor desirable.

[2] In 2024, a quarter of NATO member states had not yet reached the target of spending 2% of their GDP, a target that had been set in 2014 in the context of Russia's annexation of Crimea.

launched by NATO and the United States to coordinate the purchase by allies of US-made military goods for Ukraine.

In this context, increased military spending in Europe could accelerate and increase the military-industrial dependence of European states on the United States. The transatlantic preference of a majority of European states to rearm is understandable, since the European continent cannot be defended without the United States, which is the driving force behind NATO. However, this choice is questionable at a time when the Trump administration is increasing the level of uncertainty for European states through constant political, strategic and commercial blackmail, which is officially and formally confirmed by the publication of the US national security strategy in December 2025.

2.2. Acceleration of intra-European state competition

The second factor weakening Europe's strategic capacity for action is the acceleration of intra-state competition in Europe: This is the risk of a 'rearmament of states against Europe' (Faure, 2025). Since the start of the war in Ukraine, the 27 EU Member States have managed to maintain their political unity without transforming it into European integration. Military-industrial policies continue to be governed on an intergovernmental basis, i.e. according to a political organisation that is weakly integrated within the EU. At the same time, EU member states increased their national military budgets by 30% between 2022 and 2024, bringing their financial commitment to €343 billion (an average of 1.9% of their GDP; see, EDA, 2025).

However, an upward budgetary trajectory in a weakly integrated political and institutional configuration could lead to tougher intra-European competition between states, with each going it alone. Each major European state – Britain, France, Germany, but also Poland and Italy – could present itself as the 'lead nation' with the legitimacy to impose its political, industrial or military preferences on other states treated as 'junior partners'.

2.3. Fragmentation of the European Defence Technological Industrial Base (E-DTIB)

The third factor weakening Europe's strategic capacity for action is the slow pace at which the Defence and Technological Industrial Base (DTIB) has been Europeanised. I define the European DTIB (E-DTIB) as the transnational political-industrial space bringing together state and industrial actors working in European cooperation to develop and produce military or dual-use technologies to arm the state.

This transnational political-industrial space is no less fragmented after 2022 than it was before 2022: No structural industrial consolidation has been initiated since the start of the war in Ukraine. Airbus and MBDA remain the only two European companies in the defence industry, and major armament programmes carried out in European cooperation, in particular the Future Combat Aircraft (SCAF) programme involving Germany, France and Spain, are not guaranteed to succeed. The E-DTIB remains heavily dependent on both the national DTIBs (N-DTIB) in Europe and the transatlantic DTIB (T-DTIB) (Béraud-Sudreau and Faure, 2021; Caverley et al., 2025).

2.4. Limited budgetary capacity of the European Union

The fourth factor weakening Europe's strategic capacity for action is the decision by European states to limit the EU's budgetary capacity. Since 2022, a series of budgetary instruments has been created at the proposal of the European Commission (ASAP, EDIRPA, EDIP, SAFE) in order to take the 'geo-economic turn' from a logic of competitiveness ('best value for money') to a logic of industrial policy (Fiott, 2024). However, the European Commission and, more broadly, the EU have not obtained sufficient budgetary resources to implement an EU industrial defence policy capable of producing political and industrial effects.

Since 2021, the EU has been able to count on €7.95 billion for the European Defence Fund (EDF) on the 2021-2028 multiannual financial framework (MFF), to which €500 million has been added for the ASAP (Act in Support of Ammunition Production) regulation and €300 million for the EDIRPA (European defence industry through common procurement) in 2023, supporting joint arms production and procurement respectively. The total multi-annual budget for 2021-2027 will reach approximately €10 billion following the European Parliament's final vote in favour of EDIP (European Defence Industry Programme) in October 2025. EDIP is another regulation proposed in 2024 by the European Commission that promotes the coordination of industrial defence production at European level. EDIP has an initial budget of €1.5 billion for 2026-2027. While it was unimaginable just a few years ago that the EU would obtain such a budget in the defence industry sector, this budgetary capacity is insufficient to produce sufficient incentives for military-industrial cooperation. I therefore describe these budgetary measures as 'interventionist instruments without the capacity to intervene' (Faure, 2024) because they do not have the capacity (yet) to bring about political and industrial change at European level.

3. Four drivers for strengthening European military-industrial cooperation

For each source of weakness in Europe's strategic capacity for action, I make a recommendation to strengthen European military-industrial cooperation.

Recommendation 1: Increase the number of meetings between heads of state and government and their ministers, as well as the number of 'European mobility' positions in national administrations

Since the mid-2010s, several major armament programmes have been under negotiation: The Main Battle Tank of the Future (MGCS) between Germany and France, the Future Combat Aircraft (SCAF) between Germany, France and Spain, and the military drone (Eurodrone or RPAS) between the three aforementioned countries and Italy. To this list should be added the SCAF's competitor, the Global Combat Air Programme (GCAP, formerly Tempest), which brings together the United Kingdom, Italy and Japan. These major programmes have not yet reached the stage where it is possible to say that they are 'too big to fail'. When this policy paper is published in the winter of 2025–2026, the SCAF programme is in a problematic situation due to persistent industrial disagreements between Airbus and Dassault Aviation.

To ensure the success of these major armament programmes, the number and frequency of bilateral or minilateral meetings between heads of state and government and their ministers would need to be increased. In August 2025, a Franco-German Council of Ministers was held in Toulon, the 25th since the creation of this institutional bilateral working body in

2003. It is not useless to organise occasional Franco-German summits to 'revive' bilateral relations – on average, one per year – but it is, on the other hand, insufficient for such a method to create shared habits, practices and a 'European reflex' between French and German actors. These bilateral meetings should be institutionalised on a quarterly basis if the aim is to translate the European agenda promoted by government actors into national administrations. Otherwise, there is a risk of a disconnect and a lack of correlation between political actors negotiating at European level and bureaucratic actors working according to national practices. To ensure the effectiveness of administrative work at the highest level, the number of posts reserved for European civil servants in national administrations should be increased steadily and significantly each year in order to facilitate mutual understanding and gradually bring about convergence in working methods.

This recommendation to promote the work of legitimising bilateral Franco-German cooperation within national administrations should be extended to other strategic bilateral partnerships, such as the relationship between Paris and London (Lancaster House Treaty, 2010), Paris and Rome (Quirinal Treaty, 2021), Berlin and London (Kensington Treaty, 2025), Paris and Warsaw (Nancy Treaty, 2025), as well as in minilateral formats such as the Weimar Triangle (France, Germany, Poland) and the Weimar Triangle+ (Britain, France, Germany, Italy, Poland).

Recommendation 2: Declassify data and make the cooperation objectives set within the European Defence Agency (EDA) binding

In 2022, 70% of the 27 EU Member States, or 19 of them, did not wish to make public the data sent to the EDA on the proportion of their national military budget devoted to European cooperation programmes. In 2023, 14 Member States, or more than half, still did not authorise the publication of this data, and it 2024, they were even 15. However, this is the type of information that all Member States have, in the past, authorised the EDA to make public. Defence ministers who wish to strengthen the 'strategic intimacy' between the 27, a key condition for the success of European cooperation and the strengthening of a common strategic culture, could require their departments to declassify this information and, for those who have already done so, work to convince their counterparts to do the same. This 'good practice' could be supported by Kaja Kallas, who, as High Representative, chairs the EDA.

At the same time, the objectives that Member States have set themselves within the EDA to strengthen European cooperation should be made binding. The defence ministers of the EU Member States have committed to spending one third (35%) of their allocated funds on the acquisition of armaments resulting from European cooperation, double the current level (18%), which has not changed since 2022. The President of the European Commission, the High Representative and the rotating Presidency of the EU Council should invite the 27 defence ministers to clarify their multi-annual reverse planning in order to make the 35% target for 2030 credible.

Recommendation 3: Allocate part of the national military budget to the acquisition of armaments produced in European cooperation

This recommendation aims to increase the share of each EU Member State's military budget devoted to the acquisition of military equipment produced through European cooperation. In the case of France, this recommendation concerns the Europeanisation of part of programme 146, known as 'Force Equipment', which finances the acquisition of armaments

to the tune of €17 billion in 2024. Such a mechanism would enable the competent national political authorities to plan the annual rate of increase (2%, 3%, 4%) in the share of the military budget devoted to the acquisition of armaments produced in European cooperation. Government actors who advocate for Europe's strategic autonomy agenda must agree on a shared timetable with clear objectives: this is a more controlled risk and a more rational strategy in the medium and long term than limiting oneself to wishful thinking in the name of decision-making flexibility without significant change. This recommendation would enable Member States to accelerate the Europeanisation of demand by moving closer to the target of 35% of armaments being acquired through European cooperation (see recommendation 2).

The advantage of this measure is that it does not require unanimity among the 27 Member States to be implemented, while promoting the coordination of national military programming laws and the harmonisation of arms procurement schedules at national level. This set of recommendations would create the political and administrative conditions conducive to national convergence, which is essential for the success of European cooperation.

Recommendation 4: Support the €131 billion budget covering industrial defence and space issues proposed by the European Commission for the next MFF (2028-2034)

Even in the unlikely event that European states honour the financial commitment made at the last NATO summit in The Hague in June 2025 to devote 3.5% of their GDP to their military budget by 2035, this increase would not be sufficient to defend the continent without the United States. In a study published in May 2025, experts from the IISS think tank estimated that an additional $1 trillion would need to be added to current budgets to achieve this goal (Barry et al., 2025). Regardless of their strategic relationship with the United States and the state of their public finances, European states would benefit from strong budgetary support from the European Commission.

Furthermore, there is a risk that the starting point for European negotiations (€131 billion in July 2025, including approximately €70 billion for defence, with the remainder to be spent on dual-use programmes and space; see, de Cordoue, 2025) will be significantly reduced. Several states, including France, are in a worrying budgetary situation, while others, including Germany, consider, as Chancellor Merz put it in July 2025, that the European Commission was overstepping its institutional role with such a proposal. During the budget negotiations for the previous MFF (2021-2027), which took place in the context of the Covid-19 crisis, the EDF obtained a budget of €8 billion, far from the initial proposal of €13 billion.

Conclusion

On 13 July 2025, French President Emmanuel Macron told French military officials in Paris: 'To be free in this world, you have to be feared. To be feared, you have to be powerful.' Similar statements have been made in recent months by German Chancellor Merz, Polish Prime Minister Tusk, and Italian Prime Minister Meloni.

However, European political practices have not changed since the start of the war in Ukraine. EU Member States continue to favour national self-sufficiency or global off-the-shelf practices to rearm themselves rather than investing, beyond rhetoric, in European cooperation.

In this policy paper, I have outlined four recommendations that contribute to translating this political agenda into measures and practices that can effectively respond to the geo-economic challenges arising in the context of the war in Ukraine. Ensuring the success of European military-industrial cooperation means laying solid foundations for strengthening Europe's strategic capacity for action.

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