



Global Counsel

---

# Re-arming Europe: Strengthening EU-UK defence co-operation

MAY 2025

# Contents

Introduction	3
The evolving strategic context	4
The current state of British-EU defence co-operation	10
The EU's expanding role in defence and security	14
Future of EU defence	16
Future of UK defence	20
Conclusion	27
About Global Counsel	29

# Introduction

**Europe faces its most serious security crisis in decades. Russia's full-scale invasion of Ukraine has broken post-Cold War assumptions about stability on the continent, while growing instability in Europe's southern and eastern periphery poses additional threats. China is increasingly seen as a strategic competitor as well as a trading partner. At the same time, uncertainty over the US' commitment to NATO, compounded by its shifting strategic focus toward the Indo-Pacific, has forced European states to reconsider their approach to defence and security. The case for greater European defence co-operation — both within the European Union and beyond — has never been stronger.**

For the United Kingdom, this presents both an opportunity and a challenge. Notwithstanding Brexit, the UK remains one of Europe's leading defence powers, with advanced capabilities in maritime, air, cyber, and intelligence operations, and a strong defence industrial base. As European security dynamics evolve, there is growing political momentum for closer EU-UK security and defence co-operation on both sides. The UK's new Labour government is seeking a more structured partnership with the EU through the negotiation of a Security and Defence Partnership, part of a broader reset in EU-UK relations.

However, significant challenges remain. Institutional obstacles, particular national interests, political sensitivities, and long-standing differences over the EU's defence-industrial policies risk limiting the scope of co-operation. The question is not whether closer co-operation is desirable, but how it can be achieved, and how it can best be structured to deliver tangible security and industrial benefits for both sides, on a time-scale that reflects the gravity of the current crisis.

This paper examines the future of EU-UK defence co-operation in this complex and rapidly shifting landscape. It explores the current state of engagement, the evolving role of the EU in defence policy, and the potential benefits and barriers to closer collaboration. It also assesses the implications of wider geopolitical developments—particularly the role of the United States and NATO — on the future EU-UK defence relationship. Finally, it considers the strategic, political, and industrial implications of deepening defence co-operation, outlining the choices and trade-offs facing both the UK and the EU.

# The evolving strategic context



# The threat landscape: a more dangerous europe

The European continent is at greater risk of wide-scale conflict since the most dangerous times of the Cold War. Without fundamental change in Russia, there is no reason to believe that its appetite for aggression is limited to Ukraine. At the same time, President Trump poses existential questions for NATO and for US-European defence and security co-operation. The Trump administration seems to be pursuing a policy of détente, or even entente, with Russia to Ukraine's detriment. There is a real chance that the United States' commitment to European security will be considerably reduced, perhaps radically and abruptly; the US is now a driver of geopolitical instability and uncertainty. Even if more extreme scenarios do not materialise, the long-term reorientation of America's defence effort and resource from Europe to the Indo-Pacific is clear. Meanwhile, Europe's wider neighbourhood to the south and south east remains unstable and capable of generating threats.

All this has exposed the inadequacy of European defence capability. Europe does not spend enough, what it does spend is not spent coherently - with duplication in some areas alongside clear gaps in others - and it does not get good value for money. National procurement projects struggle to achieve scale economies, and multi-national projects privilege industrial interests over strategy and capability. Generations of peace in Europe, under the US security umbrella, have allowed these habits to become deeply entrenched. Europe has been slow to respond to the emerging global technology race and its implications for European defence and security.

There have been signs of positive change since

the start of Russian aggression in Ukraine in 2014, with spending rising, especially in Eastern Europe, and a greater focus on capability gaps in areas like missile defence; but there is a long way to go: most European countries face these challenges with tight budgets and constrained room for increasing national borrowing, and there is a tension between the short-term aim of filling urgent capability gaps and the longer-term aim of building a more efficient and resilient European defence industry.

Given these realities, the future of defence co-operation between the United Kingdom and the European Union matters more to both. The EU is increasingly active in defence and, in particular, defence industrial policy, with an evolving relationship with NATO. After the difficulties of Brexit, the new British government is seeking to reset its relationship with the EU, with defence co-operation to the fore, and is undertaking a strategic defence review. This paper explores the prospects for EU-UK defence co-operation in this new context, and what it could mean for the defence industry across Europe.

# Shifting US strategic priorities and the NATO question

The Trump administration poses three key questions for European countries. The first question concerns the Trump administration's ultimate position on the Russia-Ukraine war, and more broadly on future US policy towards Russia. The US push for a rapid end to the war on unfavourable terms for Ukraine has shocked many in Europe, prompting renewed fears of an emboldened Russia with irredentist imperial claims over the Baltic States and elsewhere. However, if Europe is able collectively to insist on a more acceptable settlement, or in the absence of such a settlement is able collectively to support Ukraine to continue fighting, while at the same time raising its game on defence spending and military and defence-industrial capability, it can reduce the level of threat it faces from Russia in the future, as well as from other competitors or potential adversaries.

The second set of questions are around what will replace the post-war US security guarantee to Europe, via NATO and more broadly: what kind and degree of security will the US offer in future; what conditions will be placed on that, whether Europe will be willing or able to meet those conditions; and how reliable the American offer will be, even if the conditions are met. The early signs are worrying, including - in addition to US unilateralism on Ukraine - aggressive trade policy and rhetoric and the assertion of US territorial claims over Greenland, the overseas territory of an EU and NATO member state.

The worst-case scenario would see President Trump listening to those voices in his administration who do not believe NATO serves American interests and effectively withdrawing from it. There are considerable domestic legal

obstacles to a de jure US withdrawal from NATO but the appetite for institutional resistance to executive fiat is currently unclear, and even short of de jure withdrawal, much of US military activity in support of European security is at the President's discretion.

Even if the worst-case scenario does not materialise, recent events reinforce the conclusion that it would be naïve and reckless for the EU to build its foreign policy on an assumption that the US will remain a steady ally; and even during relatively friendly periods, the longer-term reorientation of US defence effort and resources away from Europe and towards the Indo-Pacific is likely to continue.

The third question is how much further Europe is willing to go on defence spending. Average spending has increased over the last ten years, but the Trump administration's current demand is for NATO members to spend 5% of GDP: a further doubling or tripling for most EU NATO members. This may be an opening bid rather than a final demand, or it may be a test set in the hope and expectation of failure, but even a more reasonable target of 3.5% (the current US level, and the target implicitly envisaged by the European Commission in March 2025) would be very difficult for many members. Europe has several reasons for addressing this question, which are explored in the following section, but two of them are to encourage the US' willingness to continue to provide at least a more limited form of security guarantee, and/or to enable Europe to deter further aggression from Russia (and other potential adversaries) with or without US support.

# European defence spending, capability gaps, and defence-industrial capability

Europe does not spend enough on defence, and what it does spend is fragmented and inefficient. While European NATO members have increased spending by fifty per cent over ten years, from an average of 1.3% to 1.9% of GDP, this remains well below Cold War levels and well behind Russia, China, and the US.

Within overall defence spending, the share of spending on equipment has also been relatively low, given high labour costs and other factors, although this too has increased in recent years, with more EU members now meeting NATO's equipment spending target. What Europe does spend on defence equipment has also been allocated inefficiently, with overlapping or competing programmes in certain areas, alongside persisting capability gaps in others, and a general failure to achieve scale economies. Over the last decade, for example, Europe has seen multiple new army vehicle programmes, and the launch of two major multi-national future fighter aircraft programmes - which the European market arguably does not have the scale to sustain - while other areas have struggled to attract significant attention or investment.

The combination of inadequate spending, fragmentation and inefficiency has left Europe with a range of major capability gaps, the most urgent and significant of which are as follows:

- **Air and missile defence:** this is a clear capability gap for European militaries considered individually, and also collectively. Both the European Commission and member states have highlighted the need for a Europe-wide system, based on integrated, multiple layers of defence, able to respond to different types of missiles, aircraft and unmanned air systems. The European Sky Shield Initiative (ESSI), launched by Germany 2022 in response to Russia's invasion of Ukraine, is designed to address this, based on a plan combining the Skyranger (German), IRIS-T (German/European), Patriot (US) and Arrow (Israeli-US) systems. Over 20 countries have joined ESSI, weighted towards northern and eastern Europe, and procurement decisions have started, but France, Italy and Spain remain outside the initiative, criticising the inclusion of non-European systems.
- **Long-range strike:** this is a prime example where Europe has outsourced a whole capability area to the US in recent decades. While Russia possesses missiles with 500km-2500km range, no European country possesses ground-launched missiles with a range over 500km. The European Long-Range Strike Approach initiative (ELSA), launched in July 2024 by France, Germany, Italy and Poland (with the UK and Sweden joining later that year), aims to develop a sovereign European capability to fill this gap by the 2030s. ELSA remains at the concept stage. Adapting existing maritime subsonic cruise missiles is likely the fastest solution, but new supersonic or very-low-observable subsonic missiles may be a better long-term solution.
- **Advanced weapons, including hypersonic and directed energy weapons (DEWs).** Europe's strategic competitors appear to have a current advantage in hypersonic weapons in particular. Development costs in advanced weapons are very high, militating in favour of collaborative development - though with DEWs, usage costs are very low, offering more sustainable defence against e.g. mass drone attacks.
- **Drones:** autonomous vehicles or systems for air, ground, sea and underwater domains, ranging from smaller and cheaper types currently being used to great effect in Ukraine, to longer-range loitering munitions and other larger and more sophisticated types which can substitute for manned aircraft, vehicles or naval craft.

- **‘Strategic enablers’ for rapid and sustained deployments:** to deter Russian aggression and to reduce dependence on US support, Europe needs to be able to rapidly mobilise and then sustain a heavy force of 100,000 or more, which would require large increases in its fleets of transport aircraft, air tankers, and support helicopters, and in its fuel supply and other logistics support capabilities.
- **Satellites and space:** the Ukraine war has confirmed the role of space in surveillance, communication, targeting, and command and control. This is another area where Europe’s capabilities lag its strategic competitors. National efforts have increased in the last five years but are hampered by fragmentation and a commercial sector which is smaller and less developed than the US.
- **AI, quantum computing, cyber warfare and electronic warfare, defensive and offensive:** Europe lags the US and China both in deep tech and in research and development of deep tech applications to defence, including adapting civilian tech as an alternative to developing dedicated defence programmes.

The above categories should be understood as potentially overlapping rather than distinct: for example, AI is already being integrated into missile and missile defence systems and into drones and drone systems; and drones and electronic warfare defences will clearly form a significant element of any future logistics capability.

While Europe lags its strategic competitors in all these areas, in some of them it enjoys the significant advantage of being able to deepen its existing collaboration with Ukraine, which is pioneering rapid development in drones, defence AI, cyber and electronic warfare, among other areas, during the current conflict.

In addition to filling these capability gaps, at the same time Europe urgently needs to:

- Step up military support for Ukraine, including potentially replacing lost US support. For example, the European Commission has set a target of being able to supply Ukraine with 2 million large-calibre artillery rounds per year.
- Embark on a comprehensive and coordinated programme of restocking its own reserves of ammunition, missiles and other components, to a more resilient and credible level.

Many of these capabilities are extremely expensive, prohibitively so for smaller European states. A further increase in European defence spending to an average level of 3.5% of GDP – taking Europe to the current US level, the level of Poland and the Baltic states after their recent increases, and the average European level during the 1980s – would generate an additional €250 billion per year. An increase on this scale, if well managed, would enable Europe to collectively tackle its most urgent capability gaps, while also securing its sovereign defence-industrial base, and investing in innovation. It could also easily absorb the cost of restocking, and of increased military support to Ukraine, including replacing any support withdrawn by the US (whose total support amounted to around \$20bn in 2024). This is the level of increase currently being talked about by European Commission and by NATO; but the difficulty which most European countries would have in delivering it, politically as well as fiscally, should not be underestimated.

It is also important to note that filling European capability gaps and reducing dependence on the US requires not just an increase in spending but also (in the European Commission’s words) a “massive ramp-up of defence industrial capacity”, alongside a new approach to procurement which is more collaborative and uses Europe’s collective scale more effectively. Many of the urgent capability gaps cannot currently be filled from European suppliers; and even where they can, without a concomitant increase in industrial capacity, and greater scale in both manufacturing and procurement, the risk is that higher spending will feed through into increased prices more than increased capability.

According to the European Defence Agency (EDA), only 18% of defence procurement spending in 2022 was collaborative, far below the 35% target set in 2007. The 2022 EPRS study estimated that increased co-operation could save the EU between €25 billion and €75 billion annually (i.e., 10-30% of the overall increase in spending described above). As well as driving up costs (and therefore, given limited budgets, reducing capability) this fragmentation has in the past hampered interoperability and limited the ability of European militaries to conduct joint operations effectively.

However, even if the long-term objective - of developing collective sovereign capability - is clear, there may be tensions between this long-term aim and the immediate need to fill urgent capability gaps with proven systems. The tensions between Germany and France over air and missile defence are a good example of this, with France believing Europe should develop European-made systems, while the German-led ESSI has favoured existing and proven US and US-Israeli systems. Where a decision is made to develop sovereign capacity alongside new capabilities, industrial considerations like workshare agreements, while being appropriately considered, should not be allowed to dominate considerations of scale and efficiency, as has been the case with earlier multinational programmes.

# The current state of British-EU defence co-operation



# Political and institutional context

There is currently no formal EU-UK defence agreement. Such an agreement was envisaged in the Political Declaration agreed between the UK and the EU in 2018, which outlined the shape of their relationship after Brexit, but the UK under Prime Minister Boris Johnson rejected EU proposals to formalise foreign and security co-operation in the negotiations on the Trade and Co-operation Agreement in 2020.

Informal co-operation began following Russia's invasion of Ukraine, but the previous UK government continued to reject the idea of formalising arrangements. Nevertheless, in 2022 the UK began to strengthen practical co-operation by seeking to participate in the EU's PESCO (permanent enhanced structured co-operation) project on military mobility, which the USA, Canada and Norway had already joined. However, the UK's participation is currently blocked by Spain because of disagreements over Gibraltar. UK defence firms continue to collaborate with EU counterparts bilaterally and through EU mechanisms including the European Defence Fund, particularly in areas such as R&D and advanced technology.

Policy and diplomatic co-operation on the Russian-Ukrainian war has increased since the Trump administration's change of American policy. The British government has taken a leading role seeking to hold the American-Ukrainian relationship together and has, jointly with France, created and led the 'coalition of the willing' to foster funding and supplies for Ukraine to replace the United States' diminished support, and to explore the establishment of a 'reassurance force' to provide a kind of security guarantee to Ukraine in the event of a Russian-Ukrainian ceasefire, or more permanent settlement. This leading British role has been reinforced by the British government chairing or jointly chairing (with Germany) the last two meetings of the Ukrainian Defence Contact ('Ramstein') Group, which raises and co-ordinates military supplies for Ukraine, after the Trump administration withdrew the US from that role. This British role has been an important statement of British commitment to European security, and the EU institutions' participation in the 'coalition of the willing' shows their comfort with

Britain playing a leading role in the European security order.

The new Labour government in the UK has been open in wanting to raise the level of ambition beyond direct co-operation on the war. It has stated its aim of deepening its co-operation with the EU in defence and foreign and security policy by putting it on a formal basis in a new international agreement that would allow a bespoke relationship, including defence industrial co-operation. This basis will take the form of a Security and Defence Partnership (SDP), the form of agreement that now has meaningful consequences for a third country's status as an EU defence partner. The British government has also expressed interest in participating in Common Security and Defence Policy (CSDP) missions, such as those focused on peacekeeping and conflict prevention.

The EU is also now seeking closer co-operation; this was a strategic goal for the European Commission President Ursula von der Leyen's second term, whose mission letter tasked the EU's High Representative with "strengthen[ing] our foreign and security co-operation with the United Kingdom", but the case for it has intensified and been made urgent by President Trump's revolution in American foreign policy. This has driven increased negotiating effort on the EU side, and a willingness to re-design its engagement with close defence partners with Britain partly in mind.

The UK Prime Minister's and Commission President's joint statement of 2nd October 2024 began the negotiating process, with the two sides agreeing "to strengthen ambitiously their structured strategic co-operation", and further momentum developed following the UK Prime Minister's attendance at the February informal European Council. The EU-UK summit in London on 19 May 2025 is now acting as a forcing mechanism for progressing negotiations. The summit's outcome will be an important test for whether both sides are able to overcome their political constraints to deliver meaningful co-operation.

# Existing forms of co-operation

Notwithstanding Brexit, the UK continues to collaborate with EU member states through a number of routes: bilateral or multilateral agreements and potentially PESCO.

## **BILATERAL AND MULTILATERAL CO-OPERATION**

Bilateral and multilateral defence and defence-industrial co-operation between the UK and individual EU member states has persisted despite Brexit and in fact is strengthening:

- Co-operation with France is underwritten by the 2010 Lancaster House Treaties, which cover co-operation on their nuclear deterrents, and joint development of conventional capabilities, as well as improving interoperability and joint expeditionary capability.
- Europe's leading missile manufacturer, MBDA is a UK-France-Italy partnership formed in 2001.
- UK, Italy and Japan have been partnering on a next generation fighter aircraft programme, Global Combat Air Programme (GCAP), since 2022.
- UK defence co-operation with Germany has been put on a new footing by the Trinity House Agreement in October 2024, with the intention of strengthening defence industrial co-operation and interoperability, including joint R&D projects, e.g. in drones and advanced weapons systems. UK-German defence industrial co-operation had already been strengthening in the last decade, illustrated by the formation of the BAE/Rheinmetall military vehicle JV in 2019.
- In 2022 the UK joined the German-led European Sky Shield initiative on air and missile defence, and in October 2024 the UK joined German/French/Italian/Polish European Long Range Strike Approach initiative to develop long-range missile capabilities.

- Since June 2018, the UK has led the Joint Expeditionary Force (JEF) - a high-readiness military coalition comprising ten northern European nations, focused on security in the North Atlantic, Baltic, and High North, reinforcing European security alongside NATO and the EU.

## **PESCO**

PESCO is a framework established under the EU's Common Security and Defence Policy (CSDP) to deepen defence co-operation among member states. It allows willing member states to choose to participate in collaboration on specific projects, pooling resources to develop joint military capabilities, streamline logistics, and address shared security challenges. As of 2024, PESCO includes over 60 projects, focusing on areas such as cyber defence, unmanned systems, maritime surveillance, and space-based systems.

One significant initiative is Military Mobility, which seeks to facilitate the rapid movement of military personnel and assets across European borders. This involves harmonising customs procedures, improving infrastructure and ensuring that the EU can meet NATO's logistics requirements. While primarily EU-focused, Military Mobility has extended its scope to include NATO allies such as the United States and the UK for the broader benefit of European security, but the blockage of Britain's participation by Spain illustrates that third countries' involvement can be held hostage to bilateral disputes.

Governance of PESCO includes a decision-making structure led by the EU Council, with participating member states determining project priorities. A Strategic Review of PESCO, started in 2023, aims to address gaps in participation and ensure projects remain aligned with the evolving geopolitical landscape. PESCO projects may be co-financed through the European Defence Fund, although that is a relatively small resource.

There are several PESCO projects which offer potential avenues for enhanced UK-EU defence co-operation, if the issue of UK participation can be resolved. As well as Military Mobility, these include the following, which would leverage existing UK capabilities and align with existing UK and NATO priorities:

- **Network of Logistic Hubs in Europe:** this German-led integrated EU-wide logistics initiative to support rapid deployment closely aligns with UK and NATO mobility priorities. With its deep logistics expertise and assets, the UK is well-placed to contribute.
- **Cyber Rapid Response Teams:** A Lithuanian-led effort to create multinational cyber defence units. This aligns with UK priorities in countering hybrid threats, and the UK's cyber leadership and relatively low political barriers to hardware projects make it a strong potential fit.
- **Deployable Military Disaster Relief Capability:** Designed to support rapid humanitarian deployments, this matches the UK's Crisis Response Troops concept.
- **Critical Seabed Infrastructure Protection:** A project focused on safeguarding undersea cables and pipelines, builds on existing NATO co-operation and UK bilateral co-operation with EU member states e.g Ireland.

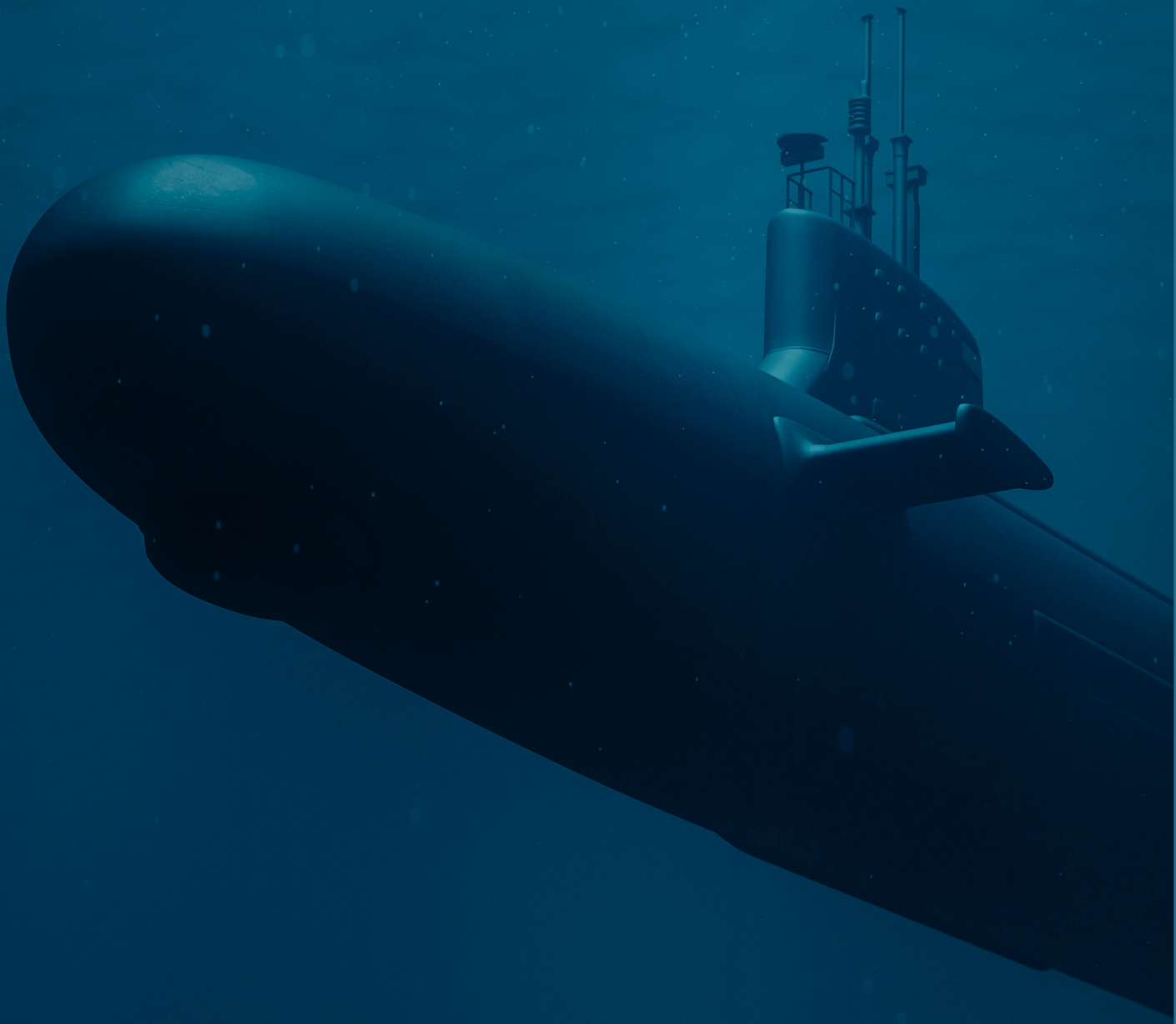
While no formal interest in UK participation in PESCO projects has been advanced beyond Military Mobility, progress on a defence-industrial security pact could unlock participation in these other areas as well, by addressing third-country access rules, IP safeguards, and shared funding mechanisms.

There are other PESCO projects which offer potential for UK involvement, but unlocking that potential is likely to prove even more challenging. These include:

- **Training Certification Centre for European Armies:** This Italian-led initiative to harmonise military training offers soft power and interoperability gains. UK facilities could offer strong value-add but require harmonisation with EU training frameworks.
- **Common Hub for Governmental Imagery:** A collaborative EU imagery-sharing platform that could benefit from UK capabilities in satellite imaging, ISR (Intelligence, Surveillance, Reconnaissance), and geospatial analysis.
- **European Medical Command:** A German-led initiative to standardise medical logistics and field support. UK military medical units bring extensive operational experience, especially in expeditionary and crisis response contexts, but this would require alignment with EU medical protocols.
- **Counter Battery Sensors:** Focused on locating enemy artillery, this project would benefit from UK strengths in battlefield radar and electronic warfare systems. UK's ARTISAN radar tech is NATO-interoperable but export controls may apply.

A third category of projects face potentially insurmountable hurdles to co-operation, particularly those which require complex industrial partnerships, such as the European Patrol Corvette (EPC) or Next-Generation Medium Helicopter (NGMH). Both of these projects are likely closed to UK participation owing to Italian and Franco-German industrial policy priorities that seek to bolster large domestic primes.

# The EU's expanding role in defence and security



# Current defence spending and industrial policy initiatives

Before the transatlantic turbulence created by the second Trump presidency, the EU had already responded to the renewed threat of Russian aggression by significantly growing its activity in defence industrial policy, spread over a range of programmes.

In terms of funding, the EU introduced the European Defence Fund (EDF) in 2021 with a budget of €8 billion for 2021-2027; the European Defence Investment Programme (EDIP) in 2023, with a budget of €1.5 billion for 2025-2027; and the off-budget European Peace Facility (EPF), which has reimbursed €9 billion to member states contributing arms to Ukraine. The EDIP and EPF are both temporary measures, the former a bridging fund until hoped for new permanent arrangements are put in place, the latter a one-off mechanism.

The 2022 Strategic Compass is intended to act as the foundational document to direct these instruments, an analysis of the current threats faced by the EU. To steer the European defence industry, as well as the EDF there is the European Defence Industrial Strategy (EDIS), which proposes the establishment of an EU-wide defence single market scheme that would cover the entire life cycle of equipment, from the time of its conception and technology research to joint ownership.

**More detail on these initiatives is set out below:**

## **EUROPEAN DEFENCE FUND (EDF)**

The EDF is currently the main EU defence industrial policy instrument. Its primary goals are to promote cross-border collaboration, incentivise joint R&D, and enhance the EU's technological autonomy in defence.

The EDF has supported projects in artificial intelligence, cyber defence, advanced weaponry, and autonomous systems. For example, it has funded the development of next-generation European drones and AI-enhanced decision-making systems. Non-EU companies, including those in the UK, can participate through partnerships with EU-based firms, provided they meet specific eligibility criteria.

The EDF also incorporates the EU Defence Innovation Scheme (EUDIS), which supports start-ups and smaller companies in scaling their innovations to market readiness.

## **EUROPEAN DEFENCE INDUSTRIAL STRATEGY (EDIS)**

Adopted in March 2024, EDIS is intended to address critical gaps in Europe's defence technological and industrial base (EDTIB). It aims to reduce reliance on external suppliers, particularly from the US; harmonise standards across the EU; and simplify joint procurement rules.

The aims are to more than double the proportion of defence procurement which involves collaboration among EU countries to 40% by 2030 (revised up from the previous target of 35%, which has never been met) and for 50% of member state defence budgets to be spent on products manufactured within the EU by 2030, rising to 60% by 2035.

EDIS promotes integrating EU defence priorities into national planning, streamlining procurement and enhancing interoperability. It also focuses on emerging technologies, including artificial intelligence, space-based systems and cyber defence.

## **EUROPEAN DEFENCE INDUSTRY PROGRAMME (EDIP)**

The EDIP aims to enhance the EU's industrial readiness and ensure the timely availability of critical defence products. Its objectives include strengthening the EDTIB, addressing supply chain vulnerabilities, and incentivising collaboration and joint procurement.

The programme seeks to bridge the gap between recent emergency measures, such as the ASAP initiative (see below), and the next Multiannual Financial Framework (MFF). However, its relatively modest budget has faced criticism, with experts noting that it represents a small fraction of the EU defence sector's €158.8 billion turnover. Negotiations over the programme's structure continue, with trilogues scheduled for the summer and the European Parliament's defence and industry committees pushing for a 70% buy European rate.

## **ACT IN SUPPORT OF AMMUNITION PRODUCTION (ASAP)**

The ASAP initiative, launched in 2023, addresses global ammunition shortages exacerbated by the war in Ukraine. With a €500 million budget, it focuses on scaling up production capacities for artillery shells, missiles, and other critical munitions.

# Future of EU defence



# From strategic concept to action

Following President Trump's election, EU defence policy has rapidly been built up in successive stages: the informal February 2025 European Council on defence, joined by the NATO Secretary General and the British Prime Minister, March's publication of the White Paper for European Defence, and its endorsement by the March European Council. The EU has now formally adopted the following priorities:

- Increasing defence spending by EU member states, facilitated at the EU level by loosening the Stability and Growth Pact's fiscal rule with respect to defence spending and by allowing member states to increase their defence spending by borrowing from the Commission, funded by borrowing from the capital markets.
- Building up Europe's defence industry, with an emphasis on innovation, self-sufficiency and industrial consolidation, through a deepening of the Single Market in defence and incentives to encourage joint procurement to achieve scale benefits.
- A focus on key capability gaps, including air and missile defence, ammunition re-stocking, drones, artificial intelligence and "strategic enablers" (airlift, logistics, surveillance, cyber capabilities).
- The creation of a new architecture for defence co-operation with close partners.

However, there are still contested points on the necessary level of defence spending, and the urgency of attaining it, as well as on future EU funding for defence and how close partners should be plugged in to the EU's defence architecture. Some Mediterranean member states do not accept the case for an increase in defence spending much beyond 2% of GDP. At the March European Council, Spain and Italy successfully argued for the 'ReArm Europe' programme to be alternatively named 'Readiness 2030' on the grounds that the former was too provocative. The debate about Eurobonds - helping fund member states' defence spending through EU grants provided from common borrowing on the model of the EU Recovery and Resilience Facility - persists and remains divisive, as does the debate over the terms under which EU security and defence partners, including the UK, can participate in EU defence industrial programmes.

## WHITE PAPER FOR EUROPEAN DEFENCE – READINESS 2030

The White Paper, jointly produced by High Representative Kaja Kallas and Defence Commissioner Andrius Kubilius and published on 19 March, set out the Commission's plan to "rebuild European defence, support Ukraine, address critical capability shortfalls, and establish a strong and competitive defence industrial base". The document identifies seven capability shortfall areas.

The White Paper sets out an "expect[ation]" of increased defence spending of €800 billion over the next four years. It does not propose any direct EU funding for defence (as has been proposed by some member states) but does propose initiatives to spur the front-loading of investment by member states and - alongside EDIP - encourage more joint procurement, including:

- A new Stability & Growth Pact escape clause, allowing flexibility of up to 1.5% of GDP, for four years, for defence, with member states invited to put in requests by the end of April - theoretically unlocking up to €650 billion over the next four years
- A new funding instrument, Security and Action for Europe (SAFE), providing loans for joint procurement projects in the listed capability areas, backed by the EU budget, with up to €150 billion will be made available over the next four years
- The European Investment Bank to double investment in defence tech to €2bn per year

The White Paper notes that "a surge in defence investment would have positive spillover effects across the economy, contributing to competitiveness, job creation and innovation in many sectors", with the synergies spanning both traditional manufacturing sectors and new technology. It is at pains to respect national competences but, within that constraint, sets out to promote greater use of collective procurement, calling on member states to "urgently pool their efforts to address the capability gaps, including through a set of Defence Projects of Common European Interest". To support collective procurement, and strengthen the European defence market, the White Paper contains a range of proposals to streamline regulation on defence projects, promote harmonisation and standardisation, and protect critical raw materials and other inputs.

The White Paper also elaborates the EU's defence architecture with its neighbours.

However, the €800 billion figure should be understood as the Commission's assertion of a theoretical possibility rather than anything near an actual figure that could be generated by the White Paper. The real constraint for most Member States on funding further defence spending from borrowing is not the Stability and Growth Pact but their market constraints arising from their levels of debt and deficit.

Only for Germany is it likely to be truly significant, permitting the borrowing-funded defence spending increase which it has already signalled. The SAFE programme's uptake is also set to be far less than the nominal €150 billion: Germany, for instance, can borrow directly from the capital markets for less than the rate the Commission can offer, and for France and many other countries, it is the existing level of debt and deficit that is the constraint. It is only countries like Poland and Romania that are likely to make significant use of the facility, being both willing to fund defence from borrowing and able to benefit from lower borrowing costs than those available to them via the capital markets. However, even the Polish government believes it is likely to use only about €25 billion, and is likely to use that to replace current borrowing at a cheaper rate, rather than to fund still higher spending.

Many of the White Paper's proposals extend to EEA and EFTA members, and to Ukraine. It calls for Ukraine to be fully integrated into the defence single market, as a crucial way of supporting Ukraine while ensuring Europe benefits from the innovation that has been unleashed by the war. The White Paper's proposals do not necessarily extend to the UK, with the document explicitly deferring that question to the discussions over a new EU-UK Security and Defence partnership.

For the future of the European defence industry, the White Paper's significance should be understood in aggregate with the extant measures set out on page 15 of this report: there is a steady accumulation of incentives for EU member states' defence industries to collaborate. How open this emerging architecture is to close allies' participation will determine whether it becomes a vehicle for defence industrial division as well as integration.

## **EU-US RELATIONS**

The security relationship, in both its NATO and Ukraine aspects, is only one of four areas of profound transatlantic tension between the EU and its member states and the Trump Administration, the others being trade, territorial integrity (Greenland) and regulatory and political sovereignty (in particular digital regulation and the White House's interventions in European domestic politics in favour of populist and far right parties). Prospects across all these

areas of tension together point to a worsening of the transatlantic relationship.

The fundamental fact of transatlantic relations for both the UK and most EU member states is that trust in the United States' alignment of interests and values with Europe is broken and, with no certainty that the traditional landscape of American politics will be permanently restored, trust cannot be repaired for the foreseeable future. Europeans cannot be sure that the United States would come to their aid if Russia began a wider hot war in Europe: President Trump has been ambiguous in his commitment to Article 5. Some senior American officials have also said that they want to reduce the number of American forces stationed in Europe.

This lack of certainty in the American defence guarantee for European democracies is a situation unprecedented since the Second World War. It is a powerful reason for the UK and the EU to work more closely together in defence. This is reinforced by the accompanying new concern about the United States as a defence equipment supplier: European governments have noted the temporary stoppage of American technical support for Ukrainian equipment of American origin and worry that it could be repeated for other traditional American allies, even at a point when they are fighting for their survival.

# Strategic autonomy and third country access

The EU's Defence White Paper proposes a new, somewhat more open architecture of defence co-operation with third countries. For the purposes of participation in SAFE, p18 of the White Paper sets out two categories of countries, those who may automatically participate as partners - "an EFTA State, member of the EEA or Ukraine" - and "other partners... subject to an agreement with the Union on financial conditions and security of supply", for which agreement article 21 of the draft SAFE regulation defines a Security and Defence Partnership as the basis, although a subsequent bilateral third country-EU agreement settling the modalities of participation would also be needed, whose terms may be established by the SAFE regulation. The final form of the draft SAFE regulation may, therefore, set a new baseline for the terms of third country co-operation with the EU in defence industrial projects. It may also deal with politically fraught questions, such as financial contributions.

Thus, for countries which are not "an EFTA State, member of the EEA or Ukraine" (the former two categories principally referring to Switzerland and Norway), a Security and Defence Partnership (SDP) will become the key to defence industrial co-operation with the EU. To date, the EU has SDPs with Norway, Moldova, South Korea, Japan, Albania and North Macedonia. Discussions on agreeing SDPs are underway with Canada and the United Kingdom. No such discussions are being held with the United States.

**The development of these SDPs will build on these extant forms of defence co-operation:**

## UKRAINE

The EU has expanded its defence partnership with Ukraine, allowing it to participate in programmes such as EDIP. This collaboration focuses on rebuilding Ukraine's defence industrial base, modernising its military capabilities, and addressing immediate defence needs. Proposals to use frozen Russian assets to finance Ukrainian reconstruction continue to be debated. Joint procurement initiatives with Ukraine have prioritised areas such as ammunition, air defence systems, drones, and armoured vehicles.

## NORWAY

The EU and Norway signed a defence and security partnership in May 2024. This largely consolidates existing co-operation and activity but also encourages deeper EU-Norwegian co-operation through the establishment of a Security and Defence Dialogue and agreement to explore further Norwegian participation in EDIP.

## UNITED KINGDOM

As discussed above, PESCO could see UK involvement on a case by case basis, as per the agreement on military mobility. While the UK cannot directly access EDF funding as a non-EU country, British defence companies can participate in EDF-funded projects by partnering with EU-based entities. These partnerships must meet specific conditions, such as ensuring the strategic benefits remain within the EU. For example, UK firms have expressed interest in collaborative projects related to emerging technologies, such as AI, drones, and cyber defence, areas where the UK has considerable expertise.

Meanwhile, the UK is no longer a member of the EDA but there are discussions about establishing an Administrative Arrangement that would allow the UK to participate in specific projects. This arrangement could facilitate co-operation on capability development, interoperability, and research initiatives, particularly where UK expertise aligns with EU objectives.

# Future of UK defence



## SPENDING

The UK currently spends 2.3% of GDP on defence, the highest level of Europe's major economies. In March 2025, the new government set out the details of how it will increase that to 2.5% by 2027 - three years earlier than the plans under the previous government - and committed to further increasing the level to 3% in the next parliament (around 2030).

The Strategic Defence Review (SDR), which determines future defence policy and equipment priorities within the budget envelope, started in 2024 but was then delayed until the budget was fixed, and is expected to be published in summer 2025.

The uncomfortable truth is that even with the defence budget increasing to 2.5% of GDP, that budget is already over-committed. At the end of 2023 the Ministry of Defence (MOD) had a forecast funding deficit of around 5% (£3bn) in 2024-25, and 7% (£4bn) in 2025-26. Over the previous 15 years, the main ways that the MOD's budget pressures were managed were, first, by cutting military personnel numbers; and second, by freezing pay. The new government has committed to honouring Armed Forces pay awards (6%+ for 2024, on top of 6% the previous year), which will absorb much of the budget increase. Defence Secretary John Healey has also indicated that he is reluctant to continue the cuts in military personnel numbers over the last 15 years, but without a more rapid increase in spending to 3% of GDP, he may have few alternatives, and will have little headroom for new equipment commitments.

## EQUIPMENT

The equipment programme amounts to around £30bn p.a., half the MOD budget. The nuclear deterrent programme and the attack submarine programme together amount to 40% of the equipment programme over the next ten years, on optimistic assumptions. Once we include other flagship programmes, such as the Navy's Type 26 and 31 frigates, the RAF's F-35 and Global Combat Air Programme, and the Army's vehicle and battlefield communications programmes, around two-thirds of the equipment budget is spoken for. If we also include other programmes which are essential or too mature to be cancelled, plus the government's stated priorities of "restocking" ammunition reserves, and continuing to support Ukraine, then the amount of flexibility left in the MOD budget, even after the announced increase to 2.5%, will be very small. In addition, the new government has also made commitments on defence capital spending outside

the equipment programme, notably a much-needed overhaul of forces' accommodation.

## CAPABILITY GAPS

Given the current geopolitical context, it is especially important that the SDR should be adding or expanding programmes in areas where Europe as a whole, as well as the UK, has clear capability gaps, highlighted in the EU White Paper.

There is scope for greater EU-UK co-operation in all these areas, including via existing initiatives which the UK has already joined, like the European Sky Shield Initiative and European Long Range Strike Approach. Re-orienting the UK's equipment programme towards filling these capability gaps, combined with better integration with European capabilities in other areas, would be the best way for the UK to contribute to the rapid development of a European "full-spectrum" military capability, even if UK full-spectrum capability - the real goal of many in the MOD - remains beyond reach.

However, the extent to which the UK will be encouraged or incentivised to participate in European defence projects remains under discussion. Many EU leaders have made encouraging statements in this direction, but the question was left deliberately open in the EU White Paper in March (see section 4), pending the discussions over an EU-UK Security and Defence Partnership, and disagreements remain among member states over the UK's role and particularly over its access to the Single Market in defence, as noted above.

Moreover, the UK's ability to make a meaningful contribution to filling these capability gaps will not be possible without creating significant headroom in the MOD budget and equipment programme. The new government will either have to move beyond 2.5% earlier than it has so far indicated, or create more headroom by making some of the "tough decisions" which the new government has repeatedly said it is determined to do. Ideally it should do both (and indeed the Treasury may demand evidence of greater financial ruthlessness from the MOD as the condition of any significant further budget increase). MOD ministers have made some promising early moves already, for example scrapping the long-running Watchkeeper UAV programme, but more is required.

The one area where there is significant opportunity for capability improvements without a net increase in spending is via a more aggressive use of new technology, including technology procured from non-

traditional defence suppliers. The MOD has set up a new CommercialX unit, modelled on the US experience with the Defence Innovation Unit (DIUx), but this will only generate results on the required scale if it moves rapidly beyond pilots and small-scale programmes to involvement in core capability areas. An early opportunity here is the planned upgrade to the Army's battlefield communication systems, where the traditional approach has already failed. The MOD could make a virtue of this by switching to an open, evolving, commercial solution, based on recent experience in Ukraine. There is also a strong case for overhauling the defence digital programme which began in 2021.

### **CULTURAL CHANGE**

The worst outcome would be for the MOD to persist with its habitual approach of managing budget pressures in the equipment programme by “descoping and delaying” projects. Descoping (reducing capability, most often by reducing unit numbers) usually generates more lost value for money than savings (the Wedgetail Airborne Early Warning programme being a prominent recent example). Delaying - pushing back programme milestones and delivery dates - also tends to be counterproductive, increasing costs and reducing value for money in the long run (the nuclear deterrent programme being a prominent recent example, as acknowledged by the previous government in its 2021 ‘Integrated Review’). An approach of descoping and delaying just enough to bring the equipment programme and the MOD's spending settlement ‘into balance’ will, as in the past, result in many new and vital programmes being squeezed out, and expensive assets being left without the final pieces of the jigsaw, reducing their capability, or being taken out of service to save money. (For example, half the Royal Navy's Type 23 frigates, both landing platforms, and several Astute submarines are currently out of service; the F-35s have major limitations which on current plans will not be solved until the 2030s; some helicopter fleets have not had new data link systems fitted; etc.) This outcome would be even more irrational in the current geopolitical context: if the MOD means what it says about the risk of conflict in the short-to-medium term, it is essential that its equipment plan prioritises the delivery of actual usable capability on that same timescale, rather than cutting corners on current capabilities to protect budgets for future programmes.

### **DEFENCE INDUSTRIAL STRATEGY**

The new government has committed to building sovereign industrial capability (i.e., ‘buying British’). In the past, there have been tensions between this

objective and the objectives of value for money and effective procurement given limited scale and competition in the UK defence sector. These tensions are likely to continue; as noted earlier, the UK like other European governments may have to choose in some cases between the short-term aim of filling an urgent capability gap with existing proven systems and the longer-term aim of expanding the UK defence industrial base. But there is an opportunity for the UK to reconceptualise this objective at least in part, into contributing to the strengthening of European industrial capability, as part of a wider EU-UK agreement on defence industrial co-operation. This could bring scale and competition benefits for MOD programmes, while increasing UK defence industry access to EU markets.

# Strategic benefits of defence industrial co- operation

The case for greater EU-UK defence industrial co-operation is that the true strategic priority (as illustrated by the war in Ukraine) is European security and strategic autonomy, rather than EU defence industrial autonomy. On this view, geographical and geopolitical reality mean that Europe is likely to face major threats collectively, in particular that from Russia; it would be costly in capacity and efficient of procurement for the EU to exclude a country which could provide more than 30% of democratic Europe's defence industrial capability, with particular expertise in air, maritime, missile and cyber sectors; and for the UK and its defence companies exclusion from EU defence markets and programmes would mean a considerable loss of market and technological development opportunity.

In more positive terms, the expected benefits for the UK of closer co-operation would be greater access to markets and economies of scale that would allow the British defence industrial base to expand, and make it easier to convert R&D into production; diversification of supply chains; and collaboration with European leaders in defence technology.

The expected benefits for the EU would be its own increase in economies of scale, increasing the existing available industrial defence resource by nearly fifty percent; greater access to British technology; and greater European sovereignty of defence production (i.e., reduced dependency on non-European suppliers).

Closer EU-UK defence industrial co-operation would also improve interoperability, a vital consideration in any scenario where European militaries must engage in joint operations against a common threat.



# Potential areas for future closer co-operation

## FILLING CAPABILITY GAPS AND STRENGTHENING SOVEREIGN CAPABILITY

The agreement of a Security and Defence Partnership is the formal crux for deeper EU-UK co-operation. In material terms, the biggest win would be for the UK to play a substantial role in one or more headline initiatives which deliver real capability in the short-to-medium term: either existing equipment initiatives (like European Sky Shield or European Long-Range Strike Approach, in which the UK already participates), or new initiatives in other areas where there is a shared capability gap. Ideally, such initiatives should be supported in part by an EU-level funding or procurement mechanism (including those outlined in the White Paper) to signal the priority the EU gives to this area and its willingness to bring in third countries that are close allies. In addition, the EU and the UK could explore greater UK participation across the full range of EU defence support initiatives, including:

- **European Defence Industrial Strategy (EDIS) and EDIP:** Although primarily EU-focused, the European Defence Industry Programme (EDIP) could offer opportunities for UK companies to engage in projects of mutual interest, especially in areas such as supply chain resilience and advanced manufacturing. These opportunities could strengthen UK-EU defence industrial ties while advancing shared strategic objectives.
- **European Defence Innovation Scheme (EUDIS):** The UK's strong innovation ecosystem positions it well to collaborate with EUDIS, which supports start-ups and SMEs in the defence sector. UK innovators could play a role in joint ventures with EU partners, particularly in emerging technologies such as quantum computing and autonomous systems.
- **European Defence Industry Reinforcement through Common Procurement Act (EDIRPA):** While EDIRPA primarily addresses short-term defence procurement needs within the EU, there may be opportunities for UK companies to supply urgently needed equipment or participate in joint procurement efforts alongside EU partners. These collaborations could be particularly relevant in areas like munitions, critical for current European capability as well as supplying Ukraine, and missile systems.
- **Act in Support of Ammunition Production (ASAP):** As the EU ramps up ammunition production to meet urgent needs, UK manufacturers could engage in partnerships with EU counterparts. This could include joint ventures or supply agreements for critical components.
- **Future PESCO Projects:** Including Military Mobility, and the other projects outlined in section 2.2 above, where alignment with NATO priorities or UK expertise provides mutual benefits.

# Barriers to closer EU-UK defence co-operation

## POLITICAL AND INSTITUTIONAL CHALLENGES

The UK argues that current EU rules make participation by non-Single Market third countries very unattractive. Projects supported by the EU budget preclude meaningful participation of third countries even if they are prepared to put in money and technology because they cannot then share the resulting IP or licensing rights, the latter a notable issue because of varying national and political export sensitivities. The EU has a strategic policy choice to make: whether to make third country participation from allies more attractive. The White Paper signalled a willingness to move in this area, in relation to EEA and EFTA members and especially Ukraine but the UK's position hangs on current discussions on the wider EU-UK relationship, with the EU-UK summit on 19th May the focus.

The case for the EU moving in this direction is strengthened by the additional challenges now facing Europe over Ukraine. The case against, usually associated with France, is that the EU's strategic autonomy, especially in light of the weakening transatlantic relationship, requires it to build up a fully sovereign purely EU (rather than European) defence industry; and that restricting EU funds and broader support to EU defence companies makes them more globally competitive (including at the expense of UK defence companies), as well as satisfying the narrower political interests at stake in the promotion of EU member states' own industrial interests.

The key question is whether current momentum is enough to unblock the obstacles to a Security and Defence Partnership being agreed, including linkages to extraneous interests such as fisheries rights; and in the event of a Security and Defence Partnership being agreed, that further extraneous linkages do not block the further agreements needed to settle the detailed terms of co-operation.

If these wider obstacles can be overcome, there remain a large number of detailed questions that need to be addressed, including the size and nature of UK contributions, and the UK's role in decision-making: the autonomy of the EU's legal order means that it should not be expected that the UK would be granted any decision-making role on what the EU should spend money on or how, but the UK would expect to have some consultative decision-shaping role, in light of its participation and its wider role in meeting European security needs.

The UK will want to ensure that there is no conflict between joint programmes with the EU and AUKUS, a much harder task now that the US' interests are no longer clearly aligned with democratic Europe's vis-à-vis Russia. How European defence industrial co-operation fits in with NATO's role will also depend on NATO's role evolves through the current divergence of transatlantic perspectives.

Ultimately EU-UK defence industrial co-operation will only work if both sides believe that the co-operation is producing industrial and capability gains that are worth the effort.

# Consequences of not deepening co-operation

Given the formidable institutional, political and practical obstacles to greater EU-UK defence industrial co-operation, it is possible that despite the shared good will and momentum from both sides, and the urgency supplied by the external environment, deeper co-operation will end up ensnared in subsequent negotiations or will produce little practical effect.

Drift is also a risk. The present British government is insistent that there is no need to choose between Europe and the United States. Events will show whether this is correct, but a refusal to choose may itself be a choice: if EU-UK links are not meaningfully rebuilt, British defence industry and the British armed forces will interpret that and plan accordingly.

As well as being a missed opportunity for both sides, this would itself have dynamic consequences.

In the short to medium term, it would likely see the UK defence industry being excluded from most smaller EU defence projects, especially but not only those receiving EU funding: it would also likely mean exclusion from joint projects by groups of member states as encouraged by EDIP. This would likely lead to greater political pressure in the UK for EU companies to be excluded from UK procurement. Even existing large-scale multilateral projects, such as the Global Combat Air Programme, involving the UK and Italy as well as Japan, and various Franco-British MBDA missile projects, such as SCALP/Storm Shadow and the Future Cruise and Anti-Ship Weapon programme, could be disadvantaged by being excluded from EU funding - a disadvantage which will become more significant as those funding streams increase. Over time, a slowing pipeline of EU-UK projects and the resulting growing disaggregation of EU-UK defence industrial effort could be expected to have an effect on the interoperability of equipment.

Given the requirements for scale economies and the pressures on defence export markets, continued exclusion from deeper defence-industrial co-operation with the EU should be expected to drive the UK towards closer co-operation with the US, as well as other allies including Japan and Australia. The UK's closer integration in the US defence industry has led British policy-makers to have more faith in the reliability of American defence equipment supply than many of their European peers. A failure to unlock greater EU-UK co-operation even in the current geopolitical context would reinforce this and lead to a self-reinforcing dynamic, making a future reversal in policy more difficult. Although the current share of European defence spending covered by extant EU instruments and those envisaged in the White Paper is relatively small, we are seeing the foundations of an institutional architecture being built which will only grow in importance. This is what makes now a moment of choice.

Most importantly, the exclusion of British capacity and technological capability would slow European re-armament and the filling of capability gaps when time is precious. The British defence industry is already integrated with its European counterparts; the question is whether that integration will continue. As the extent of joint programmes show, the choice about whether to involve the UK in the strengthening of Europe's defence industry is not only about growing future capacity and capability but the preservation of existing co-operation.

# Conclusion



# Forging a new defence partnership

## **The geopolitical reality facing Europe today highlights the need for stronger defence co-operation.**

The UK and the EU share fundamental security interests, from countering Russian aggression to managing instability in Europe's wider neighbourhood. With NATO's future more uncertain, the growing role of the EU in defence-industrial policy, procurement, and capability development makes closer EU-UK co-operation not just desirable, but necessary if Europe is to re-arm with the scale and urgency that the current security context demands.

There is clear potential for deeper collaboration, and both sides are genuinely open to it, especially in industry. The UK's expertise in key defence domains, from advanced weapons systems to cyber security, aligns with EU priorities, while European defence initiatives offer opportunities for British industry to scale up and integrate more effectively into European supply chains. However, the political, financial and institutional obstacles to be overcome remain significant. The EU's drive for strategic autonomy, tensions over third-country participation in defence programmes, and domestic constraints within both the UK and the EU could limit the scope of progress. There is a limited window of opportunity before defence industrial relations turn from a win-win into a lose-lose proposition.

Failure to act risks long-term strategic divergence, with the UK and EU developing separate, and potentially incompatible, defence-industrial and capability frameworks. This would not only undermine Europe's attempt to strengthen its collective security but could also undermine its defence readiness at a time of mounting external threats. Conversely, a structured and pragmatic approach to EU-UK defence co-operation – with formal agreements as the basis for industrial partnerships or targeted joint projects – would deliver mutual benefits in security, resilience, and industrial competitiveness.

So the ultimate question is one of priorities for both sides: for the UK, whether its offer of investment in common defence programmes shows that its priority is European defence capability; for the EU whether its priority is European defence that meets the needs of the time - in which case it will build an open architecture that works for close allies - or a narrower industrial interest, in which case it will not. The outcome will demonstrate the UK's and EU's revealed preference.

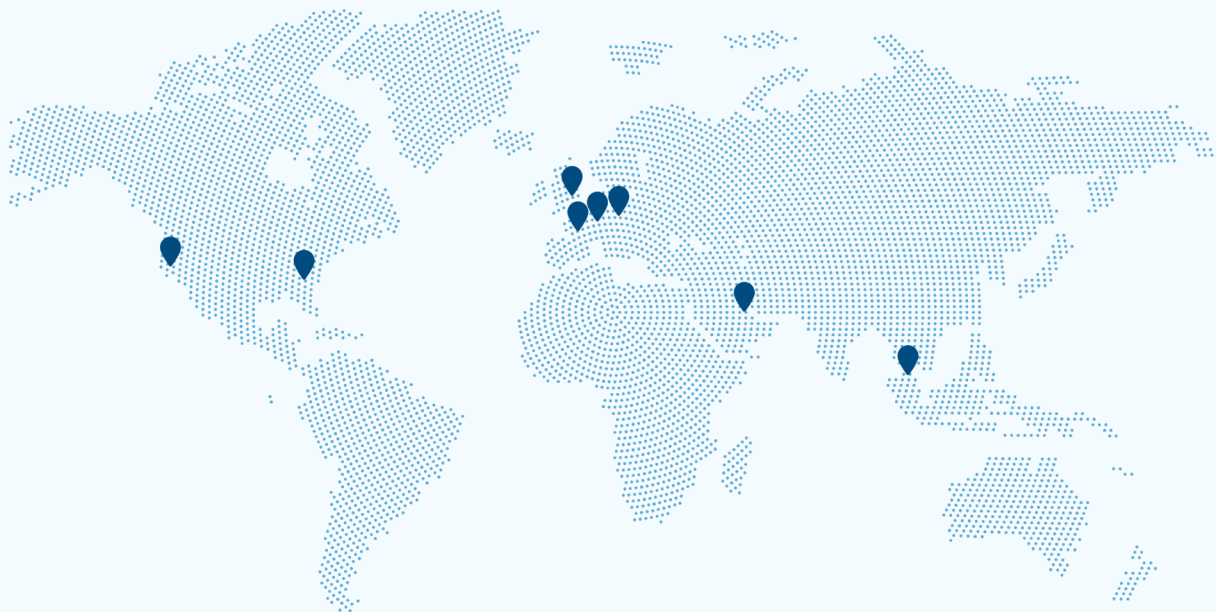
The coming years will be decisive. If the UK and the EU can overcome institutional inertia and political hesitations, they have an opportunity to forge a new defence relationship that enhances Europe's security architecture, and ensures the resilience of their respective defence industries. But drift and inaction is also a choice. Without substantial progress toward deeper collaboration, the opportunity for enhanced EU-UK defence co-operation may be lost – to the detriment of both European and transatlantic security.

# About Global Counsel

Global Counsel is a strategic advisory business.

We help companies and investors across a wide range of sectors to anticipate the ways in which politics, regulation and public policymaking create both risk and opportunity - and to develop and implement strategies to meet these challenges. Our team has experience in politics and policymaking in national governments and international institutions backed with deep regional and local knowledge.

Our global team operates across Berlin, Brussels, Doha, London, Paris, San Francisco, Singapore and Washington DC, and are supported by a network of policymakers, businesses and advisers. Our partnership with The Messina Group and wider international network further strengthens our global reach.



**Global Counsel Ltd**

E: [info@global-counsel.com](mailto:info@global-counsel.com)  
[www.global-counsel.com](http://www.global-counsel.com)

## **LEAD AUTHORS**

**Denzil Davidson**

**Matthew Cavanagh**



Global Counsel

© GLOBAL COUNSEL 2025

Although Global Counsel makes every attempt to obtain information from sources that we believe to be reliable, we do not guarantee its accuracy, completeness or fairness. Unless we have good reason not to do so, Global Counsel has assumed without independent verification, the accuracy of all information available from official public sources. No representation, warranty or undertaking, express or implied, is or will be given by Global Counsel or its members, employees and/or agents as to or in relation to the accuracy, completeness or reliability of the information contained herein (or otherwise provided by Global Counsel) or as to the reasonableness of any assumption contained herein. Forecasts contained herein (or otherwise provided by Global Counsel) are provisional and subject to change. Nothing contained herein (or otherwise provided by Global Counsel) is, or shall be relied upon as, a promise or representation as to the past or future. Any case studies and examples herein (or otherwise provided by Global Counsel) are intended for illustrative purposes only. This information discusses general industry or sector trends, general market activity and other broad economic, market or political conditions. It is not research or investment advice. This document has been prepared solely for informational purposes and is not to be construed as a solicitation, invitation or an offer by Global Counsel or any of its members, employees or agents to buy or sell any securities or related financial instruments. No investment, divestment or other financial decisions or actions should be based on the information contained herein (or otherwise provided by Global Counsel). Global Counsel is not liable for any action undertaken on the basis of the information contained herein. No part of this material may be reproduced without Global Counsel's consent.