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# European defence industry: preparing for a post-transatlantic future

Gesine Weber

European defence industrial policy has leapt forward in recent years in light of the significant security challenges Europe is facing. European countries have, individually and collectively, taken several measures to tackle long-term structural challenges, for example through increasing national defence spending and instating new instruments and mechanisms at the EU level, such as the European Defence Industry Strategy (EDIS) from March 2024 and the White Paper for European Defence – Readiness 2030, published in March 2025.

European member states agree on the analysis, but they disagree on the methods and political objectives. Franco-German differences are illustrative for these political challenges. France has, historically, pursued an active defence industrial policy, including at the highest political level, whereas Germany has traditionally relied on less political guidance and an ordo-liberal approach to the defence industry.

Levelling up the European defence industry will require vision and action in three major areas: leadership formats and political decision-making; capabilities, procurement and funding; and creating a genuinely European strategic culture. The key task for European countries will be navigating these challenges simultaneously and ensuring that the measures constitute a coherent strategy. The current European defence industrial base suffers from precisely this strategy: with measures simultaneously taken at the national, EU and NATO or transatlantic level, there is no lack of initiatives and policy, but often a lack of coordination and alignment of different initiatives.

## **Decision-making processes and leadership: efficient yet inclusive**

The “ambition versus efficiency” debate is as old as the idea of European integration. As the membership count grew within the organisations in charge of European security, namely NATO and increasingly the EU, the competence for security and defence remained predominantly with member states, rendering decision-making primarily intergovernmental. However, the most ambitious decisions often resulted from leadership by frontrunners, as was the case for the Franco-British Saint Malo Declaration (December 1998), often considered to be the “launch pad” for the European Security and Defence Policy. France, Germany and the EU institutions were driving forces behind the launch of the EU’s Strategic Compass in 2022.

The European Commission could play a stronger role in the defence industrial field if it leverages its competences in industrial policy, but relying on this potential is not enough for Europeans. As many of the critical decisions on strategy and capabilities are taken in member states, European countries need to consider the defence industry a top priority. This is particularly true for France and Germany as countries with large defence industries. Paris and Berlin should double down on a strategic vision for the European defence industry, a process that should also include the UK, Italy and Poland. More generally, Europeans should establish clearer processes regarding which decision on European defence industry is taken by which organisation or group of countries. Enhancing EU-NATO cooperation is an important step towards increasing this institutional clarity.

### Levelling up capabilities and funding

Setting the political direction is critical, and so is underpinning political action with defence industrial means. The current European defence industrial base is a complex institutional and industrial patchwork of national, EU level, NATO and minilateral initiatives. Europeans should not rely on this patchwork holding together by itself with parts complementing each other, but rather approach this question strategically. They should aim to enhance European autonomy while also aiming for cost reduction and economic spinoff – at the moment, these three have not yet been successfully combined.

The EU initiatives for funding the defence industry are a good starting point, but they need to be implemented by member states. EU member states should invest in the funding from EU initiatives in line with the NATO Defence Planning Process to enhance synergies between operational needs and capabilities, but also commit to procuring at least 30% of new capabilities in Europe to ensure that these investments benefit the European defence industrial base in the long term and European economies more broadly.

To enhance efficiency and economic spinoff, EU member states in particular should think bold at the European level – and push beyond comfort zones. They should encourage EU initiatives that promote standardisation for items such as ammunition and personal equipment, incentivise European procurements in tenders and boost joint research and development through substantially increasing the funding volume of the European Defence Fund (EDF). Furthermore, the categorisation of certain defence projects as Important Projects of Common European Interest (IPCEI) could also allow member states to allocate spending in a more targeted way.

In all these steps, European countries should adapt the ideas of specialisation of national industries, enhancing interoperability, and consolidation of industries as guiding principles for defence industrial policy. Given that “the cost of non-Europe in defence spending is estimated to range from 17 to 58 billion euro per year”, the entire discussion about procurement and defence

funding requires a paradigm shift. A European defence industrial base fully “made in Europe” is illusional in light of highly internationalised supply chains, but Europeans must step up their efforts to promote their own industry, generate value in Europe and reduce their dependence on others in relative terms.

### Shaping a genuinely European strategic culture

Lastly, the European response to today’s major security challenges has demonstrated the lack of a genuine European strategic culture, understood as a shared conceptualisation of priorities for European ambition, the means to achieve these and the institutions that should lead this process. The German and French reactions to the start of Russia’s full-scale invasion of Ukraine illustrated the different reflexes in the response to unprecedented security challenges. While Berlin and Paris converged in the assessment that Europe was unable to defend itself, the consequences drawn from this analysis were almost diametrically juxtaposed: for Berlin, the answer was a transatlantic reflex and the belief that only the United States could ensure European security, whereas Paris concluded that the invasion had again emphasised that there was no alternative to European strategic autonomy and a more independent European defence.

As the re-election of Donald Trump has brought even the most transatlanticist countries at least closer to the French vision, Europe should now seize the momentum for a broader consensus for strengthening European defence and a European defence industry “made in Europe”. France and Germany are in a good starting position to jointly shape this conversation about a genuinely European defence beyond the traditional transatlantic bond – in other words imagining a post-transatlantic European defence. Through quite literally building the capabilities for European defence, leaders must not only discuss which types of systems they need, but also why certain systems are required – in other words, they need to link means to ends. The definition of these ends will require a common understanding of Europe’s role as a security actor, the institutions to ensure it and the appropriate means of

implementation; this is nothing less than an embryo of a European strategic culture.

Furthermore, a genuinely European strategic culture and strategic thinking also requires a bottom-up approach. At the military level, a joint European curriculum embedded in a European war college or, in the short-term, enhanced exchanges among military schools and training, could help achieve this objective. At the societal level, more honest conversations with citizens about European defence and measures to enhance resilience are necessary. In this field, the Baltic and Nordic countries in particular can lead the way for Europe.

### **It all starts with ambition and political will**

The necessary condition for Europe to start addressing these changes is political will at the highest political level – and avoiding inertia. The latest NATO summit in The Hague (June 2025) has bought Europeans time as the summit concluded without a massive fallout. However, this does not mean that Europeans can now fall back into old patterns of muddling through and hoping that the European defence industrial patchwork will hold and somehow magically come together. Especially France and Germany as the biggest EU member states, alongside the UK, Italy and Poland as partners, should lead the way: the window of opportunity for political ambition in this format is limited in light of the French presidential elections in 2027 and must not be wasted.

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#### Genshagen Forum 2025

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