The evolution of the defence industries in France, Germany and Italy since the Russian invasion in Ukraine in February 2022

Thesis

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Abstract

The following thesis examines the development of the defence industries in France, Germany and Italy since the Russian invasion of Ukraine in early 2022, using policy documents and articles from the trade press to investigate which mechanisms of cooperation exist and which theory is best suited to explain the developments. Realist intergovernmentalism, liberal intergovernmentalism and neofunctionalism were tested. The three countries show different reactions to the initial shock in the wake of February 2022 due to their different starting positions. The study shows that the countries have mainly cooperated at the intergovernmental level and that the industry also uses the cooperation formats created independently. The analysis shows that liberal intergovernmentalism has the strongest explanatory power. The role of the Commission changes over the course of the three years analysed, from a reactive actor to a formative one.

Introduction

The war of the Russian Federation (Russia) against Ukraine, which started on 24th February 2022 with Russia's military attack on the entire territory of Ukraine, has shaped the discourse and sense of security in the European Union (EU) for more than three years now. Both the war in Ukraine and the re-election of Donald J. Trump as President of the United States of America (USA) present the discourse on security policy autonomisation in Europe urgent in the eyes of many. Mario Draghi, tasked by the European Commission (Commission) to evaluate the competitiveness of the EU, also called for urgency in his report published in September 2024. In it, Draghi describes the European defence industry as fragmented and dependent on external players. And that the member states (MS) mainly take their national industries into consideration when procuring, which he sees as a hindrance to European competition (Bellais, 2018; Draghi, 2024). The Commission estimates that the lack of cooperation and coordination costs the MS between 20 and 10 billion euros per year, for example through duplicate productions. This is another reason why the harmonisation of the defence industry is on the agenda of the MS and the Commission. (Mueller, 2024).

There is currently a lot of movement on this issue, at least on a discursive level. The then German Chancellor Olaf Scholz has called for Europe to create its own defence industry and carry out joint European armaments projects as a standard (Scholz, 2025). French President Emmanuel Macron also called for European countries to buy European weapons systems (Leali, 2025), so has Italy's Prime Minister Giorgia Meloni called for an industry that meets Europe's needs (La Stampa, 2024)

The defence industry is also subject to strict regulations by national legal frameworks. In Germany, defence companies must have the production of weapons and weapon systems and other steps approved by the government in accordance with the War Weapons Control Act. Production is not permitted without this authorisation (BfJ, 1990). There is a similar legal framework in France, as this is an industrial field that affects national security and sovereignty (MAE, 2025). Italy also legislates on the production and export / import of military goods (CDP, 2022).

In recent years, there has been much discussion among political decision-makers, in academic publications and in the general media about armaments and increased cooperation in Europe. The fact that defence budgets have been increased and that states have invested heavily in the arms industry is also not a novelty. However, this work examines the mechanisms and causalities that have led to this in a structured way with three country-specific cases. It is not about retelling events but about identifying chains and then comparing and examining the differences or similarities between the countries, and testing which of the theories (realist intergovernmentalism, liberal intergovernmentalism and neofunctionalism) has explanatory power in the developments and whether changes can be observed over a period of around three years.

There is a range of previous research but for example, there are studies that analyse the cooperation between France and Germany, but "only" look at one project or from a perspective covering the whole EU (Håkansson, 2023; Fiott, 2023). But not a comprehensive view of these countries. The scientific and social relevance of this work results from the following aspects in addition to its currentness. The testing of three leading theories of European integration on current developments and in an area that strongly affects national sovereignty, provides new insights into the explanatory power of the theories. The evidence presented here also contributes to the theoretical debates for future research in this area. The social relevance lies on the one hand in the urgency with which political and social actors are conducting debates on European defence cooperation, particularly due to the changing security situation in Europe and uncertainty about the stability of the transatlantic alliance. Furthermore, the sheer amount of money spent on defence makes the question of how and on what money is spent relevant for democratic societies. This work contributes to a public understanding of the actions of the EU, national governments and industry over the last three years. Identifying mechanisms and answering the question of how industries have developed is relevant for the understanding of further steps and actions. What this work does not do is provide a normative assessment of the actions of governments and the defence industries

This thesis answers the following question (RQ): How have the defence industries in Germany, France and Italy evolved since the Russian invasion of Ukraine in February 2022?

To answer the question adequately, the following sub-questions are answered:
- To what extent have states increased their public budgets on defence and companies increased their production capacities?
- How is cooperation between the states being deepened?
- How have defence companies slowed down or pushed policy shifts?

Theory

The theories that this research tests are presented below, and hypotheses regarding the research questions are formulated based on these. To be able to adequately analyse cooperation and developments at European level theories of European integration are used to answer the research question. These include realist intergovernmentalism, liberal intergovernmentalism, and neofunctionalism. Implications are also drawn from the origins of the theories. These theories are able to explain the mechanisms behind integration processes, in relation to the EU (Hooghe & Marks, 2019), and the theoretical approaches allow assumptions about the actions of the state towards private actors and vice versa. Subsequently the core concepts are defined and an overview of existing European frameworks for defence cooperation is provided.

Realist Intergovernmentalism

Intergovernmentalism can be roughly divided into two categories: realist and liberal (Schimmelfennig & Rittberger, 2006). The assumptions of realist intergovernmentalism and the expectations that can be drawn from them are presented here first.

Core Assumptions

Out of a RI perspective Sovereignty and autonomy are of paramount importance to states. As a result, governments tend to take steps towards integration primarily in policy areas where sovereignty is only marginally or slightly affected. Even steps towards supranational solutions that appear rational, particularly in the field of high politics, are accompanied by concerns about national sovereignty. According to Stanley Hofmann's understanding, sovereignty as the core principle of every nation state gives states a superior authority and leaves the state independent of external interference within its borders (Hoffmann, 1966). From an intergovernmental perspective, integration is the product of competition and cooperation between the governments of the MS, but it is a summation. Governments deepen integration where it is beneficial, integration does not occur for its own sake. This is how integration processes were explained after World War II, as many European states had lost international influence and could only assert their interests to a limited extent on their own. This realist intergovernmentalism approach views integration as an economic phenomenon that makes little progress on issues of sovereignty (Hooghe & Marks, 2019).

State – Private Sector Relationship

According to realist approaches, states are the only relevant actors that strive for power or security and Companies are subordinate units for the state and not of great relevance. They gain importance if they serve military strength, which is the case with defence companies (Nowell , 2019). From a realistic point of view, the fact that the state is autonomous and acts as an autonomous actor leads to the conclusion that it cannot be merely the sum of private interests. They act as a unified whole. This means that the state can also enforce its policies against private actors, especially when corporate interests run counter to those of the state. This requires regulatory instruments, which the state must have at its disposal (Krasner, 1979).

Expectations and Hypotheses

Based on these assumptions, the following expectations can be derived for the three cases. Firstly, states are the dominant players in Europe and integration steps are taken when these coincide with national interests. Secondly, the states take care to preserve their autonomy when taking steps towards integration. Thirdly, the state influences the actions of companies and determines the framework within which they operate.

If realist intergovernmentalism holds up, enhanced cooperation will only take place if states make relative gains as a result. This may be the case if they expect economic benefits from it or if they feel compelled to increase cooperation due to the changed security situation. The initiative here would come exclusively from the governments themselves.

Liberal intergovernmentalism

Liberal intergovernmentalism developed as a continuation of Intergovernmentalism. The theory incorporates aspects of international political economy into intergovernmental negotiations (Hooghe & Marks, 2019). This variant also follows realistic assumptions such as an anarchic international system, the fact that states represent their own interests and are rational actors.

Core Assumptions

In LI Integration steps are presented as a three-stage model. Firstly, preferences are formed within the states, with various stakeholders playing a role, e.g. entrepreneurs, trade unions, etc. Governments serve as a platform where these interests are brought together to present a unified position in negotiations with other states. In the second phase, intergovernmental negotiations take place to decide whether and how integration should be deepened. The states that are not necessarily dependent on increased interdependencies are in a stronger negotiating position. It is then decided how integration should be institutionally implemented. The theory assumes that the institutions will only be endowed with limited authority so that most of the sovereignty remains with the MS´s. The EU is seen as an institution that increases cooperation but is not considered to have a supranational character. The Commission is seen as an executer of the MS´s Interests (Moravcsik, 2020).

The history of European integration is seen primarily as a history of economic integration, and from a liberal intergovernmental perspective, it was also driven by the MS mainly out of economic interests. However, it was the MS themselves that steered the entire integration process, not national companies and private interests (Moravcsik, 2020).

State - Private Sector Relationship

The subordination of private actors only applies to the external behaviour of states, in LI, private actors play a role by competing to gain influence over the state's formulation of preferences. In contrast to the realist approaches the preferences of a state are not unchangeable and are influenced by internal actors. It follows that, from a liberal intergovernmentalist logic, companies can and do exert influence on the integration process. And governments incorporate their position into their preference formation (Kleine & Pollack, 2018).

In liberal intergovernmentalism, strong national players play a role. The relationship between the government and these players is less one-sided than in RI, there is a coordinated interdependence. The government coordinates with the private sector and contributes its perspectives at European level. However, industry representatives often have a greater influence than labour representatives, for example (Moravcsik, 2020).

Expectations and Hypotheses

The framework of liberal intergovernmentalism allows for the following expectations. Firstly, governments are the decisive actor, integration steps take place through negotiations between governments. Secondly, the MS delegate certain tasks to EU institutions, but retain control over integration steps. Thirdly, states do not act independently of the interests of economic, private actors, and must coordinate with them. Their preferences are incorporated into the positioning of the MS.

The hypothesis that can be derived for the three cases is as follows: Before 2022, a strong defence industry of their own was more in the interest of the states than integration in this area. Since the war in Ukraine and uncertain dependencies, mainly on the USA, it is in the core interest of states to cooperate. Following the logic of liberal intergovernmentalism, private actors would use their preferences to influence governments, but closer cooperation would still take place if it was in the interests of the MS, and driven by the MS.

Neofunctionalism

The third theory tested is neofunctionalism, as a counterpart to the two intergovernmental approaches.

Core Assumptions

Neofunctionalism contradicts intergovernmental core assumptions and sees integration as the product of interdependence. The theory was developed in the 1950s as integration deepened in more and more areas and assumes that integration in one area also leads to integration in other areas (Niemann, 2017). It explains how integration progresses once states have decided to pursue it. Once this decision has been formally taken, the driving force behind integration is seen as originating in the supranational EU institutions and is not under the full control of national governments (Sweet & Sandholtz, 2013).

Neofunctionalism assumes that Integration occurs through so-called spillovers. Cross-border transactions require supranational regulations, which in turn lead to increased transactions and necessitate supranational governance (Sweet & Sandholtz, 2013). Three types of spill overs are expected, the functional, political and cultivated spillover. In the case of the functional spillover, it is assumed that integration in one area makes integration in another area inevitable due to the interdependencies created. This is based on the logic that integration steps do not occur and cannot be considered in isolation (Niemann, 2021). These moves towards deeper cooperation follow a “functional-economic rationale” (Niemann, 2021, p. 118). In case of political spillovers, nation-based elites regard national solutions as inadequate and therefore strive for supranational solutions. These integration steps often happen under pressure from organised interest groups outside the government. Closer cooperation leads to common interests, which contradicts the intergovernmental assumption of fixed national interests. (Niemann, 2017). As a result, the focus shifts to European institutions as the point of contact, and a kind of self-perpetuating supranationalism emerges (Niemann, 2021). In the case of cultivated spillover, supranational institutions, like the Commission, actively promote integration. These institutions control the states and their governments that established them. They are the ones who drive policies forward and represent a key authority (Niemann, 2017).

Role of Private Actors & Supranational Institutions

Regarding the private sector, it is assumed that interest groups are increasingly attempting to coordinate directly with each other and strive for supranational solutions if the benefits for them are high. It is often the interest groups that have driven governments towards deeper integration. Private companies are actively pushing for greater integration and solutions at supranational level, as this often serves their economic interests (Niemann, 2017).

In contrast to intergovernmental approaches the neofunctionalist perspective views the Commission as an active shaper and entrepreneur of European integration. In addition to the Commission's exclusive role in the European legislative process, the EU is seen as actively promoting integration. The Commission promotes greater integration through various initiatives and funds. In doing so, it works with non-state actors and uses them to promote the ideas of Commission to the governments of the MS. Neofunctionalism assumes that supranational organisations have a vested interest in promoting integration, separate from the MS that mandate them (Sweet & Sandholtz, 2013).

This is how the EDF established in 2017 can be explained from a neofunctionalist perspective. The EDF was proactively proposed by the Commission, which can be interpreted as the existence of a cultivated spillover. As the Commission did not see intergovernmental mechanisms such as the EDF having the necessary effects in its view, it took the initiative with its own instruments such as the budget (Haroche, 2020).

Hypothesis and Expectations

Neofunctionalism allows for the following expectations. Firstly, national governments are not the central actor, secondly, steps towards cooperation are mainly driven by the Commission and private actors. And the Commission plays an active promotional role in favour of increased cooperation. Thirdly, companies act in a targeted manner among themselves to reach supranational solutions.

If NF holds up, cooperation will primarily take place through European incentives and European platforms. Companies would seek direct co-operation with each other and with the Commission. The previous steps in defence cooperation would have led to a momentum of their own for further integration steps.

Core Concepts & Background

The core concepts used in this work are defined in the following and a brief overview of existing European frameworks is given. The Term defence industry has several different definitions. There is a dense network of subcontractors with complex supply chains. This thesis defines the defence industry as the sum of companies involved in the research, development, production and maintenance of military equipment (Hartley, 2007). The ownership structure is of no significance here. This conceptualisation allows a comprehensive view of the defence industries.

Evolution here means, on the one hand, cooperation patterns that are to be expected based on the theories described above. On the other hand, changes in the structure of the industry (e.g. through newly created joint ventures), as well as changes in budgets and production capacities.

Efforts to integrate defence at the European level first emerged in the 1950s. However, after the creation of the European Defence Community (EDC) failed due to sovereignty concerns, no further significant efforts were made until the 1990s. In the 1990s, the Commission put forward various proposals to promote cooperation and coordination and to support industry with EU instruments. However, any form of supranational control was rejected by the MS (Håkansson, 2021). In 2004, the European Defence Agency (EDA) was created as an intergovernmental body. The EDA supports Member States and serves as a platform for advancing joint projects and research (EDA, 2025). In 2009, the first European defence legal act was adopted. According to Håkansson (2021), this was a decisive step that established the Commission's role in the subsequent EDF. Building on this, the Commission has gained slightly influence in the defence sector with the support of the Council and the Parliament (Håkansson, 2021).

The goal of deeper European cooperation in defence has gained momentum, particularly since 2014. Driven by an increasingly tense security situation in Europe and Donald Trump's first term in office, calls for greater autonomy and for Europe to become an independent player in security policy have grown louder (Brattberg & Valášek, 2019). There is also strong support among the public for greater cooperation between European countries in the field of defence (Fiott, 2023). The Russian attack on Ukraine has also reinforced European efforts and increased the urgency of the situation (Håkansson, 2023).

The EU has limited competence in the areas of security, foreign and defence policy. Instruments such as the Common Security and Defence Policy (CSDP) and the Common Foreign and Security Policy (CFSP) are mainly non-legislative instruments and operate at intergovernmental level. Furthermore, armaments are excluded from the common European internal market rules by Article 346 TFEU (Andersson & Britz, 2025). This means that it is more accurate to speak of 27 defence industries than of one European defence industry. The European defence market is not only fragmented but also highly specialised, which makes production in war economy mode difficult, meaning high quantities in a short period of time. (Mueller, 2025).

Of the 290 billion euros that EU MS will spend on defence in 2023, €151.49 billion will be spent by Germany, France and Italy alone, with an average of 20% going to the arms industry, through procurement. In addition, there are Research and Development (R&D) investments and maintenance funds that benefit the industry (Mueller, 2024).

Demand for European arms companies is mainly generated by government agencies (ministries, procurement authorities). European defence companies export goods worth approximately 40 billion euros per year to countries outside Europe. US arms companies play a major role in European arms procurement (Mueller, 2024).

A major challenge for European defence industries is that they manufacture many different weapon systems in relatively small quantities. The defence market in general defies the logic of supply and demand. This is because it is usually governments that dominate demand, supply and regulation. In addition, defence is considered so important for national security that it is virtually a closed market. Furthermore, although most arms companies are privately owned and managed, there is often a high level of state involvement. Large government contracts often lead to monopolisation, resulting in inefficiency, high costs and duplicate production (between European countries) (Mueller, 2024).

The following is an overview of the existing European frameworks. Permanent Structured Cooperation (PESCO) was created in 2017 and enables MS to cooperate more closely within the framework of the Common Security and Defence Policy (CSDP) and to advance joint defence initiatives and projects. The EDF supports R&D projects as part of the financial planning for 2021-2027. Its aim is to prevent fragmentation, and it was established in 2017. The Coordinated Annual Review on Defence (Card) enables MS to identify cooperation opportunities and then implement them, mainly within the framework of Pesco. Also created in 2017 (Porotto, 2023; EDA 2025).

Of the 100 largest arms manufacturers worldwide, five are from France, accounting for 4% of the revenue of the 100 largest manufacturers worldwide. Four are from Germany with a share of 1.7%, two from Italy with a share of 2.4% and three are trans-European companies with a combined share of 3.3% (Sipri, 2024) The mere presentation of these figures clearly shows a difference between the industries in the three countries. In Germany, there are more medium-sized companies that specialise in small quantities and special technologies (ESUT, 2020).

Methodology

The research design, the analysis method and the data selection are outlined and justified below.

Research Design

This thesis analyses the three cases with a qualitative design and follow a Most Similar Systems Design (MSSD). Although there are differences in the population size of the countries, these are the three most populous countries in the EU. All three are also integrated into the structures of the EU and the North Atlantic Treaty Organisation (NATO), and in terms of gross domestic product (GDP) they are the three largest economies within the EU (Statista, 2025). France, Germany and Italy are the only three MS that are represented with more than one company in the SIPRI Top 100 arms firms list and thus have a decisive influence on defence policy developments in the EU (Hartley & Belin, 2019; SIPRI 2024). These cases are tested for the formulated hypothesis under the lens of RI, LI and NF. The cases were selected because Leonardo, Thales and Rheinmetall, the largest defence companies from the EU countries, come from Italy, France and Germany (SIPRI, 2024). This research aims to show what differences or similarities there have been since February 2022 in the reactions from government and companies on the issues addressed in the research question and sub-questions. The period is relevant as defence spending has risen sharply worldwide since 2022 and the term “Zeitenwende” is often used to describe this new security policy reality. These given sites allow a Structured, Focused Comparison Case Study to examine similar cases in many variables, performing a theory-led analysis (George & Bennett, 2005).

Method of Analysis

An appropriate approach to answer the research question is that of process tracing. Process tracing is chosen when investigating “causal mechanisms using in-depth qualitative case studies” (Beach & Pedersen, 2013, p. 163). In the following case studies, a theory-testing process tracing is applied in which three existing European integration theories are tested for the cooperation mechanisms and the mechanisms between the state and companies for the three cases, considering overall European developments. This does not simply involve events, for example the announcement of a new armaments co-operation, but tests the presence of the mechanisms assumed based on the theories. In this case, the extent to which the independent variable (x), the Russian war in Ukraine, has causally influenced the evolution of the defence industries in Germany, France and Italy, dependent variable (y), and which theory applies to the changes is examined. The Russian attack on Ukraine is conceptualised as a security policy shock for the EU - in this case study for the three MS states mentioned. It is assumed that the immediate threat situation for the three countries is to be assessed differently and is also seen differently by the MS. The evolution of the defence industry is conceptualised as outlined in the theory section. The theories were first broken down into causal mechanisms and expectations (see above). In other words, based on the theories, we look in detail at what actions are expected after the Russian attack on Ukraine, a kind of reaction chain. These are then translated into possible observable mechanisms for the cases that could be found in the documents to be analysed. When analysing the documents, a structured step-by-step check is carried out to determine whether these causal mechanisms are present or not (who, what, when). If the steps are comprehensible, the respective theory is likely to be able to describe the evolution of the defence industry in the three selected countries (Beach & Pedersen, 2013). In process tracing, the texts are analysed in a structured manner and a Qualitative Content Analysis (QCA) is used. The QCA will follow an abductive design and try to explain the observations. To identify some of the established parameters and, on the other hand, to be able to derive possible search-related findings from the documents. A structural coding of the text corpus will be performed and Atlas.ti will be used for sorting and analysis. Simultaneous coding was used, i.e. several codes are assigned to one part of the text corpus, as many text parts cannot be captured by one code and can therefore be marked by mechanisms.

Data Selection

The data set consists unobtrusive, primary and secondary sources. Only publicly accessible data is used. All documents in the dataset are from the period February 2022 to April 2025. The dataset includes EU documents, such as the White Paper on European Defence Rearmament, reports from the Commission, European Council Meeting Summaries. The Commission and Council documents also allow mechanisms to be recognised through references to previous actions and therefore provide a valuable contribution to the analysis. Strategy papers and declarations of intent from Member State governments. National security strategies, armaments strategies or comparable documents that fall within the period under analysis were specifically chosen in the data selection. These documents cover the long-term and fundamental positioning of states and governments. Annual reports from defence companies in the countries concerned.

The EU and NATO are a used as sources of economic data, as are organisations such as the Stockholm International Peace Research Institute (SIPRI). To obtain information, especially on the contractor side, 192 articles from the portal breakingdefense.com were included in the data set. To come as close as possible to completeness, all articles mentioning France, Germany and/or Italy or a defence company from these countries published in the Europe category have been included, as well as the articles about the EU in general. This enables a chronological understanding of developments from the industry side. The news portal describes itself as the largest portal in the field of defence and belongs to Breaking Media, headquartered in New York City, USA (breakingdefense.com, 2025). This data provides a reliable basis for answering the questions raised. In many cases, these are also regular publications so that changes can be detected. In addition, changes and mechanisms in the position of policymakers and companies should be identified, which is best done based on policy documents. Due to the sometimes-difficult transparency in the policy field, triangulation with media reports is necessary to obtain a robust, meaningful data set (Håkansson, 2023). Documents that were not available in English were translated with deepl.com.

Analysis

The following analysis conducts a theory testing (RI, LI, NF) and process tracing of the defence industry developments in France, Germany, and Italy following the Russian invasion of Ukraine in February 2022. First, each case is contextualised, and the strategic positioning of the country is presented, followed by budgets and capacities, cooperation formats.

For context the defence expenditures of the three countries are provided here:

Defence expenditures (pre-Covid-since 2022) (NATO, 2024)**:**

	2019	**2022**	**2023**	**2024**
Germany	1,35%	1,51%	1,64%	2,12%
France	1,81%	1,88%	1,96%	2,06%
Italy	1,17%	1,52%	1,50%	1,49%

Case Study: France

The analysis begins with France as they are the strongest advocate of increased cooperation on defence issues in the EU.

Strategic Positioning

The arms industry plays a major role in France. The defence sector generates approximately 400,000 jobs, of which around 165,000 are directly in the arms industry, and the defence industry accounts for approximately 25% of European capacity. Several large companies and around 4,000 medium-sized enterprises (SME) operate in France (French Government, 2024). France is one of the few countries to have an armaments industry agency (DGA) that brings together the interests of the armed forces and industry and plans projects, for example (Mueller, 2024).

France is in favour of European cooperation and cooperation through incentives from the Commission, i.e. incentives over which the French government itself has little influence. On the one hand, this is based on rational economic considerations, for projects that France alone would not be able to finance. France is in favour of proactively supporting this deeper cooperation both at intergovernmental level and through the Commission. And declares itself willing to limit its own "national sovereignty to what is strictly necessary" (AID, 2023, p. 10). Furthermore, France formulates the goal of European autonomy and sees itself as the motor for achieving this, while emphasising at the same time the importance of its own autonomy (SGDSN, 2022).

After it became apparent shortly after the outbreak of the war that a number of European countries were increasing their defence budgets, Macron called for the now available money to be invested in European procurement in order to strengthen European autonomy and reduce dependencies, particularly on the USA (Mackenzie, 2022a).

As of 2024, 63% of procurements since February 2022 have been made in the USA (Martin, 2024a). According to observers, Macron's statement also referred to Germany, which had previously announced its intention to procure American F35 jets (Mackenzie, 2022a), suggesting that for France, procurement issues are not solely a question of the respective MS.

Industry development & Cooperation Formats

As the French government outlines its strategic ambitions, the industry must transform these into capabilities. Industry representatives dampened expectations in the initial phase of the external shock, as the complexity of manufacturing defence equipment with many suppliers would make it difficult to ramp up on an ad hoc basis, and production was not made to stock but to order. In response to improve supply chains, the DGA requested to give defence companies priority over civilian companies for certain products. And therefore, intervene in the market, to serve the government's goal to rearm. Further, industry representatives stated that it is on the government, not the industry to decide on the transformation into a "war-economy" (Mackenzie, 2022a).

Some companies were able to massively increase their production capacities, for example Nexter (now KNDS France) was able to increase its production capacities for ammunition by 50 % between February 2022 and 2024 (Mackenzie, 2024a). Nevertheless, the overall picture for France does not meet the government's expectations. The French Minister of Defence threatened the industry with requisition if it did not increase its production rates. If this would not happen, he would order that military goods be given priority over civilian goods (Mackenzie, 2024d). A scenario that had already been outlined by the DGA two years earlier. This threat by the French government fulfils what could be expected according to realist intergovernmentalism, as Krasner (1979) describes, the state can enforce policies when those of the company are opposed to its own. Companies must think economically, as the military customers of defence companies are often only a small part of the order book, the companies announced that this would lead to price increases (Mackenzie, 2024d).

Cooperation between countries and companies has existed in defence matters in Europe for some time, with France and Germany agreeing in 2017 to develop a joint fighter jet and the start of the study phase in December 2022. The Système de combat aérien du future / Future Combat Air System (SCAF / FCAS) is characterised by difficulties, initially Germany and France could not agree on the workshare project (Martin, 2022b), and the main contractor Dassault feared that they and France would lose their pioneering role if there was too much exchange of technology and information (Mackenzie, 2022c). There were also disagreements between the French government and French industry, when the government announced an agreement between countries and companies. The industry denied this and said it had not yet reached an agreement (Martin, 2022c). The FCAS project shows, on the one hand, that co-operation often takes place between states themselves and that they coordinate it among themselves. On the other hand, it shows that industry is not just a passive follower of government decisions but formulates its own interests and makes them the subject of negotiations. Cooperation with subcontractors is necessary.

The European missile manufacturer MBDA, a joint venture of German, British and Italian companies with sites in France, has increased production by 50% with the approval of the French Ministry of Defence. Despite an all-time order record, supply chains are a major problem, which is why the CEO of MBDA called on both European countries and companies to increase cooperation (Martin, 2023b). In 2023 MBDA has also presented a new hypersonic missile interceptor concept called Aquilla. The project is currently in the concept phase and is receiving 80 million euros from the EDF and is part of PESCO's TWISTER project, which is intended to provide protection against endo-atmospheric missiles. The project involves 19 companies from 14 European countries. Germany, France and the Netherlands are the main supporting countries and will decide on how to proceed after the concept phase (Martin, 2023e). Both the supranational funding by the EDF and the fact that the development is taking place as part of PESCO indicate that cooperation between states within the framework of the PESCO agreement also leads to cooperation between companies.

The cooperation between French firm Safran and Germany's MTU Aero Engines also reflects these cooperation mechanisms. After the two companies have established a cooperation in the intergovernmental FCAS project, a joint venture is now being founded for the European Union's Next Generation Rotorcraft Technologies (ENGRT), for which the Commission has signed a contract with the two companies. On the one hand, the previous intergovernmental cooperation speaks in favour of the Commission building on patterns created by MS. On the other hand, the existence of a spillover can also be assumed. Although the Commission utilises existing channels, it nevertheless uses its own resources to carry out the cooperation (Martin, 2023f).

In the run-up to the European Council on Defence in March 2025, the Commission has initiated to endow the European Defence Industry Programme (EDIP) with 1.5 billion euros to enable joint procurements and a ramp-up of the industry. The Commission's target is that in 2030 the MS will carry out 40% of their procurements jointly and 50% of their procurement budget will be spent in the EU (Martin, 2024a). The Commission is thus taking its own steps towards deepening defence cooperation. The MS merely informed the European Council that they would take note of this (European Council, 2024). Industry representatives welcomed the Commission's proposals and declared their willingness to support the plan, while expressing doubts about the timetable, saying that realisation could take decades and that they saw the main problem standing in the way of an autonomous European industry in the non-European supply chains (Mackenzie, 2024c).

In mid-2024, both France and Italy ordered air defence systems from the European joint venture Eurosam, in which both French and Italian companies are involved. This is the two countries' response to Germany's proposal to use the German system (IRIS-T) in conjunction with the American Patriot PAC-3 as an ESSI. President Macron's criticism of non-European solutions shows that France is not only interested in cooperation between MS themselves, but also in strengthening the European industry (Martin, 2024f).

In the wake of the new US administration's recognisable turnaround concerning European security, France has called for the rearmament of Europe and linked this to a major order of aircraft and ships from the French company Rafale (Martin, 2025c). And the European missile manufacturer MDBA was able to increase its delivery by 33% from 2023 to 2024 and is calling on European countries to work together and take a European company like MDBA as an example (Helou, 2025).

Theory Assessment

The data shows that France has increased its overall spending on both defence and procurement, although this continues a trend that began in 2017 (SGDSN, 2022) and can therefore only be partially explained by the external shock in February 2022. The industry has also increased production capacities to cover the new demand on the government side. Two different mechanisms could be identified: firstly, that the industry is cooperating with the government on expansion steps and communicating possible obstacles to this with the government. This corresponds to the expectations of the LI, a coordinative relationship between government and industry. On the other hand, realistic expectations can also be identified, albeit to a weaker extent. The government's threat of requisition reflects the fact that the state sees it as the companies' task to enforce their policies and, if necessary, to use coercive means.

The Commission's measures, regarding France, test only weakly for a neo-functionalist logic, because on the one hand it could not be observed that Commission initiatives have (so far) led to a ramp-up of the industry. Secondly, in many cases the Commission's actions are based on requests or decisions by the European Council, i.e. an intergovernmental body.

One cooperation mechanism that stands out in the data is at the intergovernmental level. Projects such as FCAS show two things, firstly that large procurement and development aid projects are negotiated between member states and not at a supranational, pan-European level, and secondly that industry can and does have a decisive influence on how the project is shaped. France's strong lobbying in favour of European cooperation is also reflected in the industry as they actively promote cooperation. The government articulates these interests at a European level. This indicates a strong presence of LI mechanisms.

RI is not present in the cooperation patterns mechanisms. According to Hoffmann (1966), a general scepticism towards supranational solutions and thus a shift in sovereignty is to be expected, this cannot be ascertained in the case of France. Both government and industry demand such solutions, as described above.

Neo-functionalist expectations are weakly detectable. It could be argued that cooperation at supranational level with the use of financial incentives from the EU is an observable spillover. However, this is only considered to be weak as it is based on previous intergovernmental cooperation.

There are various indications as to whether the industry has slowed down or accelerated the cooperation agreement process. In various cases, the industry has dampened expectations and referred to necessary first steps, and when company interests were seen to be threatened, cooperation was also slowed down. The existence of cooperation partner mechanisms between different companies from different MS, e.g. through joint ventures, speaks in favour of neo-functionalist expectations. Namely that companies cooperate with each other and thus promote integration.

To summarise, it can be said that the developments in France are best explained by the theoretical framework of LI.

Case Study: Germany

Strategic positioning

In the past, the German government has rarely formulated clear positions on arms industry policy. In 2015, the Ministry of Economics formulated a strategy paper that set the goals of Europeanisation while strengthening German industry and increasing competition while protecting core areas of production. In December 2024, this strategy paper was replaced by a new version, which has been included in the analysis. The arms industry is of little significance to the overall economy, although there are regional differences as the industry is concentrated in certain regions. Approximately 70,000 jobs depend directly on the arms industry and 30,000 to 50,000 jobs depend indirectly on it. Arms companies are dependent on the policies of the respective government, as most activities are subject to authorisation. Since the 1990s, most arms companies have been almost entirely privately owned (Brzoka, 2020).

Through various policy papers, the German government has developed its strategic and defence policy reorganisation to adapt what it sees as the shortcomings of the past decades to the new circumstances (Bundesregierung, 2023; BMVG, 2024). In their National Security Strategy (2023) the government emphasises a comprehensive concept of security that goes beyond traditional military defence. It reflects an understanding of cooperation between the state and the private sector that is in line with the LI, emphasising collaborative cooperation with stakeholders and creating security together with them.

To achieve the goal of maintaining a strong industry in Germany, the government is formulating demands on this industry. At the same time, the work between government and industry is to be coordinated in a cooperative manner and the state incorporates the interests of the industry into its policies. According to the Ministry, the Industry should establish or have the following characteristics: “dynamic and scalable”, “responsive and resilient”, “innovative and adaptive” (BMVG, 2024, p. 5). An important point to improve, that the government has identified, is to give companies and investors security. Meaning that they have secure commitments from the government in of longer-term financing. This aims to give companies the certainty that investments and capacity expansions are worthwhile. In addition, the procurement process should generally be accelerated, and start-ups should be given greater consideration. The BMVG is also in favour of improved access to the capital market to promote private investment in the defence industry (BMVG, 2024).

Defence Budget and Production Capacity

In the wake of Russia's attack on Ukraine, the German government has radically changed its strategic narrative and unilaterally shifted Germany's defence policy stance. Three days after the Russian attack on Ukraine, the then German Chancellor Scholz announced his proposal to endow the Bundeswehr with a special fund of 100 billion euros. He called on MPs to support this initiative and to enshrine it in the Basic Law. He also announced that from 2022, the NATO target of investing at least two percent of GDP in defence would be met by Germany. This initiative is a direct response to the Russian attack and the potential threats it poses to the European security architecture (Scholz, 2022). Even if some argue that the Bundeswehr has been underfunded since the end of the Cold War, this was not the initial reason for acting. The Bundeswehr has long been inadequately financed, and this situation should now change due to the threat from Russia (BMVG, 2023). By emphasising the “Zeitenwende”, the government is referring to changes that will affect both the state and industry, moreover the whole society. In addition to the clear increase of the defence budget, the proportion of procurement money flowing into industry is also set to rise. Spending on procurement is expected to reach 15 billion euros in 2024, compared to 9.9 billion euros in 2022 (Martin, 2022a). The increase in the defence budget and the creation of the special fund corresponded to the logic of RI, as the German government was reacting unilaterally and directly to a threat to the security situation. Other aspects were regarded as subordinate. The state was the central actor that responded to the changed situation in a leading role. Thus, as shown, the primary aim of this policy was to serve Germany's security.

The long-term investments announced by the BMVG (2024) are important for the industry, as it would only expand if it had long-term commitments to secure its financing (Mackenzie, 2022b). The government has met with industry to expand ammunition production capacity. In addition to the capacity required due to the war in Ukraine, the industry also needs higher procurement volumes in the long term (White, 2023). The government justified the order for a further 20 Eurofighters with the planning security for the industry, thereby responding to the demand from the industry (Ferran, 2024). In 2024, the German defence minister did not consider that the industry was yet where it needed to be and therefore announced that the defence budget would have to move towards 3% of GDP in the future (Martin, 2024c). The government is thus responding to demands from industry and is attempting to achieve its goal of ramping up the industry with increased investment and commitments. This mechanism is in line with the LI's expectations of coordinative cooperation between public and private sector.

The BMVG (2024) also describes gaps that Germany and the Bundeswehr are facing. That is why procurement also involves basic non-military equipment. In addition to weapon systems and armaments, procurement in Germany also involves basic equipment for soldiers. The war in Ukraine has accelerated this process, with the target date now set for 2026 instead of 2038/2029 (Martin, 2023a). This makes it clear that the countries are facing different challenges and have different starting positions.

Cooperation Formats

To respond to the changed security situation, Germany sees the need for increased European cooperation. In its approach, the Federal Government embeds European security in cooperation within NATO and with the USA (Bundesregierung, 2023).

The BMVG (2024) sees cooperation formats through existing formats at EU level, e.g. EDF and joint procurements with other MS and advocates a common market for defence equipment and the harmonisation of systems and capabilities. In line with LI expectations, it is expressed that, like previous integration steps, deepening in the field of defence should also come from the MS and the role of Germany and France is particularly emphasised (Bundesregierung, 2023). Previous integration steps are described as changes driven by the MS, and more in-depth solutions are to be found with other MS.

These fundamental considerations are also reflected in Scholz's proposal, which he presented in August 2022 as part of a keynote speech on European policy. In it, he calls for the development of a European air defence shield and offers MS to join it (Mackenzie, 2022b). A step towards cooperation on a voluntary basis, with a state that leads the way. However, as many of Germany's neighbouring states have already made their own procurements and Germany is planning to procure Arrow 3 missiles, a pan-European umbrella is not on the cards (Mackenzie, 2022b). In this case, Germany has looked at its interests and offered co-operation but has not actively sought it.

Germany's participation in the Main Ground Combat System (MGCS) project with France supports the observation that cooperation mainly takes place at intergovernmental level and is not planned supranationally. As in the FCAS project analysed in the French case (see above), this project was also preceded by lengthy negotiations on workshare and industrial balance, which shows that MS also focus on maintaining control in cooperation projects, i.e. integration steps. The defence ministers of the two countries signed the contract for the development phase in spring 2024. The 50/50 project will be led by the French-German joint venture KNDS, KNDS Germany and KNDS France, as well as the two largest defence companies from the two countries, Thales and Rheinmetall. This means that existing bilateral channels are also utilised on the industrial side (Martin, 2024a; Martin, 2024b). The actions of industry mirror those of the state, which also speaks in favour of the existence of mechanisms expected by LI. The government as a driver but also as an aggregator of industry preferences. Italy will also be offered the opportunity to join the MGCS project at a later stage (Martin, 2024a).

In the past, the lack of harmonisation of regulations and guidelines had led to discontent within the industry and in neighbouring countries, as Germany, for example, blocked the export of Eurofighter combat aircraft to Saudi Arabia due to its foreign policy stance on the war in Yemen and the human rights situation (Martin, 2023c). In the wake of Germany's reorientation, there are signs of change: with regard to arms exports, the government has announced that it will continue its restrictive course but will also take the interests of allies and geopolitical considerations into account in its export policy (Bundesregierung, 2023). This could initially suggest RI expectations, but the fact that Germany's position does not appear to be fixed suggests LI logic, with changeable state preferences.

The influence of government decisions on industrial development is also evident in the example of KNDS Germany. The Leopard II, the dominant tank in Europe, suffered a setback. Poland has purchased around 1,000 tanks from Korea. Originally, the Polish government wanted to become part of the MGCS but was unable to participate. When Germany then announced that it would be able to deliver one Leopard II per month from 2023, Poland opted for South Korea, from which it will receive 980 tanks in five years. Germany's initial refusal to supply Leopard II tanks to Ukraine also played a role in this decision (Roblin, 2023).

Cooperation from Germany is not limited to the EU MS either, as there is also co-operation with Norway, which also participates in various intergovernmental initiatives (Martin, 2024g). At the end of 2024, Germany and Norway placed a joint order for four submarines, giving the German company ThyssenKrupp Marine Systems (TKMS) its largest order in many years. TKMS had previously invested heavily in expanding its production capacities (Martin, 2024h).

Intergovernmental cooperation between European states takes place in the establishment of joint short-range air defence. For example, Germany, Italy, Spain and Sweden are joining forces in a project organised by the German company Diehl. The cooperation was created on an industrial level (Martin, 2025b).

Similar to France, the Trump administration has initiated a rethink, stating that a massive strengthening of Europe is necessary, but that Germany want to stick with the F35s they have ordered. While forming a government in Germany, new special funds and financing options of a large volume were implemented (Martin, 2025d).

Theory Assessment

The data for Germany shows that there has been a significant shift in defence spending. It has been demonstrated that the decision to increase defence spending can best be explained by RI logic. However, the question of how the money is being spent can best be explained by LI, as the government has coordinated with industry and responded to industry demands.

When it comes to cooperation, Germany focusses on intergovernmental mechanisms. This has been demonstrated by Germany's involvement in several joint projects, particularly with France, where the two countries are working together to deepen integration. Germany's reliance on the coalition of the willing model is also in line with the LI's expectations. However, RI tendencies can also be observed here, for example in relation to the procurement of Arrow 3, where Germany is acting in its national interest and taking the lead before offering cooperation. Supranational mechanisms in specific projects relating to Germany that follow the NF logic were only identified to a limited extent.

The industry has influenced developments in recent years in line with the LI. The requirements formulated by the industry have been incorporated into government planning

Case Study: Italy

Strategic Positioning

The Italian defence industry is dominated by Leonardo, which employs approximately 55% of workers in the defence sector. The state holds a 30.2% stake in the company (as of 2019). The second largest player is Fincantieri, which accounts for 15% of the sector's workforce and is 71.6% state-owned (as of 2019). The industry has become increasingly focused on exports (Caruso, 2020).

For Italy, the war Ukraine also plays a central role in defence policy considerations, albeit not as prominently as in Germany. Nevertheless, upgrading defence capabilities is considered necessary. This is also reflected in the fact that the defence budget has only has not changed significantly since 2022. The fact that most of Italian´s is against an increase in the defence budget shows a different sense of threat than in Germany, for example. The largest share of the costs is divided between personnel and maintenance (Castiglioni & Freyrie, 2023).

From the government's perspective, the defence industry is an important sector of the Italian economy, which is why it emphasises the importance of innovation in this area. Investment in defence is not only seen as an investment in Italy's security, but also in the whole economy. According to the Italian Ministry of Defence, every euro invested in defence contributes two euros to the overall economy and ten jobs in large defence companies would create 30 jobs in other companies (MDD, 2024).

The government considers the current legal framework to be inadequate and ineffective and has identified it as an obstacle to keeping pace with today's challenges. And has formulated as a goal that it must be possible to act and invest quickly. The Italian government also emphasises that processes should be reviewed and coordinated with the relevant stakeholders to improve decision-making (MDD, 2024). This shows that there is interdependence between government and industry and that the government does not unilaterally dictates policies The expectation of the LI that the state will seek cooperation with the private sector is therefore fulfilled. The government is also in favour of establishing a “culture of defence” (MDD, 2024, p. VI), i.e. a whole-of-society approach. In doing so, it is taking a step into society and expressing that all players must be involved in defence.

Cooperation Formats & Industry developments

In its procurement policy, Italy strives to strike a balance between its own industry and cooperation, for example through joint projects and procurement. Italy expressly does not limit this cooperation to partners within the EU and also works with allies regardless of their EU membership (Dragone, 2022). The focus on its own industry and the importance of domestic industry show that Italy is committed to maintaining its sovereignty.

The government's stated primary goal is to increase defence stocks and make them ready for use, which is currently not the case (Dragone, 2022).

As far as cooperation with other countries is concerned, Italy and Italian companies show a similar pattern to Germany, especially when it comes to large, long-term projects in cooperation with other countries and companies. However, Italy works closely with countries outside Europe. In December 2022, Italy, the UK and Japan signed an agreement on the Global Combat Air Programme (GCAP), the rival product to the solely European FCAS. In addition to technological considerations, the Italian Air Force stated that Italy could have played a much smaller role in FCAS than in GCAP, which is why the country joined the British-led project. And with it as smaller role for Italian industry (Martin, 2023d). When considering the LI as a general theory of integration and not exclusively limited to Europe, Italy recognises GCAP participation LI mechanisms as existing. On the one hand, the government also articulates interests of the industry to the outside world, namely, in this case, an appropriate role for Italy in such a project. On the other hand, cooperation takes place at the multilateral level and follows what Italy considers to be the best path. Regarding defence policy integration within the EU, this step, which is detached from the EU or one of its members, reflects a desire to maintain sovereignty. In line with RI's expectation, the possible cooperation step (joining FCAS) was not taken as it was not in the national interest.

Cooperation also takes place with EU partners. The intergovernmental organisation OCCAR has presented the project for a European patrol corvette, which will be led by a joint venture between an Italian and a French company. The budget for the first phase amounts to 87 million euros, with the Commission contributing €60 million and the nine participating countries contributing 27 million euros. The Commission has designated OCCAR as the licensing authority and the participating states as the contract negotiating authority (Martin, 2023g). Although the Commission is not the driving force behind the project, as it is a product of cooperation between states, it does promote cooperation by making a significant financial contribution to the project. The Commission can therefore be assumed to have an interest in increased cooperation, and the NF expectation of the Commission's action is moderately present. The realisation of the project aligns with the mechanisms of the LI.

The war in Ukraine has also made it clear to Italy that warfare that was thought to be obsolete is back on the agenda. As a result, the focus of procurement has shifted primarily to land and air defence equipment. For Italy's second largest defence company, the shipbuilder Fincantieri, this means that orders will be reduced for the time being, as a procurement for a ship costing around 1 billion euros does not fit in with the government's current response to the changed situation. However, as Italy is also pursuing interests in the Mediterranean (MDD, 2024) and maritime defence serves two purposes, the protection of economic interests and defence, the company expects an increase in orders in the long term, as these would also have to be justified to taxpayers (Katz, 2023).

Cooperation also takes place between the companies themselves. Leonardo was unable to agree on acceptable terms with KNDS for the joint production of the Leopard 2A8 main battle tank. To close the capacity gaps in Italy, Leonardo joined forces with the German company Rheinmetall shortly afterwards to set up a joint venture to develop a new tank (Martin, 2024d). There was no spillover effect in the sense that KNDS would have encouraged a company to form a 50/50 joint venture with another company.

Like Germany, Italy is pursuing a dual strategy when it comes to fighter aircraft, alongside Eurofighters and F35s, to quickly meet the demands of the Italian lift force. And is thus following the path it has also taken politically in terms of procurement, both in the EU and NATO (Martin, 2024e).

To replace the first model of the Eurofighter Tranche, Italy will order 24 additional Eurofighters, in which the Italian company Leonardo is also involved (Hitchens, 2024).

Patterns of cooperation can be observed not only between countries but also between countries and companies. Italy, for example, is the first country planning to procure Rheinmetall's air defence system, and Italy has been working with Rheinmetall frequently and for a long time (Martin, 2025a). Italy's Leonardo wants to set up a JV with a Turkish defence company and plans to involve it in the GCAP project (Martin, 2025f). As a result of the new upturn in defence investment, Leonardo sees an additional 6 billion euros in turnover for the company. Mainly from Italy and other EU countries (Martin, 2025g).

Theory Assessment

In contrast to Germany and France, the external shock of the war in Ukraine is only reflected to a small extent in an increase in defence spending, suggesting that RI expectations are low as there has been no cross-border response.

The other policies outlined have been implemented in consultation with and with the involvement of industry, and the government sees the involvement of industry as a matter for the whole society. The fact that the government recognises the need to improve conditions for industry also indicates the involvement of private interests in government decision-making and is in line with LI's expectations. Capacity enhancements have been observed on the industry side.

In terms of cooperation mechanisms, RI mechanisms based on non-participation in the FCAS, but cooperation with non-European partners for reasons of national interest, can be observed. In addition, cooperation mechanisms between companies were identified that meet the expectations of LI. The same applies to supranational cooperation, which, however, can only be categorised as slightly NF due to control by the MS, but this can also be explained by LI. Italian industry is very much in line with the government. And promotes cooperation through partnerships with other foreign defence companies.

EU Level Developments – Between Council & Commission

In addition to the already described cooperation formats at European level, which existed before February 2022, armaments policy was constantly on the agenda of the European Council. These developments affect all three countries and are therefore analysed separately from the national case studies. Over the course of the three years, a change in dynamics can be observed. Two weeks after the start of the war in Ukraine on 10 and 11 March 2022, the heads of state and government of the Member States met in Versailles for an informal European Council under the French Presidency. In the final document, the MS point out on the one hand that the capacities of the European defence industry must be increased, and the MS must intensify joint procurements and projects, and on the other hand that Europe must achieve autonomy in the defence industry. The MS call on the Commission to analyse the deficits and submit a report by May. They also emphasise that the MS will take the necessary further steps both individually and jointly. The EU institutions are called upon to speed up the processes. (European Council, 2022).

It can be seen from this that the MS refer to their autonomy on the one hand and delegate the steps deemed necessary to the Commission on the other. This is in line with the framework of the LI that the Commission is an authority at the service of the MS. As has been shown, the initial concrete steps towards defence readiness were taken by the MS themselves.

The events of 2022 correspond specifically to the LI expectations. At the request of the Council, the High Representative presented an analysis of the shortcomings and gaps. And the Commission introduced the European defence industry reinforcement through common procurement act (EDIRPA) into the legislative process by submitting it to the Council of the EU. This provides for the promotion of projects parts that originate at least 70% from the EU. The total volume of EU funds made available for this purpose amounts to 500 million euros (Council of EU, 2022).

The EU heads of state and government call on the Commission to quickly submit a proposal for a EDIP and propose joint procurement, the European Parliament is called upon to approve the proposal for the EDIRPA (European Council, 2022). Here, the MS act as drivers of overall European solutions and use the EU institutions to implement their ideas.

In May 2023, the Act in Support of Ammunition Production (ASAP), financed with the 500 million from EDRIPA, was adopted by the Commission (Commission, 2023). And an agreement between the Council of the EU and the European Parliament (EP) was reached in June (EU, 2023). The mechanisms observed in the previous year continued in 2023. The European Council called for further initiatives and greater involvement of the European Investment Bank (European Council, 2023).

At the beginning of 2024, slightly pronounced NF explanatory patterns begin to take effect. Although the Commission's proposal to provide the EDIP with a budget of €1.5 billion is based on requests from the Council, the Commission is formulating its own objectives in terms of organisation (EP, 2024). And submits proposals of its own (Martin, 2024a). Instead of reacting to initiatives from the European Council, as was previously the case, initiatives from the Commission also follow.

At the same time, LI predicted mechanisms remain present, in which the MS call on the Commission to take further steps, seeing it as an agent of this and setting the agenda (Council, 2024).

From 2025, a new urgency seems to be coming to European defence cooperation. At their special summit for defence, the MS are calling with new urgency for European autonomy in light of the changes in relations with the USA. In addition, the MS welcome proposals by the Commission, for example, to suspend the debt rule for defence spending (European Council, 2025). This shows that the Commission is increasingly acting as an agenda setter with the means at its disposal and is trying to move the MS in the direction it wants.

In March this year, the Commission presented the ReArm Europe programme. This step towards massive investment in armaments comes in the wake of both the war in Ukraine and the reorientation of the USA. The project aims to mobilise a total of 800 billion euros. Of this, 650 billion is to be mobilised through a suspension of European debt rules for armaments and 150 billion through EU loans for joint procurements. The Commission is thus using the funds at its disposal to promote armaments and cooperation. Industry representatives have called for just such a programme, saying, for example, that if the EDIP cannot provide more than 1.5 billion, there must be a coalition of the willing (Martin, 2025e). The Commission communicated the proposals to the European Council, and representatives from the MS largely welcomed the proposal. Under pressure from Italy and Spain, the title was changed to “Readiness 2030’”(Liboreiro, 2024). The USA is to retain access to parts of the 150 billion euros, with the focus on cooperation in Europe (Martin, 2025h). With Readiness 2030 and the Joint White Paper (Commission, 2025) presented afterwards, the EU is acting as a cooperation entrepreneur. It is promoting the fact that solutions must also be found supranationally.

Cross – Case Comparison

A comparison of the three cases of France, Germany and Italy and the development of the arms industries in these countries reveals common and differing mechanisms. The common mechanisms are largely determined by integration into the EU and NATO. The differences are determined by domestic preferences and different starting points.

In all three cases, Russia's war of aggression against Ukraine is seen as a decisive moment for defence policy. While France is using this threat to promote its long-standing goal of European autonomy, Germany is taking further steps towards integration out of the necessity to establish its own defence capabilities. For Italy, the war has only minor implications in terms of actual actions.

The cooperation mechanisms between states, which, as has been shown, are largely intergovernmental, are also reflected in industry. This is evident in several joint ventures that have been formed through joint projects and are based on cooperation. Pan-European companies (e.g. MDBA) are calling for deeper cooperation at the supranational level.

The case of France and the cooperation identified can best be explained by LI. France specifically seeks cooperation with other Member States and is also a driver of institutionalised cooperation. In the relationship between the state and industry, there are also trends consistent with RI (e.g. requisitioning), with the interests of industry being incorporated into policy.

For Germany, the initial reaction to 24 February 2022 was consistent with RI explanatory models, followed by a sequence of reactions and policies consistent with LI. It was also shown that the government incorporates industry preferences into national policy and implements them.

Italy shows a strong convergence between industry and government, the pronounced coordination follows LI explanatory patterns. However, it shows less interest in an integrated defence policy than France and Germany.

There has been a clear change in the role of the EU, particularly the Commission. Whereas in the first two years under review it acted mainly at the request of the MS and at the instigation of the European Council, it developed into an agenda setter and active promoter of integration, particularly at the beginning of 2025. The initial processes are in line with the expectations of the LI, but this loses its explanatory power over the years. In perspective, the NF is increasingly better able to explain the EU's actions on defence policy issues.

Conclusion

Since February 2022, the defence industries in Germany, France and Italy have undergone and been shaped by significant evolutions. This evolution is characterised by increased inventions, increased capacities, intergovernmental cooperation and an increasing role for the Commission. All three countries have reacted to the external shock, whereby the intensity of the initial reaction was related to the defence policy situation and threat assessment. In all three countries, armaments and defence policy has become a central policy area.

Increases in the defence budget can be observed in all cases, and the governments have also set themselves the goal of increasing the proportion spent on procurement. Germany's initial reaction was the most dramatic, with the immediate announcement of the 100 billion euro special fund and the commitment to the NATO 2% target. France also increased its defence budget but was able to show a higher defence spending in advance. Italy reacted modestly to the external shock regarding its defence budget. The increases in financial resources led to rising demand and sales for the defence industry, although this could not be fully covered by previous capacities. Since February 2022 many defence companies have increased their production capacities, for example Nexter and MBDA by 50%. The companies' ramp-ups were often linked to long-term financial commitments from governments. In summary, governments have opened financing, and companies have responded with increased production capacities. However, supply chain problems were and remain an obstacle.

Defence cooperation has been strengthened primarily through intergovernmental initiatives, but also increasingly at European level. All three countries recognise that the status quo is inadequate for the situation in which Europe finds itself, which has encouraged increased cooperation, with France as the strongest proponent of pan-European solutions. In most cases, cooperation is realised in line with LI expectations, as it is carried out in concrete terms by national governments in coordination with companies and with due regard for national interests. Governments are in favour of intergovernmental solutions, especially for large, long-term projects. France and Germany are focussing mainly on European partners, while Italy is also seeking cooperation outside the EU. In addition to bilateral and multilateral cooperation formats, the national governments in the European Council have called on the Commission to create forums and resources to ramp up the defence industry. This led, for example, to the creation of EDRIPA and ASAP. From 2024, and particularly in 2025, the Commission increasingly took the initiative itself and created new scope for massive investment in the industry with Readiness 2030.

Cooperation was therefore deepened in two ways. Firstly, through intergovernmental agreements and projects, in close coordination with the respective companies. And through EU mechanisms and forums. Most of the cooperation analysed in the period under review was intergovernmental, but an increasingly independent role for the EU can be observed. In all three cases, liberal intergovernmentalism is best suited to describe the developments to date, as the patterns of cooperation in the last three years have mainly emanated from the MS. However, the increased, independent role of the Commission over the course of the three years means that LI may loses its explanatory power. It is possible that the long-term development of the European defence industries into one Defence Industry can be better explained by NF.

The role of industry in questions of cooperation is ambivalent. In the initial phase of the governments' reactions, they dampened expectations and repeatedly emphasised that the changed political requirements could not be realised immediately. In France, for example, the industry did not follow the call for a war economy and acted in their economic interests, which led to the threat of a requisition. Representatives of various companies repeatedly called for increased cooperation within Europe and realised this by creating number of joint ventures. However, co-operation was delayed or prevented when company interests were opposed. For example, negotiations on work share and information exchange in the FCAS project delayed realisation. And for the Italian company Leonardo, this led to the project being cancelled altogether and to cooperation outside Europe.

When government plans exceeded the capacity of the industry or threatened the interests of companies, the companies acted as brakes of cooperation by forcing adjustments or delays. Conversely, when companies saw opportunities for growth, they drove policy and pushed for more funding, faster procurement and joint projects that suited their interests.

The limitations of this work lie in the restriction to publicly available data. Future research could, for example, better understand the changing role of the Commission through interviews with policy makers. And better demonstrate the influence of industry, beyond the public calls for cooperation shown here. Particularly in view of the new debt regulations and the new special fund in Germany, the development of the Readiness 2030 strategy and possible external influences, further research in this area could provide valuable insights.

As this work explicitly does not make any normative assessment, recommendations for action are difficult, as a goal would have to be assumed. But what can be said, money not spent in Europe and a lack of coordination and harmonisation stand in the way of a uniform, strong defence industry.

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