What to Buy in the Future? Recalibrating European Defence Spending to Decrease Structural Dependencies

Executive Summary

Europe has increased the volume of its defence spending but remains structurally dependent on manufacturers under US jurisdiction. If Europe wants to become a somewhat sovereign security actor, with its own goals, this dependency needs recalibration. The US is increasingly focusing on other parts of the world, and Europe is less of a priority. Thus, the dependency could limit Europe's defence capability in the event of a Russian attack. Therefore, the EU should gradually build the supply chains, manufacturing base and tacit knowledge required to produce key weapon systems with relative sovereignty. This paper proposes a new EU procurement framework that emphasises intellectual property transfer, manufacturing on EU soil under contract, the right to improve and modify it based on operational needs and guarantees for stockpiling. In the long term, this would create the preconditions for sovereign EU systems design and manufacturing.

Introduction

European defence spending has risen by over 60% since 2020 and is set to jump from 262 billion Euros in 2022 to 381 billion Euros in 2026 (European Council, 2026). This increase, however, was not accompanied by significant diversification in spending. In other words, the majority of new procurement contracts have, if anything, deepened existing dependencies for legacy and highly complex systems. European governments continue to order F-35 5th-generation fighter jets, Patriot surface-to-air missile systems and High Mobility Artillery Rocket Systems (HIMARS) surface-to-surface missile systems. While there has been diversification in other areas, these key systems remain a structural weakness of EU procurement.

This has become critical as the US is increasingly turning its back on Europe. For decades, European defence planning hinged on the enduring and beneficial transatlantic partnership for both sides. Security guarantees were always institutionally reliable, even when politically attacked or debated. However, the current US president, Donald Trump, displays behaviour that some compare to that of a mafia boss (Friedland, 2025; Palma, 2025). There have been calls by academics and politicians to reduce US commitment in Europe for a long time and for a multitude of reasons (Brooks & Meijer, 2021; Posen, 2020). But never was European territory threatened as in 2025, and never were weapon deliveries to Ukraine stopped as a bargaining chip (Burdeau, 2025; Wilson, 2026). European security is no longer an American priority, as signalled both directly and indirectly by the current administration.

American wars after the Second World War were always met with a level of scepticism in Europe, but Trump's and Israel's latest aggression against Iran has shown Europe that the US truly only cares about itself, while its power might be waning. Marina Henke is already describing a post-American world order, in which the US is no longer the "unquestioned centre of international order" (2026). Europe, for the first time, must take responsibility for its security as a union, while US security guarantees cannot be taken for granted. Spending

targets and industrial capacity are surface-level problems that pertain to a deeper structural integration with the United States, which can currently make or break European defence. What level of sovereignty is desirable for European defence manufacturing, and how should it be achieved? To give an answer, this brief will proceed as follows. The core issue of European defence integration is discussed. Then, current policies are analysed, followed by suggestions for improving them. Finally, a recommendation is given, taking into account its strengths and weaknesses.

Problem Statement

There are key weapon systems on which European nations have to rely, all supplied by a few US manufacturers, three of which will be discussed further down below.

The F-35 is currently the only fifth-generation fighter jet produced in significant numbers available to European customers. While 25% of its parts are made in Europe, the US assembles the jet and sells its maintenance and training programs, as well as the munitions it carries (Peck, 2025). Thirteen European nations have committed to the platform so far (Spray, 2025). The European alternative that could have been ready by 2040, FCAS, has just been shelved after years of powerplay between Dassault and Airbus (ARD, 2026).

The second critical system is the Patriot ground-based air defence system. Without a munitions stockpile, this system is only effective for a short time. The US-Israeli war imposed on Iran consumed nearly half of the available Patriot missiles (Park & Cancian, 2026). It could take up to four years for this limited stock to be refilled, according to the CSIS analysis. Italy, France and Denmark are the only countries to run a European alternative to the Patriot system (Ruitenberg, 2025).

Thirdly, the High Mobility Artillery Rocket System (HIMARS), which has proven highly effective in Ukraine, is under US control. While Poland has secured a licensing agreement to produce its own version of HIMARS, called HOMAR, there is an ongoing dispute over whether it would also be allowed to produce the missiles in Poland (Hanwha Aerospace Europe, 2025; The Forensic Archive, 2025). Without localised and independent munition manufacturing, this system can also be rendered useless with a simple delivery stop.

These three systems are all subject to US jurisdiction, as US defence companies operate under US law. Export licences, intellectual property transfers, and maintenance contracts can all be unilaterally adjusted by the US government, while European customers have limited legal options to challenge such changes. German arms manufacturers Diehl and Rheinmetall have integrated more into the Lockheed Martin supply chain, but the intellectual property remains with companies that are fundamentally under US government control. Since modern weapon systems have reached an incredible level of complexity, they cannot be quickly replaced, reverse-engineered, or copied (Gilli & Gilli, 2019). The US sits on a dominant node in this manufacturing network, and integration at such a deep level is costly to reverse. The process takes time, but in the meantime, the dependency can be stopped from deepening while the overall position in the network can be improved.

Policy Analysis

Since Russia tried to fully invade Ukraine in 2022, European governments have been working hard to revive their slumbering defence industries to increase their conventional deterrence and military strength, but also to support Ukraine in keeping Russia out. Financial commitments such as ReARM Europe have been substantial, authorising up to € 800 billion in defence investment (Clapp et al., 2025). The European Defence Fund has financed collaborative research and development, while the European Defence Industry Reinforcement through Common Procurement Act (EDIRPA), catchy name, includes incentives for joint procurement among member states (European Commission, 2024). Taken together with the individual member states investments, they present the biggest shift in European defence policy since the Cold War.

Still, they mostly focus on how much Europe spends, while leaving aside what Europe spends on, from whom Europe is buying and on what terms. ReARM Europe does not distinguish between procurement that maintains US dependency and procurement that reduces it. Using ReARM funds to buy F-35s is entirely within the framework. The European Defence Fund aims at collaborative R&D but remains underfunded relative to the scale of platform development required. EDIRPA incentivises joint purchasing but includes no conditions on the sovereignty implications of what is being purchased.

Three things are fundamentally missing from all policies. First, there is no EU-level mechanism that requires contracts with non-European defence suppliers on IP transfer or co-production rights. Second, there is no dedicated funding specifically for the development of sovereign European alternatives to the three critical systems identified above. Third, EU members have to negotiate with the US on their own, as there is no coordinated EU position in negotiations with US manufacturers, leaving them at a structural disadvantage.

Policy Options

Option 1: (Accelerated) Complete European Platform Substitution

This option aims to develop and procure sovereign European alternatives to the F-35, HIMARS, and Patriot systems, reducing dependence through replacement. The dependency is reduced through replacement, removing the jurisdictional exposure entirely. The complexity of modern limits the merit of this option. This is not a timely solution, as increased complexity means increased development periods. It also requires European cohesion, which the FCAS failure has shown is not at its highest, and huge investments over prolonged periods. GCAP, an Italian, Japanese and British project, is still in development, but the timeline has been pushed back. As a standalone response, this option does not address the urgency of the current threat environment and might not be achievable, as real sovereignty is non-existent in today’s globalised economies.

Option 2: Bilateral Co-production and Licensing Agreements

This option focuses on IP transfer and local production rights, negotiated with US manufacturers at the state level, like what Poland is pursuing for HIMARS munitions production. No new technology needs to be developed; only manufacturing sites have to be created. This is, however, an option that is unlikely to see mass adoption, as weapon system

specifications are kept secret, even from allies. This could also further fragment the European industrial base and lead to the production of nation-specific variants, the upside being more diversity in weapon systems that Russia would have to find weaknesses in.

Option 3: EU Procurement Framework with Sovereignty Conditions

This option introduces an EU-level framework that conditions future contracts with non-European defence manufacturers on co-production rights, IP transfer clauses and stockpiling guarantees for critical munitions. Existing systems are not immediately replaced but should lead to an environment that enables option 1 over time. The main limitation is political, as member states have different relationships with the US, or might prioritise short-term over long-term capability. Implementation would require majority agreement and a robust enforcement mechanism, likely resulting in a coalition of willing states that jointly procure key systems.

	Timeline	Sovereignty gain	Feasibility	Root cause addressed?
Accelerated substitution	10-20 years	High	Medium	Yes
Licensing	3-5 years	Partial	Medium	Partially
Procurement framework	1-3 years	Medium but growing	Medium-High	Yes, structurally

Recommendation

Option three should be pursued: a binding EU procurement framework with sovereignty conditions on contracts with non-European defence suppliers. It is the most viable and strategically coherent course of action available to European policymakers.

The first reason to take this path is urgency. Experts, high-ranking military personnel, and politicians repeatedly mention 2029 as an attractive year for Russia to attack Europe directly. While option one is the most freeing, it is not an immediate response to today's problem. Secondly, it sets up a different path for Europe, where option two merely shifts the problem up the value chain. Introducing IP transfer and co-manufacturing rights as standard conditions of market access for outside suppliers, the framework ensures that additional procurement cycles add layers of industrial and technological capacity on European soil. Over time, this creates the manufacturing infrastructure, supply chains, and tacit knowledge required to realise option 1.

The framework should require any new contract exceeding the defined thresholds to include binding co-production rights for the European partner, including a minimum manufacturing rate to be met on European soil. Second, IP licensing agreements must allow European

munitions manufacturing without case-by-case approval from the outside country. Third, European manufacturers should have the option to modify the design to meet special operational needs that may arise in the future. Fourth, member states must maintain a minimum collective stockpile of crucial munitions and consumables that reduces vulnerability during the transition period. A good starting point would be the Polish HOMAR case, which tests the framework's capacity to deliver results that member states can hardly achieve on their own.

Implementation

The primary institutional actor is the European Commission, working together with the European Defence Agency, which already has the mandate for defence capability development and procurement coordination. Poland, Germany, the Netherlands, and the Nordic countries are most exposed and should form the framework's core coalition, as they are most dependent and the largest customers.

Individual states' concerns about existing procurement contracts and bilateral relationships with the US should be addressed by implementing the framework in different stages and applying these conditions only to new contracts. As a result, the disruption to ongoing national procurement would be minimal.

Another benefit is that the framework does not require additional funding on its own, but the European Defence Fund and national development funds need to be scaled up sufficiently to support the development of a European platform as a second, parallel track. Current funding is not sufficient for this purpose and could be reviewed as part of the framework. Assuming Putin does not drop dead tomorrow, the political momentum should be maintained to realise the proposal within 1.5 to 2 years.

Conclusion

Europe's dependence on the US for defence manufacturing is not an easy problem to solve, but it can be resolved in the long run. Current policy does not address this issue, as key legacy systems used by EU militaries remain under US government control. Should the US pivot further away from Europe, manufacturing dependencies could play out badly for Europe. There is no lack of political will to manufacture weapons in Europe; there is also a substantial industrial base capable of meeting the needs of European militaries, but there is a structural integration with US manufacturers that requires deliberate recalibration. A binding EU procurement framework is the most actionable response available, even if it does not present a complete solution. Nevertheless, it would be a structural intervention that enables sovereign European defence manufacturing to be achievable over time, to the extent that globalisation and systems complexity allow. If pursued, it would bring Europe closer together and enable its member states to design their strategies with slightly more freedom.

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