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Bridging the Channel

How Europeans and the UK can work together on defence capability development

By Sophia Besch



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This paper is the second of a three paper CER-KAS project, 'Bridging the Channel'. The aim is to assess how EU states and the UK can continue to work together in foreign and security policy after Brexit. The first paper focused on diplomatic co-operation, this paper deals with defence industrial co-operation and the last one will focus on the nuclear dimension.

- ★ In the years since the Brexit referendum, the UK has not shown much interest in working with the EU on defence capability development. London is unhappy with the terms and conditions that the EU offers third countries that want to participate in the Union's defence industrial programmes, and UK officials are sceptical that the EU will become a significant defence actor.
- ★ At the same time, London wants to continue to work with individual European partners to develop arms jointly. The UK cannot afford to produce a complete range of weapon systems domestically and, as the smaller partner in co-operation projects with the United States, it risks losing out. EU member-states also want to continue working individually with the UK, which has more money and stronger defence firms than most other European states.
- ★ Post-Brexit, defence industrial co-operation between the UK and its European neighbours does not need to stall. The EU, or rather the European Commission, is new to the defence market and inter-governmental co-operation outside the Union has long been the default for European states wanting to jointly develop defence capabilities. London and several EU member-states are already looking to strengthen their bilateral defence industrial relationships.
- ★ Before the EU entered the scene, European arms co-operation sometimes took place in other multilateral fora. These often failed to incentivise and efficiently manage co-operation. The UK may want to invest in reviving and improving them, but in doing so, it should strive for maximum co-ordination with the EU's initiatives, advocating specifically for close alignment between EU and NATO efforts. Despite Britain's 'tilt' to the Indo-Pacific, it should not neglect its role as a reliable and trustworthy partner in Europe.
- ★ Keeping the UK and EU member-states closely aligned through inter-governmental co-operation agreements is a good idea. There is a risk, however, that these arrangements will circumvent EU planning procedures and make it harder to fill European capability gaps coherently. For Britain, in turn, the EU's defence initiatives could lead to a restructuring of the European defence market and effectively exclude outsiders. To avoid these dangers, the UK and the EU governments should identify potential defence industrial co-operation projects early, and consider the broader European picture of capability shortfalls.

- ★ In the years to come, if the EU's defence initiatives prove successful, London may become more interested in working with the Union. The UK should follow the example of the US, which is currently seeking close institutional links to the EU's projects. In turn, the EU should be open to changing its third country access agreements if they prove too exclusive. Both sides should invest in a relationship of mutual trust, to open up space for defence industrial co-operation, inside and outside the EU.

Defence industrial co-operation does not feature in the EU-UK Trade and Co-operation Agreement (TCA). This is despite both sides initially signalling that they were open to discussing an agreement on foreign and defence policy. In March 2020 the EU published its own proposal for a security partnership with the UK, including provisions for UK participation in defence capabilities development.¹ But by then the political mood in Westminster had changed. The UK made clear that it did not want to discuss foreign, security and defence issues, preferring to focus on trade and law enforcement co-operation.

The EU had become more involved in defence industrial policy in the 2000s. Member-states created the European Defence Agency (EDA), and the Commission passed the 'defence package', which included two directives intended to regulate how member-states procured defence goods and how they transferred them across EU internal national borders. But the pace of the EU's initiatives really started to pick up as the UK decided to leave. The Commission, the European Defence Agency (EDA) and the European External Action Service (EEAS) have over the last five years developed several new initiatives. Three are particularly important:

- ★ Permanent Structured Co-operation (PESCO) is a legal framework that helps EU countries to jointly plan and develop military capabilities and improve their ability to deploy them;
- ★ the European Defence Fund (EDF) is a Commission-operated financial instrument that helps countries pay for jointly developing capabilities; and
- ★ the Co-ordinated Annual Review on Defence (CARD) process is designed to match European defence capability gaps with states that are interested in working together to fill them.

In previous CER publications, we have argued that the UK should seek access to the EU's defence capability development initiatives.² So far, however, talks between London and Brussels on this issue have made little progress. Each side blames the other. The EU accuses the UK of wanting to cherry-pick the benefits of co-operation while not taking the Union seriously as a budding defence player. Meanwhile, the UK accuses the Commission and the member-states of being rigid and

lacking a strategy, creating overly protectionist defence industrial programmes and seeking to benefit from excluding the British and their defence industry.

EU member-states decided to agree on the general terms for third country access before discussing UK participation in EU defence capability projects under PESCO and British access to projects funded by the EDF. Many in the UK are unhappy with the agreement that member-states have come up with – London has for instance voiced concerns over the treatment of export controls and intellectual property rights.³ The UK government has so far not pursued an 'administrative agreement' with the EDA either, which means that London cannot participate in the agency's capability planning activities. Nor has the British government expressed interest in participating in CARD.

Aside from being disappointed with the EU's offer to third countries, UK policy-makers and defence industry representatives are sceptical of the benefits of working with the EU on capability development. For one thing, in a serious blow to its credibility, the money allocated to the EDF was halved during member-states' negotiations on the 2021-2027 EU budget. UK defence officials can also point to the EU's poor track record of involvement in the defence market: the EDA's small budget prevented it from developing real influence and the 'defence package' largely failed to make an impact. It is no surprise then, that the UK's Defence and Security Industrial Strategy (DSIS), which was published in March 2021 along with the UK Integrated Review on Security and Defence (IR), expresses little ambition to work closely with the EU. Instead, it states that the UK "will co-operate with the EU in security and defence, as independent partners, where this is in our interest".

1: European Commission, Task Force for Relations with the United Kingdom, 'Foreign policy, security and defence part of the draft text of the agreement on the new partnership with the United Kingdom', March 20th 2020.

2: Sophia Besch, 'Plugging in the British: EU defence policy', CER policy brief, April 2018.

3: The UK takes issue with the requirements that first, the participation of a third country "must not lead to dependencies on that third State", and second, that there must be no "restrictions imposed by [a third country] against any Member State of the Union, as regards armament procurement, research and capability development, or on the use and export of arms or capabilities and technology". From a UK perspective, these requirements imply that a third country would lose its intellectual property rights in any new technologies or capabilities developed within a PESCO project, as well as its control over their future use or export.

The case for continued co-operation

European security would benefit from close defence industrial links between the UK and the rest of Europe. It is complicated enough for two or more countries to collaborate in developing and producing defence capabilities, even without the political hurdles of Brexit. Co-operation tends to come with added bureaucracy and difficult conversations between the participating countries about workshares and intellectual property rights. Governments would generally prefer to produce their capabilities nationally, and defence companies go along with their customers' preferences. But that is expensive, and only possible if a government considers that it is worth paying extra to preserve domestic defence industrial capacity. No European country can afford to do so for all its defence capabilities. However, buying all defence kit abroad would over time weaken Europe's defence industrial base even further. Co-operating to develop and produce capabilities together, when done correctly, opens up economies of scale. It is the only hope for Europeans to preserve Europe's defence industries and fill capability gaps.

“Inter-governmental forums and bilateral agreements have now become especially important for the UK as an EU outsider.”

The DSIS states that in the future, the UK will meet some critical capability needs domestically (this includes for instance nuclear warheads, nuclear submarines, cryptography and offensive cyber capabilities). Just like its EU neighbours, however, the UK cannot afford to develop and produce all its defence equipment at home. It will continue to import and co-develop some capabilities with partners. An important co-operation

partner for the UK will naturally be the United States. But UK officials and defence documents like the DSIS acknowledge that the US and UK are not equal partners, and hint that the UK defence industry has sometimes lost out when buying from or co-operating with US industry. The US grants its partners almost no access to its own defence market; restricts whether a final product can be exported, and if so where; does not usually share its defence technology; and has not always fulfilled London's expectations regarding US investment in Britain and UK industry participation.⁴

When the UK collaborates with its European peer countries outside the EU framework (or when it joins forces with other non-European countries, like Japan), it is more likely to end up with a sizeable workshare for its own industry, access to all the new technology that was developed as part of the project, and a platform or weapon that can be exported without restrictions imposed by the other partner. EU member-states in turn benefit from the UK's technical capability, financial capital and credibility: the UK government in November 2020 announced a defence budget increase of £16.5 billion over the next four years. London has been an important partner in the past, having participated in some of the biggest European capability projects, including the Eurofighter, the A400M transport plane and the Meteor missile. Notably, none of these projects were developed under Commission supervision or with EU budget funds. That is because the EU's direct involvement in defence industrial co-operation is relatively new. Europeans have for years co-operated on capability projects through inter-governmental forums and bilateral agreements. These channels have now become especially important for the UK as an EU outsider.

Bilateral co-operation outside the EU

After the Brexit referendum, EU governments were initially reluctant to pursue bilateral agreements with the UK, out of concern that this would undermine the unity of the 27 during Brexit negotiations. Now that the UK has left, the priority for many EU capitals is to protect their own defence industrial relationships with Britain from the Brexit fallout, and to secure bilateral agreements. London has already begun the process of deepening and strengthening its existing bilateral relationships and reaching out to forge new ones.

France is the UK's most important European military partner. The two are bound by a long and deep history of co-operation, enshrined in the Lancaster House Treaties.

These treaties, signed in 2010, launched the creation of a bilateral military force; regular joint military exercises and training; exchanges of personnel; co-operation on the testing and safety of their nuclear technology; and co-ordination on capability development, notably in the missile domain. The UK and France have the most advanced defence industrial capabilities in Europe, and they share a global strategic outlook, as well as many capability needs. They are currently co-operating on a new anti-ship missile, developed by the European missile manufacturer company MBDA (itself a shining example of Franco-British defence industry integration) and plan to work together in the future to develop their cyber and space capabilities.⁵

4: Trevor Taylor, 'Defence innovation: new models and procurement implications, the British case', RUSI policy paper, May 2021.

5: 2020 Franco-British Council Defence Conference Report.

Over the course of the contentious Brexit negotiations, however, the Franco-British relationship has notably soured. Officials in London and Paris complain that their defence partnership has failed to produce concrete results for a while. Though both countries' foreign and defence ministers met in July, they produced only a short statement of intent.⁶ In September, when Australia, the UK and the US announced their strategic partnership to counter China, dubbed 'AUKUS', they annoyed many Europeans, but France was especially aggrieved. Not only because AUKUS meant that Australia reneged on a €56 billion deal to buy French submarines, but also because Paris had been left in the dark about the negotiation of the AUKUS partnership.

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The Franco-British Council's Defence Conference, scheduled to take place only a few days after the deal between the UK, the US and Australia was announced, was postponed. Both Paris and London were annoyed: France criticised the UK's opportunistic behaviour, and instead of reaching out to Paris to patch things up, like the Biden administration did, Boris Johnson ridiculed the French reaction. Robust institutionalised co-operation formats like Lancaster House are designed to weather political controversies. But the current climate between Paris and London is not conducive to co-operation.

UK-German defence co-operation, in turn, is known as the 'quiet alliance' – both countries have in the past prioritised their relationships with France, and capability development co-operation has been sporadic. But British and German foreign and defence ministers have recently formally committed to closer co-operation, including on cyber defence, military training and capability development, while the defence-procurement chiefs of Germany and the UK have also agreed to expand the scope of their bilateral defence relations.⁷ There

is no shortage of possibilities to co-operate: a recent report has highlighted useful capability projects the two countries could pursue, including small commercial drones, and cruise and ballistic missiles.⁸

London has also shown some interest in participating in the Franco-German Main Ground Combat System program (MGCS). German defence firms Krauss-Maffei Wegmann and Rheinmetall, together with the French firm Nexter, are working together to replace Germany's Leopard 2 tank and France's Leclerc by 2035. The UK is looking to replace its own Challenger 2 tank around that same time, and Germany has supported the British request to be admitted as an observer to the MGCS programme. This would be a politically symbolic joint capability project. To achieve even greater impact, the UK, Germany, France and other participating European countries could agree to merge the two ongoing future combat air systems currently in development – the UK is working on developing the 'Tempest', in co-operation with Italy and Sweden, in parallel to the Franco-German-Spanish programme FCAS.

Both the UK's Tempest partners have defended the British position in Brussels throughout the EU's internal debates over third country access to its defence programmes, and both are looking to work more closely with the UK in years to come. Italian diplomats say they want to sign their own bilateral defence treaty with Britain soon, and Stockholm and London signed an agreement on defence co-operation in 2016. A year later, Sweden also joined the UK-led Joint Expeditionary Force (JEF), a coalition of ten partner nations, which is primarily configured for responding rapidly to crises in the High North and Baltic Sea region.⁹ Sweden is not in NATO and has a comparatively large defence industry, making it a particularly attractive co-operation partner. In 2017, then UK Defence Secretary Michael Fallon also signed a joint vision statement to strengthen defence relations with the Netherlands, itself a member of the JEF. The DSIS highlights the JEF as an important forum of co-ordination, and in the future, the UK may want to rely on the grouping to draw participating countries into government-to-government co-operation on capability development.

Multilateral co-operation outside the EU

Bilateral co-operation can help to fill some of Europe's capability gaps. Most big capability development projects, however, require more than two partners to

put up the money and expertise required. Developing capabilities with multiple partners is no easy feat. Participating states tend to have different specific

6: Foreign, Commonwealth and Development Office, 'Joint statement by French and British Ministries for Foreign Affairs and Defence', July 2021.

7: Joint Declaration by the Secretary of State for Foreign, Commonwealth and Development Affairs of the United Kingdom of Great Britain and Northern Ireland and the Federal Minister for Foreign Affairs of the Federal Republic of Germany, June 2021; 'UK deepens defence co-operation with Germany'; UK MoD Press release, October 2018; Sebastian Sprenger, 'German and British defense officials discuss 'Eurotank' cooperation', Defense News, April 2021.

8: Sophia Becker, Christian Mölling and Torben Schütz, 'UK-Germany defence cooperation: bridging the political and military gaps', The Policy Institute report, November 2020.

9: JEF participating countries are the UK, Denmark, Finland, Estonia, Iceland, Latvia, Lithuania, the Netherlands, Sweden and Norway.

requirements that can undermine the effects of scaling up, by “adding national ‘nice to haves’ to the agreed ‘need to haves’”.¹⁰ For instance, in the case of the Eurofighter aircraft, developed between four European countries, costs spiralled because the participating governments all required different specifications, and all requested that the jet be produced in their country.¹¹ In general, the more countries are involved in a project, the harder it is to agree on the essential points: partner countries and their defence companies must agree on all requirements that the final weapon system needs to fulfil, and on a clear process for any subsequent changes or national customisations. Furthermore, participating states should ideally decide in advance the funding levels and the allocated workshare of each of their defence firms, how intellectual property is shared between partners, and where they will or will not export the final product.¹²

“The DSIS outlines the UK government’s objective to ‘Think NATO’, when it comes to research, capability and industrial initiatives.”

Inside the EU, through the EDF, the Commission is attempting to position itself as a neutral arbiter in EU-funded multilateral capability projects. By providing clear rules, it aims to prevent conflict between co-operating states. Whether it will be successful remains to be seen: the EDF is just starting out, and this is an entirely new role for the Commission – member-states will be wary of handing over any real authority. Outside the EU, the UK may want to rely on other fora to co-ordinate and manage multilateral defence industrial co-operation. Options include the Organisation for Joint Armament Co-operation (OCCAR), the Letter of Intent (LoI) framework and NATO.

OCCAR is a European inter-governmental organisation established in 1996. It manages bilateral and multilateral collaborative armament programmes between its members (Belgium, France, Germany, Italy, Spain and the United Kingdom) and associated states (Finland, Luxembourg, the Netherlands, Poland, Sweden and Turkey). OCCAR’s big contribution to European capability development in the 1990s was that it replaced the ‘*juste retour*’ principle, which meant that cost share had to exactly reflect work share on each individual project, with a broader balance in the industrial return on investment. This meant that work share could be allocated over a range of programmes and over several years, to

10: Dick Zandee, ‘No more shortfalls? European military capabilities 20 years on’, EUISS, March 2020.

11: Keith Hartley, ‘The industrial and economic benefits of Eurofighter typhoon’, Defense Aerospace, June 2006.

12: Sophia Besch and Beth Oppenheim, ‘Up in arms: warring over Europe’s arms export regime’, September 2019.

13: Moritz Weiss and Felix Biermann, ‘Divergence or convergence? Explaining the development of defense-industrial policies’, In: The Handbook of European Defence Policies and Armed Forces, August 2018.

make better use of comparative advantages across countries.¹³ But it has not always been successful. For example, the OCCAR-managed A400M heavy lift aircraft project demonstrated some of the same problems as predecessor programmes outside OCCAR: participating nations demanded very different specifications, the initial contract had to be renegotiated several times, and as a result, the aircraft suffered from severe delays and technological problems. What is more, OCCAR does not itself drive member-states to co-operate on research and development, but rather manages projects once they are established. In practice, European governments tend to choose to use OCCAR when they do not think they have the know-how or resources to take the lead themselves – a scenario that is less likely to apply to the UK.

Around the same time as the creation of OCCAR, France, Germany, Italy, Spain, Sweden, and the UK signed a so-called Letter of Intent (LoI), stating that they wanted to rationalize and restructure European defence industry co-operation and co-operate on capability development and procurement. Without a permanent secretariat or ministerial oversight, the LoI framework proved not very effective and was superseded by the newly created EDA in 2003 (the Commission in turn now aims to adopt some of the EDA’s tasks through initiatives like the EDF).¹⁴ The DSIS however does cite the LoI as a possible forum for co-operation, so London might try to revive it. The LoI members already consult each other regularly throughout the Defence Fund negotiations. It makes sense for them to be in close contact: while many European countries’ defence capability policy is limited in large part to acquisition, the LoI members’ domestic defence industries are important enough that they can pursue a defence industrial policy and benefit from co-ordination.

Finally, the DSIS outlines the UK government’s objective to ‘Think NATO’, when it comes to research, capability and industrial initiatives, though what concrete projects this will entail remains unclear. NATO attempts to integrate its members’ defence planning cycles and identify co-operation opportunities through the NATO Defence Planning Process (NDPP). The NDPP identifies capability gaps based on NATO military scenarios and pushes specific allies to address them. Historically, the alliance has not fostered much collaboration between allies researching and developing future capacities.¹⁵

In 2021, NATO launched several new initiatives focusing on defence innovation, and research and development co-operation. The allies have agreed to launch a new

14: Nick Witney, ‘Brexit and defence: Time to dust off the ‘letter of intent’?’, ECFR commentary, July 2016.

15: NATO’s ‘Smart Defence’ initiative, launched after the 2008 financial crisis, did not gain traction. See also Daniel Fiott and Jean-Pierre Maulny, ‘What scope for EU-US defence industrial cooperation in the 2020’, Ares policy paper, September, 2021.

'civil-military Defence Innovation Accelerator' (DIANA), which aims to boost transatlantic co-operation on emerging and disruptive technologies, such as robotics, autonomous systems, and hypersonic weapons systems. To fund the development of innovative technology, NATO has set up a new 'Innovation Fund', to invest in start-ups working on defence-relevant technologies. The new NATO fund, which comes only a couple years after the launch of the EDF, is similarly untested. Questions remain, for instance, over how much money will be raised – allies can contribute on a voluntary basis – and how the different needs of the US and its European partners will be negotiated.

NATO's new focus on defence industrial innovation takes account of the risk that in an arms race between the US and China, the Europeans may be left behind, and the

interoperability of American and European troops could be reduced. The UK's plan to invest political capital in these new NATO initiatives is good news. But London should advocate for and steer co-ordination between the NATO and EU capability initiatives. It would be pushing at an open door: the EU-NATO 'Common Sets of Proposals', where both organisations outline areas for closer co-operation, have sections on defence capabilities, defence industry and research, and the Biden administration has signalled its openness towards EU defence efforts, emphasizing the importance of complementarity with NATO. To claim a role as a bridge-builder between US- and Brussels-led efforts to boost European defence, however, the UK needs countries on both sides of the Atlantic to put their trust in London. Here again, the UK's handling of AUKUS will at least have done some short-term damage.

The future of European defence industrial co-operation

Defence industrial co-operation between the UK and its European partners will continue, even without the UK participating in EU programmes. The Commission does not yet have much influence over the European arms market, and bilateral and multilateral co-operation continues to take place largely outside EU structures. Bilateral defence agreements are broadly good news: they help Britain and EU member-states understand each other better. In light of their considerable capability shortfalls, Europeans cannot afford to be ideological about the form that defence industrial co-operation takes. It makes sense to take a pragmatic, multi-layered approach to joint capability development.

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But the combination of Brexit (which means the UK is no longer at the EU table) and new Brussels-led defence initiatives (which mean that there is funding in place to incentivise co-operation inside the EU) add a layer of difficulty and increase uncertainty. Intensifying defence industrial co-operation outside the EU's structures is not without risk for both sides. The point of many of the EU's recent initiatives, such as CARD or PESCO, is to introduce a degree of top-down planning. The bottom-up approach of the past frequently led to countries pursuing their own pet projects, often with a view to domestic job creation. The result was that duplication continued, even when countries did co-operate – the two future air combat programmes currently in development are a case in point. EU member-states that pursue inter-governmental co-operation with the UK in a variety of non-EU formats risk making it more difficult to get

Europe-wide agreement on where the capability gaps are, and to co-ordinate a strategy for closing them.

For the UK, in turn, the EU's defence initiatives could slowly restructure the European defence industrial market and make it harder for outsiders to join capability projects. In practice, in the future, if they want to ensure that their favourite capability projects are included in the Commission's defence funding plans, EU member-states will need to start thinking early about which projects they would like to pursue. They will then need to identify suitable partner countries and start a dialogue on how they might structure a programme, which will probably include discussions on workshare. The UK may find itself excluded from most of this early-stage thinking and later find it difficult to enter a group, if its inclusion means that other members must give up some of their pre-agreed share of the work.

Political tensions would make things more difficult still: if, for instance, France wanted to make the UK pay a price for the damage AUKUS has done to the French defence sector, it may not want to let the UK in on an existing programme, especially if France could benefit from business lost to the UK. The UK and EU member-states should get ahead of these risks by identifying early on those capability needs that look most suitable for co-operation and choosing their co-operation projects with a view to the bigger picture of European capability gaps. They should avoid duplication or irritation between NATO and EU capability planning efforts. And they should think twice before gratuitously offending each other.

The DSIS' limited focus on the EU was partly a function of its timing, written during a time of political turmoil between London and Brussels. The same is true for the political context in which the EU drew up its third-country requirements for PESCO and the EDF. In the

future, both Brussels and London should be more open to the option of the UK participating in the EU's defence initiatives. This is not inconceivable: the EU will be able to draw lessons from third-country participation in the first round of EDF projects and could adapt its rules if they prove too restrictive. In turn, the DSIS notes that the UK will continue to monitor how EU defence projects evolve. If the Commission's initiatives prove successful, the UK might reconsider its scepticism towards co-operation within EU structures.

“The UK does not need to burn old bridges with Europe to build new ones in the Indo-Pacific.”

London might also be swayed by the Biden administration's attitude. In contrast to the Trump administration, the Biden government is not actively campaigning against the EU's defence initiatives. In fact, having previously criticised PESCO and the EDF along similar lines to the UK, the US has recently joined PESCO's 'military mobility' project, stating that it was also considering whether to join other projects within the framework. Secretary of State Antony Blinken called for “the fullest possible involvement of the United States in EU defence initiatives and enhanced dialogue on these issues”, and in the June 2021 US-EU Summit conclusions, both sides committed to working towards a US administrative arrangement with the EDA.¹⁶

Defence industrial co-operation can take place through multiple different formats, defence firms operate with long timelines, and once a capability project has gained momentum it is not easily stalled by political turmoil. But ultimately, the success of European defence industrial co-operation – bilateral or multilateral, in the EU or outside of it – will be affected by the broader state of UK-EU ties.

Upon publication of the Integrated Review, some Europeans expressed their concern that the UK would become overstretched and less present in Europe. They worried that because of the UK's ambition to establish “a greater and more persistent presence than any other European country” in the Indo-Pacific, the UK would withdraw some of its conventional capabilities from the continent. But UK officials emphasised that the review singles out the Euro-Atlantic region as critical to UK security and prosperity, names Russia as the most acute threat and emphasises the continued importance of NATO to the defence of Europe.¹⁷ Post Brexit, Europeans would be able to work with Britain through NATO and

through bilateral defence agreements, and advance EU initiatives without the UK's veto in Brussels. London was asking its European allies to trust that it would balance its Indo Pacific-tilt with remaining a reliable partner in Europe. However, the manner in which the UK, the US and Australia announced AUKUS undermines this ambition.

AUKUS annoyed Paris most, but the EU, too, was embarrassed. The surprise AUKUS announcement took place just one day before the Union itself launched a new strategy for the Indo-Pacific (in which it stated that it wanted to deepen its engagement with Australia, the UK and the US). The political drama surrounding AUKUS was short-lived, but London squandered good-will and trust. The UK does not need to burn old bridges with Europe to build new ones in the Indo-Pacific. From the perspective of defence industrial co-operation at the very least, the UK has an interest in maintaining good relations with its European partners, to advance its own interests.

AUKUS, as well as EU-UK tensions over Northern Ireland and other issues, increase the risk that both sides end up doing things to deliberately annoy the other – which might feel good in the short term but do real-world harm to security in the long term. EU member-states might be tempted to see defence industrial co-operation with the UK as a zero-sum game, in which the more the UK benefits from collaboration, the more the EU (or individual member-states) lose out. For the UK, always sceptical of EU defence co-operation, working with the US rather than the EU might be seen as a way to show the EU that the UK is better off as a non-member (at least in this field). Instead, both sides should see defence industrial co-operation as a potential win-win area, giving EU member-states access to hard-to-acquire technical skills while creating economies of scale for the UK from participation in a larger market. If politicians on both sides of the channel can keep this larger picture in mind, they can minimise the lasting damage to European capability development which may flow from Brexit.

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¹⁶: US Department of State, 'Joint Statement by the Secretary of State of the United States of America and the EU High Representative for Foreign Affairs', June 2021.

¹⁷: Ian Bond, 'Can the UK be secure if Europe is not? The UK's (Un) integrated Review', CER Insight, April 2021.