



By: *Sharmila Devi*

# Call to Make Europe Great Again gains traction with defence companies



MEGA - Make Europe Great Again - is practically a rallying call in European capitals after the shock of Trump's apparent abandonment of the transatlantic security alliance and his pivot to Putin.

The sentiment is recorded in falling US defence shares and booming European arms makers, who are hoping for a government spending bonanza after Trump has scared Europe into expedited planning for its own defence.

UK Prime Minister Keir Starmer will **host** a second virtual meeting of countries this Saturday to discuss Ukraine's agreement of a 30-day ceasefire, saying earlier this week that "the ball is now in the Russian court." High on the agenda is shoring up Europe's defence with a surge in spending not seen since the Cold War.

Elon Musk's Starlink satellite system may be an early casualty of the growing rift between Europe and the US. Italy is reconsidering a \$1.5 billion deal to use the system for military and intelligence communications. Poland, which pays for Ukraine to use Starlink, became embroiled in a Twitter spat over the system.

Radoslaw Sikorski, foreign minister, said Ukraine might need an alternative if Starlink became unreliable. Marco Rubio, US Secretary of State, accused him of a lack of gratitude and making things up.

Donald Tusk, Polish president, followed up with a strong **rebuke**, although he did not mention Rubio's name. "True leadership means respect for partners and allies. Even for the smaller and weaker ones," Tusk wrote in English on X. "Never arrogance. Dear friends, think about it."

## Europe is moving fast

Away from the heated rhetoric, Europe is moving fast. Ursula von der Leyen, president of the European Commission, **said** Europe's security order is being "shaken" and the continent can no longer rely on "America's full

protection."

"The time of illusions is now over. Europe is called to take greater charge of its own defence," she told the EU parliament.

As a mark of how much has changed in the short few weeks since Trump's inauguration, figures in the UK's governing Labour party have called for defence companies to be no longer categorised as unethical to boost the UK defence industry, marking another blow against environmental, social and governance (ESG) policies. There was also a relatively muted response to cut the aid budget to make way for arms spending.

**"Spending should not be for new, off-the-shelf kit that is once again non-European" - Emmanuel Macron**

EU leaders have **endorsed** the European Commission's plan to mobilise up to €800 billion to boost defence spending, including €150 billion in EU-backed loans to member states. It remains unclear if this will include non-EU producers, such as the UK, Norway, Switzerland and Turkey.

As member states thrash out the details, France's Emmanuel Macron has said that "spending should not be for new, off-the-shelf kit that is once again non-European," while Germany has said non-European Union partners should be included.

## Investors are taking note

In the shorter term, European militaries remain reliant on the US. Two-thirds of the arms imported by European members of NATO over the past five years were produced by the US, **said** a report released this week by the Stockholm International Peace Research Institute.

There is also concern about whether the US has so-called "kill switches" - software that

could immobilise US-supplied weapons supplies. Regardless, Europe needs the US for spare parts and updates because more than half of Europe's advanced combat aircraft, including the F-35 and the F-16, are US-supplied.

## Shares in the six biggest US defence companies fell by an average of 4%

But investors looking at longer-term trends are taking note. Between Trump's inauguration and early March, shares in the six biggest US defence companies fell by an average of 4% and those in Europe's largest defence groups rose by almost 40%.

Beneficiaries include France's Thales, Germany's Rheinmetall, Sweden's Saab, Italy's Leonardo and Britain's BAE Systems. "Does Europe have the necessary technology to produce the full spectrum of defence equipment that it needs? The answer is yes," Thales CEO Patrice Caine **told** reporters last week.

There has been a flurry of announcements. Helsing, a German defence AI start-up and competitor to Peter Thiel's US data intelligence business Palantir Technologies, has promised to deliver 6,000 attack drones to Ukraine. The Czech Republic announced it will extend its initiative to procure artillery ammunition to Denmark, Canada, Portugal and Latvia.

## Not everyone is on board

Poland has **announced** that every man will undergo military training and it will build a 500,000-strong army. To replace Starlink, Eutelsat, the French owner of the OneWeb satellite network, is in talks with European governments about providing a system to Ukraine and Italy.



Germany will ask France and Britain for talks on sharing its nuclear shields - Friedrich Merz

But not everyone is on board. "In the Italian national interest it would be strange to choose a French entity instead of a more technically developed and cutting edge system like the American one," Italy's far-right League party said in a statement.

Germany has said it will ask France and Britain for talks on sharing its nuclear shields although it does not believe they could replace US nuclear protection.

Experts have questioned the UK's stance that its nuclear weapons are "operationally independent". The weapons are designed, manufactured and maintained in the US, and it was unknown if the warheads used by the UK for submarine launches could be fitted for air launch.

France's nuclear umbrella may prove more attractive. Already, as *The Economist* **noted** this week, "Atlanticist Europeans are turning Gaullist," referring to Charles de Gaulle, who insisted on the independence of France's nuclear deterrent.

We are only 50 days into Trump's term and the upheaval may only intensify.