European Defence Integration: The First Phase and Its Legacy, The Impact of the Pre-Lisbon (1999–2009) M&A Wave on Europe's Contemporary Defence Architecture

Avrupa Savunma Entegrasyonu: İlk Evre ve Günümüze Mirası, Lizbon Öncesi (1999–2009) Birleşme ve Satın Alma Dalgasının Avrupa Savunma Mimarisine Etkisi

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Abstract

This article examines the first wave of corporate mergers in the European defence industry during the period in which the European Security and Defence Policy (ESDP), institutionalised in 1999, was fully incorporated into the EU's legal framework and renamed the Common Security and Defence Policy (CSDP) with the entry into force of the Lisbon Treaty in 2009. The central research question asks: to what extent did these mergers and acquisitions (M&A) support the European Union's pursuit of strategic autonomy and its emergence as a global security actor? M&A are understood not only as economic and technological processes but also as mechanisms of identity and norm construction at the EU level. Methodologically, the study employs a literature review, case studies of BAE Systems, EADS/Airbus, Thales and MBDA, and a comparative analysis of strategic cultures in France, Germany, Italy and the United Kingdom. The findings indicate that mergers between 1999 and 2009 enhanced innovation, efficiency and partial Europeanisation, yet their overall impact remained constrained by divergent national strategies and protectionist practices. Overall, these mergers strengthened the EU's security integration while underscoring the enduring influence of national strategic cultures.

Keywords: European Defence Industry, Mergers and Acquisitions (M&A), Constructivism, Strategic Culture, Strategic Autonomy, European Security.

Öz

Bu makale, Soğuk Savaş sonrasında 1999'da kurumsallaşan Avrupa Güvenlik ve Savunma Politikası'nın (AGSP/ESDP), Lizbon Antlaşması'nın 2009'da yürürlüğe girmesiyle hukuki metinlere tam olarak dâhil edilerek Ortak Güvenlik ve Savunma Politikası (OGSP/CSDP) adını aldığı dönemde, savunma sanayisindeki ilk dalga şirket birleşmelerini ele almakta ve bu süreci inşacı bir perspektiften stratejik, ekonomik ve politik boyutlarıyla incelemektedir. Temel araştırma sorusu: Bu Birleşme ve Satın Almalar (M&A), Avrupa Birliği'nin stratejik özerklik arayışını ve küresel bir güvenlik aktörü olarak ortaya çıkışını ne ölçüde desteklemiştir? M&A yalnızca ekonomik ve teknolojik bir süreç olarak değil, aynı zamanda AB seviyesinde kimlik ve norm inşasının bir mekanizması olarak da görülmektedir. Metodolojik açıdan çalışma; literatür taraması, BAE Systems, EADS/Airbus, Thales ve MBDA üzerine vaka analizleri ile Fransa, Almanya, İtalya ve Birleşik Krallık'taki stratejik kültürlerin karşılaştırmalı analizini kapsamaktadır. Bulgular, 1999-2009 dönemindeki birleşmelerin yenilik, verimlilik ve kısmi Avrupalılaşmayı artırdığını, ancak devletlerin farklı stratejileri ve korumacılık nedeniyle etkilerinin sınırlı kaldığını göstermektedir. Genel olarak birleşmeler, AB'nin güvenlik entegrasyonunu güçlendirirken stratejik kültürlerin kalıcı rolünü de vurgulamaktadır.

Anahtar Kelimeler: Avrupa Savunma Sanayi, Birleşme ve Satın Almalar (M&A), İnşacılık, Stratejik Kültür, Stratejik Özerklik, Avrupa Güvenliği.

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Introduction

Security is one of the oldest and most critical concepts in human history. Throughout the ages, individuals, societies, and states have sought to ensure their security to preserve their existence. Yet, this concept has undergone significant transformations over time, adapting to the conditions of each historical period. Events such as the fall of the Berlin Wall and the end of the Cold War triggered profound shifts in the European understanding of security, bringing with them new military-technological, politico-military, political-economy, and strategic approaches (Freedman, 1998: 48-63; Akgül-Açıkmeşe, 2023: 282).

Similarly, the production of weapons has undergone profound technological and political transformations throughout history. While weapon-making and use initially emerged as a reflection of humanity's instinct for self-preservation, organised and systematic processes of arms production took shape primarily between 1500 and 1700, in conjunction with the rise of large standing armies, advances in military technology, and comprehensive military reforms. During this period, states sought to consolidate control over their territories and defend against potential threats, which led to the institutionalisation of regular military structures and the commercialisation of warfare (Pierson, 2004: 38).

At the end of the First World War, arms manufacturers established monopolies to expand the international market to their own advantage, a trend that continued until the 1930s. During this period, the major European powers pursued national policies aimed at creating and strengthening domestic arms production capabilities. In the Anglo-Saxon world, particularly in the UK and the United States of America (USA), such policies took the form of direct state involvement, including the establishment of state-owned enterprises (SOEs). The Second World War, in turn, marked an era in which European capitalist economies became militarized to an unprecedented degree, and the defence industries were prioritized, especially at the "national" level, both in their creation and expansion (Dunne et al., 2020).

The major transformation of the defence industry in its modern sense, however, took place during the Cold War. At this stage, the role of the state was of vital importance. The state provided both the necessary guidance and the critical financial resources for the civilian sector to rapidly develop emerging technologies. The main drivers of transformation at the time included the accelerated pace of technological change in areas such as radar, jet-powered aircraft, and ballistic missiles; the qualitative increase in research and development (R&D) investments and related production to fund weapons projects; and, consequently, the deepening of state-defence industry relations (Chin, 2019: 769). Moreover, policies emphasizing the necessity of maintaining large military and defence-industrial facilities even in peacetime further contributed to the expansion of the defence sector (Dunne et al., 2020: 5).

During this period of transformation, the European Union (EU) underwent a multidimensional shift by developing a new security and defence policies. In this process although not as effective as initially anticipated-it established new institutional structures (Guay, 2005: 16). Technological cooperation based on joint weapons projects (Bitzinger, 2010: 209-211), the promotion of Mergers and Acqusitions (M&A) processes within the defence industry (Brzoska, 2010: 221-228), and, in this context, the modernization of

armed forces constituted the cornerstones of these policies. While the EU may have appeared as a structure primarily aimed at economic integration, it simultaneously sought to deepen integration in the very field that was its ultimate objective: security and defence.

The EU's ambition to overcome the perception of being an "economic giant" but a "political dwarf," and to position itself as an international power, became clearly evident with the concrete steps taken through the Common Foreign and Security Policy (CFSP) established by the 1992 Maastricht Treaty, and later through the European Security and Defence Policy (ESDP) at the end of the 1990s (Bulmer et al., 2020).

Institutionalised in 1999, the ESDP was fully incorporated into the EU's legal framework with the entry into force of the Lisbon Treaty in 2009 and subsequently renamed the Common Security and Defence Policy (CSDP) (Rehrl & Weissert, 2012: 12). It was also reorganised under the Treaty on European Union (TEU) (European Union, 2012: 38-41). In this framework, it was explicitly established that the CSDP constitutes an integral part of the CFSP, that it may conduct crisis-management tasks using both civilian and military instruments, and that the "gradual framing of a common defence" would continue (Quille, 2008: 3-4; Whitman, 2008).

This study examines the mechanisms of M&A within the European defence industry, the impact of national strategic cultures on these processes, and the contribution of such mergers -within the framework of the EU's security policies-to the EU's role as a global actor. In this context, it seeks to address the following questions:

1. To what extent do M&A in the European defence industry support the EU's objectives of strategic autonomy?
2. What role does the economic consolidation of the defence industry play in EU-NATO relations?
3. Through which mechanisms do national strategic cultures influence the shaping of European defence industry policies?
4. To what extent were the First Wave M&A initiatives successful?
5. To what extent has PESCO-established for the first time on a legal basis with the Lisbon Treaty in 2009-contributed to the development of the European defence industry?

This research aims to analyse the economic, strategic, and political impacts of M&A within the EU's defence industry; to understand the role of national strategic cultures in these processes; and to assess their contribution to the EU's positioning as a global security actor. In line with this objective, the study aims to explore how M&A processes, both within member states and across the European continent (Mawdsley, 2003: 11) have impacted the EU's international security policies.

The research employs a qualitative methodological approach, and within this framework, three primary research methods will be utilised. First, a comprehensive literature review will be conducted. In this context, existing theoretical and empirical studies on mergers within the European defence industry and on national strategic cultures will be examined in detail. This review of the literature aims to provide an understanding of the historical and theoretical background of consolidation processes in the defence industry. Second, the case study method will be employed. The merger processes of leading companies in Europe -such as BAE Systems, EADS/Airbus, Thales MBDA will be analysed to evaluate

their economic and strategic impacts. These companies rank among the key actors of the European defence industry, and their merger strategies provide a critical example for understanding the financial and technological dimensions of the EU's defence policies. Finally, the comparative analysis method will be applied. This analysis aims to compare the influence of national strategic cultures on the defence industry in countries such as France, Germany, Italy, and the United Kingdom (UK). The historical, political, and cultural contexts of each country reveal different dynamics in the shaping of their defence policies. Comparative analysis seeks to understand how these differences affect the overall strategy of the European defence industry.

Taken together, these methods enable the research to adopt a holistic approach, offering a comprehensive framework for understanding the economic, technological, and strategic impacts of corporate mergers within the European defence industry.

Literature Review and Theoretical Framework

The Constructivist Approach

The discipline of International Relations has historically evolved under the influence of various theoretical perspectives. Since the 1990s, with paradigmatic shifts in the field, Constructivism has emerged as a theory that emphasizes the social dimensions of international relations alongside material power. This approach argues that global politics is shaped by norms, identities, and ideas (Onuf, 1989). Constructivism is grounded in the claim that social realities are essentially constructed through the perceptions and assumptions of societies (Wendt, 1992: 391-425).

The international system is shaped not only by material power but also by the social relations among states. From a constructivist perspective, the identities, interests, and behaviours of states are formed through shared norms and values. For instance, the construction of common identities and values within the EU's security policies can be regarded as a concrete example of this theory. The ESDP lies at the core of this process and seeks to transform Europe's strategic culture (Mawdsley, 2003: 6).

The crises that emerged in the aftermath of the Bosnian War intensified Europe's need to redefine its own defence identity and security policies. Constructivism, at this point, explains Europe's efforts to build a security identity through its relations with "others." Rather than accounting for state behaviour solely in terms of material power, it emphasizes the necessity of considering normative and social factors as well (Finnemore & Sikkink, 1998: 887-888).

Defence cooperation in Europe involves not only the preservation of nation-state identities but also the construction of a shared understanding of security. For instance, the formation of a consortium such as EADS/Airbus was intended not merely to generate economic and technological benefits, but also to reinforce the perception of a European institutional identity and solidarity (Schmitt, 2000: 48). From a constructivist perspective, the EU becomes a significant actor in the international system not primarily through its material capacities, but through shared norms and values.

The Economic and Strategic Importance of the Defence Industry

The defence industry is regarded as a structure that shapes the economic and strategic dimensions of the international system. From the perspective of Constructivist theory, the defence industry is not merely an indicator of material capacities but also represents a sphere in which identities and norms are constructed. In the context of the EU, the defence industry functions not only as a driver of economic growth and technological innovation, but also as a key instrument for building a common European identity and fostering solidarity.

From an economic perspective, the defence industry constitutes a strategic sector that enhances Europe's global competitiveness. Major European companies such as BAE Systems, EADS/Airbus, Thales and MBDA not only support national interests but also contribute to strengthening Europe's position as a more influential actor in the international system. These firms, while simultaneously increasing Europe's technological autonomy, seek to lower costs by creating economies of scale. However, from a constructivist perspective, these economic and technological achievements are not seen merely as outcomes, but also as integral components of Europe's identity-building process in the international arena.

From a strategic perspective, the defence industry plays a critical role in shaping Europe's security policies. ESDP projects bring European countries together within the framework of shared norms and values, thereby strengthening strategic solidarity. Constructivist theory explains this process not solely in terms of states' material interests, but also as a product of shared norms and identities (Finnemore & Sikkink, 1998: 887-888). Through its defence industry, Europe seeks to achieve the goal of "strategic autonomy," a process that simultaneously contributes to positioning Europe as a normative leader at the global level.

Defence industry projects also hold symbolic importance in the construction of European identity. The EADS/Airbus consortium not only represents economic and technological achievement but also reflects the spirit of solidarity and cooperation within Europe. This demonstrates that Europe utilises the defence industry as a means to enhance its normative power in the international arena.

To sum up, the defence industry is regarded as a multidimensional structure that serves both the economic and strategic interests of Europe. From a constructivist perspective, the defence industry goes beyond its economic and strategic functions, highlighting its critical role in processes of identity and norm construction. In this context, the EU utilises the defence industry as a lever for building its own identity and norms in the international arena.

The relationship between the constructivist approach and the economic and strategic significance of the defence industry is explained not merely through material power, but also through social, normative, and identity-building processes. In this context, the contributions of constructivism to the study of the defence industry can be considered along several dimensions:

1. The Construction of Identity and Norms: Constructivism emphasises that international relations are built not only upon material factors but also upon norms, identities, and

values (Onuf, 1989; Wendt, 1992; Checkel, 1998). Defence industry projects in Europe are employed not solely for economic development but also to strengthen European identity and solidarity. For example, firms such as Airbus emerging from M&A that began at the national level and later evolved into international structures-serve as critical instruments in constructing a common European defence identity.

2. From Economic Power to Normative Power: The defence industry not only enhances Europe's material power in the international arena but also enables it to project itself as a normative power. This supports Europe's pursuit of "strategic autonomy" (Finnemore & Sikkink, 1998). Joint defence industry projects generate not only technological transfer but also foster shared values and norms, thereby creating a unifying effect among EU member states at the international level.

3. Strategic Objectives and Normative Solidarity: The ESDP and similar initiatives aim to transform Europe's economic resources into strategic advantages, while simultaneously constructing a sense of solidarity identity. In this process, the defence industry contributes to both technological superiority and the reinforcement of European identity in normative terms (Mawdsley, 2003: 11).

4. The Normative Power Dynamics of the Defence Industry: Behind defence industry projects lies the objective of consolidating a shared understanding of security. From a constructivist perspective, these projects align with Europe's ambition to become a normative leader in the international arena.

In this context, constructivist theory provides a critical framework for understanding how the defence industry integrates both material and normative effects in shaping Europe's strategic and economic objectives. When Europe's financial and technological achievements are combined with its efforts to construct standard norms and identities, its influence within the international system is further strengthened. This relationship enables Europe to position itself not only as an economic power but also as a normative political leader.

The European Security and Defence Policy (ESDP/CSDP)

The EU's Strategic Transformation after the Cold War

The end of the Cold War brought about a profound transformation in Europe's security architecture following a period marked largely by fragmentation and division. During this era, NATO's central role in European security came under increasing debate, while the EU embarked on a quest to establish its own strategic autonomy (Lippert et al., 2019). Europe's post-Cold War security perception was reshaped around new risks such as regional threats, ethnic conflicts, and terrorism.

Accordingly, the emergence of new threats in the post-Cold War context, coupled with debates surrounding NATO's role, compelled the EU to pursue more institutionalized measures in the realm of security. With the 1992 Maastricht Treaty, the CFSP was defined, enabling Europe to establish an identity as a security actor. This treaty placed the objective of enhancing cooperation among European states in matters of security and defence on an institutional foundation. In the post-Maastricht period, the EU's ambition for strategic autonomy became particularly pronounced with the 1998 Saint-Malo

Summit. The Saint-Malo Declaration emphasised that Europe must develop its own operational capabilities, reducing its dependence on NATO for defence (United Kingdom & France, 1998). Building on the foundations laid at Maastricht and Saint-Malo, the EU progressively advanced its security and defence agenda, culminating in the European Security Strategy (ESS) of 2003 (Council of the European Union, 2003). ESS, adopted in 2003, provided a comprehensive framework for Europe's security policies in the post-Cold War era. The ESS prioritised threats such as terrorism, the proliferation of weapons of mass destruction, regional conflicts, and energy security, and envisaged a collective EU response to these challenges (Missiroli, 2004: 55-72). As the first document to explicitly articulate the EU's ambition of becoming a global actor, the ESS represented a significant turning point (Blockmans & Wessel, 2009: 272).

In addition, the EU's effectiveness in crisis management has been demonstrated through its interventions in regional issues such as the instability in the Balkans. Within the framework of the ESDP launched in 1999, the EU developed both its military and civilian crisis management capacities. This period is regarded as a phase in which significant steps were taken toward realising Europe's ambition of strategic autonomy (Grevi et al., 2009: 37-39). The concept of strategic autonomy was first addressed at the European level in the early 2000s with the launch of the EU's Galileo space program, which aimed to create an alternative to the global navigation systems of the USA and Russia. In 2007, EU Commissioner Jacques Barrot stated that "Europe needs Galileo… [it is] crucial for Europe's strategic autonomy" (Lavery et al., 2022: 60). The concept resurfaced in 2013, gaining new momentum in the context of debates on European defence. European policymakers became increasingly aware that the challenges facing the European defence sector-including the fragmented nature of Europe's defence, technological, and industrial base (EDTIB), the duplication of defence systems production, and dependence on third countries for critical defence equipment would create long-term difficulties. In response to these concerns, the European Council, for the first time in December 2013, explicitly used the term "strategic autonomy." The Council argued that Europe must develop a "more integrated, sustainable, innovative, and competitive European Defence Technological and Industrial Base (EDTIB)" and, to that end, must strengthen its strategic autonomy (Briani, 2013).

The Institutional Structure and Operational Capacity of the ESDP/CSDP

The institutional structure of the ESDP/CSDP consists of a set of bodies and mechanisms that guide the EU's security and defence policies. Within this structure, the European Council functions as the highest-level body responsible for making strategic decisions. The Council defines the decisions taken under the CSDP framework and directs their implementation (Grevi et al., 2009: 31).

The Political and Security Committee (PSC) is the main body responsible for managing the operational decisions of the ESDP. The PSC coordinates the EU's foreign policy and crisis management activities, ensuring policy coherence among member states (Grevi et al., 2009: 28-30). Established in 2004, the European Defence Agency (EDA) focuses on developing the military and defence-industrial capacities of the ESDP and promotes defence cooperation among the member states. The EDA also plays a critical role in areas

such as the development of new technologies and the financing of defence projects (European Defence Agency, 2020).

In terms of operational capacity, the EU Battlegroups represent one of the most essential instruments of the ESDP/CSDP. These rapid reaction units were established to enable the EU to intervene effectively in crisis regions. The Battlegroups enhance the EU's operational capacity through joint training programs and military coordination among the member states (Lindstrom, 2007).

The operational success of the ESDP/CSDP has been demonstrated most clearly through missions such as EUFOR Althea in Bosnia and Herzegovina. This operation illustrated the effectiveness of the ESDP/CSDP in crisis management and proved the EU's capacity to act as an independent actor in the field of security (Grevi et al., 2009: 211-220). Moreover, the ESDP/CSDP's civilian crisis management capacity has made significant contributions in areas such as the rule of law, the protection of human rights, and the promotion of democratic values.

The Lisbon Treaty, which entered into force in 2009, renamed the European Security and Defence Policy (ESDP) as the Common Security and Defence Policy (CSDP), expanded the Petersberg Tasks and codified them under Article 43(1) of the Treaty on European Union (TEU), institutionalised the mutual assistance clause (TEU 42(7)) and the solidarity clause (TEU 222), and-through PESCO (Permanent Structured Cooperation)-opened the way for deeper defence-industrial and capability cooperation among willing member states (Rehrl & Weissert, 2012: 15). Established on the legal basis provided by the Lisbon Treaty, PESCO is essentially a cooperation framework enabling EU member states that can meet higher capability criteria and undertake more binding commitments to jointly develop defence capabilities and carry out collaborative projects. Its legal foundations are TEU Articles 42(6) and 46, together with Protocol No. 10. These provisions require participating states to accept high standards and binding obligations in capability development and force deployment, beyond the regular functioning of the ESDP/CSDP (European Union, 2008). Participation in PESCO is therefore not merely a "statement of intent" but entails the undertaking of measurable commitments (Council of the European Union, 2017: L331/72–74). These commitments include increasing the share of investment within defence budgets, raising R&D expenditures, participating in joint projects, adhering to standardisation and interoperability objectives, ensuring reliable procurement and harmonising export/licensing procedures, as well as cooperating in critical domains such as cybersecurity. The overarching aim has been to ensure that the capabilities developed are deployable, sustainable, and readily available for the Union's most demanding missions (TEU 42(1) and 42(6)). At its core, PESCO is not designed to establish an "EU army" or to replace the mutual defence obligation enshrined in Article 42(7) TEU; rather, it is a legal-institutional platform intended to close capability gaps-such as strategic airlift, ISR (Intelligence, Surveillance and Reconnaissance), secure command and control, and cybersecurity-through collective projects and joint investment (TEU 42(7); European External Action Service, 2021).

Within the analytical framework of this study, the years 1999–2009 may be viewed as the preparatory or incubation phase of PESCO. In terms of conceptual emergence and legal codification, the idea of "Permanent Structured Cooperation" was first formulated in the

failed Constitutional Treaty of 2004 (European Union, 2008; Winter, 2010: 68). These provisions were rewritten in the Lisbon Treaty in 2007 and entered into force in December 2009, thereby becoming part of the Treaty on European Union. Consequently, the period between 1999 and 2009 constituted the phase in which PESCO's conceptual design matured, forming a sequential chain of institutional and procedural steps (St. Malo, Cologne/Helsinki, the Helsinki Headline Goal, and the European Defence Agency), ultimately gaining legal grounding with Lisbon as industrial-capability alignment was strengthened. From the perspective of institutional and capability preconditions, the building blocks of the future PESCO logic-joint planning, procurement, and execution-were laid during this period. The establishment of the EDA provided an umbrella structure for capability development planning, standards, and collaborative projects (Council of the European Union, 2004). The Helsinki Headline Goal and the subsequent Battlegroup concept achieved full operational capability in January 2007, reinforcing a culture of rapid reaction and joint planning (European Council, 1999). The ESS and its 2008 Implementation Report identified persistent capability shortfalls in enabling areas such as strategic airlift, helicopters, space assets, and maritime surveillance, calling for more efficient procurement methods. This directly prepared the ground for PESCO's logic of "closing gaps through binding commitments and joint projects" (Council of the European Union, 2008: 9). From a political standpoint, the idea of differentiated integration was debated between 1999 and 2009; however, PESCO could not be launched in practice due to the United Kingdom's cautious approach towards binding defence commitments and the unanimity threshold. Ultimately, PESCO-originally proposed in the Constitutional Treaty (Winter, 2010: 68)- acquired its legal basis only through Lisbon, under TEU Article 42(6) and Article 46 (Theofilis, 2025: 56–67). Nevertheless, despite entering into force in 2009, it was long referred to as a "Sleeping Beauty," with actual activation occurring only in 2017 (Benavente, 2017). As of 2024, the number of collaborative projects under PESCO had risen to 68, covering a broad spectrum of areas including training facilities, land systems, naval and air systems, cybersecurity, joint enablers, and space (European External Action Service, 2024). With the Council's "sixth wave" decision of 27 May 2025, the total number of projects increased to 75 (Council of the European Union, 2025).

Operational successes of the ESDP/CSDP are closely linked to the EU's efforts to strengthen its defence capacity. In this context, corporate mergers and consolidation processes within the defence industry emerge as key instruments supporting Europe's goal of strategic autonomy. By enhancing both economic and operational capacities, these mergers directly affect the EU's effectiveness in the fields of crisis management and defence.

Mergers and Acquisitions (M&A) in the Defence Industry

Mergers are defined as legal agreements through which two or more companies combine their economic and operational capacities. In the defence industry, mergers are typically carried out to serve a strategic purpose. These mergers are generally classified into three main types: horizontal, vertical, and conglomerate mergers. Horizontal mergers occur when companies operating within the same sector merge increasing their market share. Vertical mergers occur when companies at different stages of the production process combine, seeking to improve operational efficiency. Conglomerate mergers, on the other

hand, involve the merger of companies from various sectors, usually for risk diversification and expansion (Sherman & Hart, 2006: 1, 11).

These types of mergers within the European defence industry play a critical role in enhancing the operational capacity of the ESDP. For example, horizontal mergers, by generating economies of scale, increase market share; vertical mergers improve efficiency within the defence supply chain; and conglomerate mergers allow Europe's defence industry to distribute risks and adopt a more sustainable growth model. In this context, corporate mergers are regarded as one of the fundamental building blocks that strengthen the ESDP's crisis management capacity and reinforce its positioning as an independent security actor (Brzuska, 2025).

The reciprocal relationship between the ESDP and corporate mergers directly supports Europe's efforts to develop a more effective response to global security threats and to realise its objective of strategic autonomy (Zandee et al., 2020; Retter et al., 2021). These consolidation processes within the defence industry are expected to enhance both the economic and strategic capacities of the EU, thereby positioning Europe as a stronger actor in the international system.

The reciprocal relationship between the ESDP and defence-industry mergers directly supports Europe's efforts to develop a more effective response to global security threats and to advance its strategic autonomy agenda. These consolidation processes strengthen both the economic and strategic capacities of the EU, thereby aiming to position Europe as a more influential actor in the international system. From a constructivist perspective, this process entails not only the accumulation of material capabilities but also the institutionalisation of "appropriate behaviour" through shared norms and identity narratives among member states (Biava et al., 2011: 1227-1231). In this sense, ESDP/CSDP institutions do more than frame actors' behaviour; they also shape their identities and interests (Biava et al., 2011: 1235). At the level of strategic culture, frameworks such as the Capability Development Plan (CDP), endorsed by the EDA in 2008, have generated a normative orientation aligned with consolidation by fostering a common operational picture, interoperability, and prioritisation (European Defence Agency, 2010: 9-10). In parallel, multinational consolidation examples such as MBDA-observable in Top-100 company data-illustrate the growing integration of the EDTIB (SIPRI, 2007: 376, 380).

At the level of strategic culture, patterns of convergence and divergence within the Union become visible in M&A decisions. While some states prioritise the creation of "national champions" and the localisation of capabilities within Europe, others favour Atlanticist procurement preferences grounded in different normative priorities and threat perceptions. In this respect, arrangements such as the EDA, OCCAR and, after Lisbon, PESCO function not only as instrumental coordination mechanisms but also as channels of learning, socialisation, and emulation (Biava et al., 2011: 18). A bidirectional process of evolution and feedback emerges between corporate mergers and institutional norms. Ultimately, the network-centric capability sets and procurement standards generated through consolidation have produced the practices of a "European strategic culture" conducive to joint operations, reinforcing the strategic autonomy agenda through identity-based legitimacy and shared threat narratives. In short, corporate mergers in the European

defence industry play a significant role in enhancing the sector's global competitiveness and advancing strategic autonomy. BAE Systems and EADS/Airbus stand out as the most notable examples of these processes.

BAE Systems, on the other hand, is a UK based defence company that occupies a leading position in the international market. Through its collaborations with the United States and other NATO members, the company delivers innovative solutions across the defence sector. Such mergers within the European defence industry facilitate cooperation and technological transfers that transcend national and regional boundaries. Moreover, BAE Systems has pursued a strategy aimed at dominating the European defence sector and penetrating the US market through major transatlantic mergers and acquisitions (Panagiotakopoulos & Tourkantonis, 2009: 50).

As a highly defence oriented, pure-play defence actor (Bellais, 2021: 878), BAE Systems derived 95% of its revenues from defence sales in 2007 (Panagiotakopoulos & Tourkantonis, 2009: 10). As the only European company benefiting from privileged access to the US market through close integration with American firms and technologies (Guay, 2005: 6), it became the continent's largest defence industrial firm in the 2000s (Varga, 2024: 99). Financial markets responded strongly and positively to its aggressive M&A strategy (Panagiotakopoulos & Tourkantonis, 2009: 44-45). BAE Systems' approach has been largely driven by efficiency gains in the US market and a deepened transatlantic partnership (Angelov, 2015: 10). This orientation, however, has stood in tension with the European Union's ambition to reduce dependence on the United States.

EADS/Airbus, as one of Europe's leading defence and aerospace companies, was established as a joint venture among France, Germany, Spain, and the UK. This merger aimed to strengthen Europe's competitiveness in the global aerospace market and secure its technological superiority. The creation of EADS/Airbus constituted the most ambitious industrial manifestation of the European Union's strategic culture-namely, the vision of strengthening European autonomy through transnational integration (Jones, 2006: 264). However, the company's complex governance structure and its early failures in major programmes (such as the A400M) demonstrated how this ideal was constrained by national sovereignty concerns and fragmented strategic cultures. Despite its predominantly civilian orientation, EADS is also a manufacturer of Europe's high-technology military platforms: the Eurofighter combat aircraft, the A400M military transport aircraft, the Eurocopter (Airbus Helicopters) family, and various other strategic weapons systems (Panagiotakopoulos & Tourkantonis, 2009: 7, 16). From the perspective of financial markets, EADS lagged behind BAE Systems in terms of defence revenues; the weak market response to its M&A announcements indicated that the profitability of its strategic trajectory was being questioned. In short, the findings suggest that the market anticipated the transnational merger strategy (EADS) to yield lower shareholder returns compared to the aggressive, US-oriented growth strategy pursued by BAE Systems (Panagiotakopoulos & Tourkantonis, 2009: 49–50).

The principal testing ground for strategic culture in this context was the A400M programme. EADS's mixed business model-where only around 21% of its revenues derived from defence activities (Franck et al., 2010: 22) and where large platform programmes dominated-functioned as a barometer of the EU's efforts to operationalise

its strategic culture in the defence domain (Fiott, 2014: 2). The A400M military transport aircraft embodied Europe's ambition to achieve autonomy in strategic airlift capabilities (Panagiotakopoulos & Tourkantonis, 2009: 16). However, the challenges encountered throughout the project were viewed as the inevitable outcome of unanticipated behaviours (Franck et al., 2010: iii). These problems must be understood in relation to national interests and, in particular, the pressure for national workshare/juste retour, reflecting the extent to which political considerations-rather than efficiency-shaped technical and industrial decisions.

As a result of international mergers and acquisitions, many major Western arms manufacturers have also adopted the strategy of establishing foreign subsidiaries to expand their access to overseas markets. The French Thales Group, which specialises in electronics and produces systems for the aerospace, defence, and security sectors, has both defined and successfully implemented this strategy as a "multi-domestic" industrial presence. This term indicates that an international company acknowledges national governments' preference for purchasing weapons primarily produced locally (Sköns & Weidacher, 2002: 323).

The evolution of Thales from the late 1990s to 2009 is of critical importance for analysing how French strategic culture has been reflected in corporate structures and in the EU's integration objectives. In terms of its contribution to the ESDP/CSDP strategic culture, Thales's expertise in electronics and information systems offers a strong potential alignment with the EU's emerging strategic culture. Through its civil-military integration model, Thales has focused on dual-use technologies that serve both civilian and military markets. This orientation corresponds closely with the EU's goal of employing military and civilian instruments in an integrated manner for crisis management (Biava et al., 2011: 1234–1235) and of developing a comprehensive approach.

The company's strategy during this period centred on the rationalisation of France's critical national electronic capabilities through small and medium-sized mergers and acquisitions rather than pursuing an aggressive expansion into the US market, focusing instead on defence electronics and dual-use systems under its semi-public ownership structure (with the French state holding 32.6 per cent) (Panagiotakopoulos & Tourkantonis, 2009: 16–17). Thales aimed to strike a balance between intra-European and global exports, opting for incremental consolidation rather than the large-scale merger model exemplified by EADS, and thus experienced what Mawdsley (2008: 372–373) describes as a "more normal period of growth." Consequently, whereas BAE Systems followed a trajectory of scaling up through major acquisitions in the US market, Thales represented a multi-domestic approach.

Empirically, Thales was one of the three major European defence contractors examined alongside BAE Systems and EADS during the period between 2001 and 2009 (Panagiotakopoulos & Tourkantonis, 2009: i, xiv). In this context, financial markets reacted weakly to Thales's consolidation announcements (Panagiotakopoulos & Tourkantonis, 2009: 39–40, 50). Consequently, markets anticipated that Thales's M&A steps would generate losses rather than create shareholder value. This stands in sharp contrast to the strong positive response elicited by BAE Systems' transatlantic efficiency-driven moves.

MBDA, Europe's leading producer of missiles and missile systems, was established in 2001 through the merger of France's Matra, the United Kingdom's BAE Dynamics, and Italy's Alenia Marconi Systems (EADS, 2001: 84). This consolidation reflected not only a pursuit of cost and scale economies, but also a corporate choice rooted in the convergence of "appropriate behaviour" norms within the EU-particularly in areas such as crisis management, precision engagement, and interoperability (EADS, 2001: 62–63). Thus, unifying Europe's fragmented missile production capacities under a single institutional framework was intended to reduce R&D costs and to create an integrated European Missile Systems Company capable of competing with U.S. producers on a global scale. Within this logic, the European Defence Agency's 2008 Capability Development Plan reinforced MBDA's institutional role by promoting standardisation and joint procurement in the domain of guided munitions (Heuninckx, 2009: 4–6).

The establishment of MBDA was not merely an industrial consolidation for the European defence sector; it also constituted a strategic step aimed at ensuring Europe's technological autonomy in high-precision guided munitions and at providing standardised missile solutions capable of meeting common operational requirements across the continent (EADS, 2001: 62–63). The division of labour among the company's production and R&D centres in the United Kingdom, France, Germany, and Italy represented an institutional manifestation of deepened defence cooperation among European states and made a tangible contribution to the integration of the EDTIB (EADS, 2001: 62–63; MBDA, 2023: 7; Briani et al., 2013: 1–8).

MBDA represents, in essence, the most concrete and successful illustration of the ambitious EU vision that industrial logic can override political barriers in the consolidation of the European defence industry (Bellais, 2021: 876). The company has built its pursuit of "strategic autonomy" not on national competition but on cross-border specialisation and a culture of institutional integration. MBDA's organisational culture has been shaped around major cooperative programmes. For instance, the Franco-British Scalp EG/Storm Shadow programme became a sine qua non condition for the merger of Matra Défense and BAe Dynamics (Devaux & Ford, 2018: 11). The programme emerged from France and the UK's shared ambition to strengthen strategic autonomy by retaining control over the design and production of cruise missiles in a domain dominated by the United States (Bellais, 2021: 883-885).

MBDA is built upon a stable ownership balance that mirrors national representation among its shareholders (BAE Systems 37.5%, EADS/Airbus 37.5%, and Finmeccanica 25%) (Bellais, 2021: 878), operating through an industry-led structure without direct governmental intervention in corporate governance (Mejino-Lopez & Wolff, 2024: 12). The company is a pure defence player focused on missile systems/families, deriving almost all of its revenues from missile-related activities (99% in 2020) (Bellais, 2021: 878). It is the world's second-largest missile producer after Raytheon (Panagiotakopoulos & Tourkantonis, 2009: 16–17). Despite being a global actor in the missile market, its revenues (Varga, 2024: 99) remain roughly half those of its U.S. competitors (Bellais, 2021: 879–880).

Mergers in the defence industry generate significant impacts in both economic and technological dimensions. They stimulate the development of new technologies by

increasing investments in R&D. Moreover, they contribute to cost reduction and enhanced operational efficiency through economies of scale (Valášek, 2011: 1-2). For example, the EADS/Airbus consortium has strengthened Europe's competitiveness in the global defence market by providing cost advantages in both the military and civilian aviation sectors.

National Strategic Cultures

In the aftermath of the Second World War, it was argued that if the capabilities and force planning of states were closely coordinated and jointly developed-whether or not as a formal rule or policy at the EU level-EU members could gradually establish a common defence industry market and develop joint procurement processes (Rohde, 2004: 6).

Even before the onset of consolidation processes, cooperation in the field of armaments had existed in Europe, particularly since the 1970s, in its recognizable form. Although much had been learned regarding the implementation of such programs, it was evident that fundamental problems remained in reconciling efficiency with political factors (Hayward, 1997: 5).

The problem of efficiency stemmed from large R&D expenditures, shrinking defence budgets, and the high costs associated with maintaining member states' national sectoral capabilities. The political factors, of course, were linked to national preferences and had to be negotiated on an intergovernmental basis. The end of the Cold War made efficiency-related challenges even more pressing, and European states increasingly found themselves compelled to expand areas of cooperation in the development and production of weapons. This, in turn, required compromises on political factors in order to minimize economic costs.

Ultimately, the issue lay in the creation of standard requirements for all weapons projects, which, according to Hayward (1997: 8), naturally began at the national level: *"The process of determining requirements will, at the national level, identify in general terms a need for a 'tank' or a 'fighter aircraft'; but the real issue lies in the national views about what the tank or aircraft should do and how it should do it. The persistence and depth of national doctrines, preferences, and historically rooted biases derived from experience exert significant influence on the formulation of common requirements."* It is precisely at this point that we can observe the critical influence of national strategic cultures on jointly managed projects-and, in particular, on corporate mergers.

The core conceptual ideas and national doctrinal preferences embedded in each state's strategic culture regarding its weapons systems constitute the key factors that determine what that state seeks to achieve in international armaments cooperation and which instruments it requires to reach those goals. Consequently, since every detail is rooted in states' strategic cultures, such armaments cooperation- as De Vestel (1995) emphasised and as has historically persisted-amounts to nothing more than an attempt to "achieve national objectives through international means."

Throughout the Cold War period and beyond, in an international environment marked by an arms race, states pursued different strategic preferences in line with their own needs. The formation of norms and myths underlying states' security and foreign policy choices, as well as their influence on decision-making, are closely tied to the notion of strategic

culture. Actors formulate policies through the cultural depth embedded in their preferences and cognitive frameworks for addressing national and international problems, thereby constructing their strategic cultures over the course of history. The resulting strategic culture, in turn, influences the attitudes and behaviours of states. Conceptually, strategic culture can be regarded as a reflection of historical experience (Gray, 1984: 26-33). At the same time, it can also be understood as a concept derived from history, geography, and political culture, shaping behaviours related to war and peace (Booth, 2005: 25-28). Similarly, according to Booth, strategic culture plays an essential role in shaping actors' behaviour in areas such as the use of force in international politics, civil-military relations, and strategic doctrines.

In this sense, strategic culture is a distinctive phenomenon composed of beliefs, attitudes, and practices related to the use of force, emerging through a unique and long historical process. While it persists over time and tends to transcend its initial period, it is neither permanent nor fixed in nature. At critical junctures, it may change fundamentally or partially (Longhurst, 2004: 17). Overall, the economic and technological effects discussed in the previous section are directly linked to national strategic cultures. The different national strategic cultures in Europe are among the key factors shaping both the scope and direction of mergers within the defence industry.

Gaullism and the French Defence Industry

France's defence policy has been grounded, particularly since the post-Second World War period and the era of Charles de Gaulle, in a conception of complete independence in arms production, a legacy that continues to shape French strategic thinking today (Schmidt et al., 1990: 100). De Gaulle advocated the idea that France should act as an independent power in the international arena and, in this regard, restructured the country's defence strategies and partnerships (Mawdsley, 2000: 192). He linked a protected defence sector with France's core economic policies and embraced an interventionist state approach.

The centralised model of the French defence industry, in fact, originated as early as 1670 under Jean-Baptiste Colbert. His economic policies, known as Colbertism, laid the foundation for a mercantilist strategy. This tradition emphasised a defence industry based on domestic design and production, self-sufficiency, and even the ability to export (De Vestel, 1995: 36). Several historical experiences reinforced this orientation. François Léotard, in 1994, succinctly expressed this perspective: *"At the moment of truth, a nation has no friends"* (Gregory, 2000: 10). This strategy has allowed France to pursue autonomous decision-making in its defence policies, even while being a NATO member (Demirkıran, 2007: 79-92).

Nuclear deterrence lies at the core of France's independent defence policies. Having conducted its first nuclear test in 1960, France developed an autonomous capability in this field and established its national nuclear deterrent force, known as the *Force de Frappe* (Tertrais, 2004: 95). This strategy serves the dual purpose of safeguarding France's national security against external threats and positioning it as a strategic balancing actor within the international system. Moreover, France's nuclear policy functions not only as a military capability but also as an instrument of political power projection (Tertrais, 2004: 56).

France's defence industry constitutes another crucial pillar of its autonomy policies. Leading defence companies such as Dassault Aviation, Thales, and Safran contribute to maintaining France's technological superiority in the international arena. These companies develop high-technology products and ensure France's leading position in defence exports (Wolters, 2016: 14). While France engages in defence cooperation with other European countries, it demonstrates strong sensitivity in preserving the autonomy of its national defence industry. For example, although France played an active role in the establishment of the Airbus consortium, it nevertheless prioritized its national interests within this joint venture. Similarly, France withdrew from the Eurofighter project-whose aircraft lacked the VTOL (Vertical Take-Off and Landing) capability-in order to develop entirely on its own, the Rafale fighter jet, equipped with VTOL features, to secure the ability to project power wherever needed (Kolodziej, 1987). International military interventions also hold a prominent place in France's defence policies. Military operations carried out in Africa form part of France's strategy to act as an influential player in the international arena. These operations serve the dual aim of safeguarding national security and enhancing France's strategic role globally.

France's independence policy also shapes its leadership role within the EU's security and defence policies. Within the framework of the ESDP, France has consistently argued that Europe must achieve strategic autonomy and has pursued an active policy in this regard. Beginning with the Saint-Malo Declaration, France adopted the goal of reducing Europe's dependence on NATO and strengthening its own defence capacities (Eliassen, 2002: 31).

Ultimately, France's defence policy has been built upon the independence doctrine shaped during the era of De Gaulle, and this approach continues today. Nuclear deterrence, the strengthening of the national defence industry, and the capacity for international military intervention constitute the core elements of France's strategic priorities. These policies serve not only to safeguard France's national security but also to advance its objective of acting as an independent and influential actor in the international system. In short, it can be said that the French place little importance on cooperation at the European level unless it directly serves their national objectives (Schmitt, 2017).

Stunde Null and the German Defence Industry

Germany's defence policy is rooted in the concept of Stunde Null ("Zero Hour"), which emerged in the post-Second World War period and shaped the framework of its new strategic culture (Brockmann & Trommler, 1996: 8). Stunde Null refers to Germany's process of political and societal reconstruction in the aftermath of the war's devastating consequences (Longhurst, 2018: 25). In short, three key factors that have shaped modern German strategic culture-arising from the rejection of German militarism and the attitude toward a subsequent German "special path" (Sonderweg)-have been identified as multilateralism, European integration, and anti-militarism (Baumann & Hellmann, 2001: 61-82). In this context, Germany adopted anti-militarist policies and distanced itself from a foreign policy based on military power. Germany's integration into NATO and its participation in defence cooperation within the framework of the EU constitute the fundamental pillars of this approach.

Anti-militarism stands out as the most distinctive feature of Germany's defence policies. Following the Second World War, Germany adopted an approach that emphasised international cooperation and the promotion of peaceful solutions rather than a policy based on military power. This orientation is also reflected in the Constitution *(Grundgesetz)* of the Federal Republic of Germany, established in 1949. The Constitution regulates Germany's military power with defence-oriented limitations and prioritises peace processes (Tewes, 2001: 38).

Germany's accession to NATO marked a critical turning point in the country's security policy during its reconstruction period. NATO membership provided Germany with the opportunity to act within an international framework in the field of defence it to do so. It enabled the development of a security strategy consistent with its anti-militarist approach. At the outset of this process, the establishment of a German General Staff was not permitted; within the Ministry of Defence, the military was placed under complete civilian control, and German forces, deprived of independent operational capability, were placed directly under NATO command (Fritz-Assmus & Zimmermann, 1990: 124).

During the reconstruction period, Germany became one of the pioneers of European integration. Its participation in the European Coal and Steel Community (ECSC) and later the European Economic Community (EEC) demonstrated that Germany placed economic development and political stability at the centre of its defence policies. Economic cooperation and joint defence projects thus became one of Germany's strategic priorities in the realm of defence policy (Mawdsley, 2000: 248-249).

In defence industry, Germany prioritises projects aimed at achieving technological superiority. Companies such as Rheinmetall, ThyssenKrupp Marine Systems, and Krauss-Maffei Wegmann have positioned Germany as a leading actor in the defence sector. By developing innovative technologies, particularly in land and naval defence systems, these firms enhance Germany's competitiveness in the international market (Kulichkina, 2017: 69). At the same time, Germany's approach to the defence industry remains framed by a peaceful and defence-oriented orientation.

Since the early 2000s, Germany has begun to participate more actively in the implementation of international security policies. In particular, Germany has sought to assume greater responsibility in NATO and EU missions, and in this context, decided to increase its defence budget. However, this increase has sparked social and political debates in a country with a strongly anti-militarist legacy. Nevertheless, by taking on an active role in crisis management and peace operations, Germany has strengthened its position as a reliable partner within the international system (Federal Ministry of Defence, 2003: 11; Sweeney, 2015: 73). Ultimately, Germany's defence policy has been shaped as a product of the reconstruction process initiated under the *Stunde Null* concept. Anti-militarism, international cooperation, and economic collaboration constitute the core elements of Germany's defence strategies. These policies aim not only to safeguard national security but also to contribute to peace and stability within the international system (Longhurst, 2018: 54-55).

State-Controlled Hybrid Structure and the Italian Defence Industry

Italy's defence industry policy is shaped by a state-controlled hybrid structure, which seeks to balance national interests through cooperation between the public and private

sectors. In the post-Second World War period, Italy's pursuit of economic development and political stability led to the evolution of its defence industry within this hybrid framework (Calcara, 2020: 51-52). During this process, Italy's defence policies were integrated into collective security strategies within the frameworks of Europe and NATO; however, the protection of national interests in the defence industry was also established as a priority objective (Calcara, 2017: 277-301).

Italy's defence industry holds a significant position through large state-linked companies such as Leonardo S.p.A. (formerly Finmeccanica). As one of the world's largest defence firms operating in the fields of aerospace, space, defence, and security, Leonardo enhances Italy's competitiveness in global markets (Caruso & Locatelli, 2013). By developing high-technology products and services, the company plays a leading role in Italy's defence exports. This illustrates the success of the hybrid structure in Italy's defence sector, which combines state support with the dynamism of the private sector (Caruso & Locatelli, 2013: 101).

This state-supported structure serves the purpose of preserving Italy's autonomy in its national security policies. Italy encourages international cooperation in major defence industry projects while at the same time safeguarding its national interests (Calcara, 2020: 53). For example, Italy's participation in the Eurofighter Typhoon project not only strengthened its integration into the European defence industry but also represented a significant step toward enhancing its own technological infrastructure.

Another important element of Italy's defence policies is its role within NATO and the EU. Due to its strategic position in the Mediterranean, Italy is regarded as a key actor within NATO. Furthermore, it has been actively involved in missions under the framework of the ESDP, assuming a significant role in crisis management operations (Nones & Silvestri, 2009: 4). Italy's participation reflects both its efforts to integrate into the international security system and its objective of supporting regional stability.

Italy's geographical position stands out as a key factor shaping its defence policies. Its proximity to the Mediterranean has placed Italy at the forefront of Europe in addressing issues such as migration crises, terrorism, and maritime security. This context has led Italy to prioritize regional security in its defence policies and to deepen its cooperation with both Europe and NATO in this domain (Nones & Silvestri, 2009: 10-11).

In recent years, Italy has continued to pursue the goal of enhancing its competitiveness in the defence industry by increasing its defence budget, investing more heavily in international defence projects, and seeking to maximize its participation in the EU defence market (Nones & Silvestri, 2009: 6-7). However, balancing state support with private sector cooperation remains critically important for the sustainability of Italy's hybrid structure. This model not only serves Italy's objective of acting as an independent actor in the international arena but also supports its cooperative role within European defence policies. Therefore, Italy's defence policy follows a distinctive strategy based on the state-controlled hybrid structure. By balancing the protection of national interests with integration through international cooperation, this model enables Italy to pursue both an autonomous and a collaborative approach in its security policies.

Value for Money and the British Defence Industry

Alongside continental Europe, the UK has historically stood as an island that served as the centre of an empire-an empire with territories spread across the globe. This geographical position and imperial legacy have been key factors shaping the UK's strategic culture. In short, British strategic culture defines the boundaries and conditions under which the British Armed Forces can be employed as part of the country's core foreign policy strategy (Miskimmon, 2004: 275).

The UK's defence policy is shaped by the axes of Atlanticism, Europeanism, and liberal market policies. These axes shape the UK's defence policy. Atlanticism refers to a strategic approach in which the UK emphasises strong cooperation with the USA and NATO in its foreign and defence policies. As a founding member of NATO, the UK supports the Alliance's central role in European security while simultaneously prioritising close relations with the USA (Smith, 1990: 79). In this context, the UK actively contributes to NATO's military operations, seeks to balance Atlanticism and Europeanism, and plays a key role in strengthening transatlantic relations.

Liberal market policies have led the UK to adopt a private sector-oriented approach in its defence industry. Rather than developing its defence sector under public control, the UK has favoured private sector investment. BAE Systems, one of the largest British defence companies, exemplifies this policy. The company holds a leading position in the international defence market and plays a crucial role in the success of the UK's defence exports (Hartley, 2012: 331-342). This approach also promotes technology transfer and provides flexibility in international defence cooperation.

Within the framework of Atlanticism, the UK has participated in numerous defence projects that strengthen its strategic partnership with the USA. For example, through close cooperation with the U.S. on the F-35 fighter jet project, the UK has sought both to enhance its technological capacity and to increase its competitiveness in the defence industry (Hayward, 1998: 47). Such partnerships contribute to maintaining the UK's privileged position within the transatlantic security architecture.

At the EU level, virtually every policy concerning defence and security-particularly efforts to consolidate the defence sector-has encountered British reservations. For example, according to Howorth (2003: 175), while the British understood the ESDP as an EU alliance project incorporating European capabilities, for the French it represented a European project encompassing Alliance capabilities. Consequently, the British have always believed it safer to rely on ad hoc cooperation projects without fixed rules rather than advancing integration at the EU level.

In Europe, the use of intergovernmental arrangements and procedures in joint weapons development and production processes has appeared to serve British interests more effectively. In short, the British have supported international organizations (such as OCCAR) for the management of major joint weapons projects, and the structures, organizations, and working methods of these bodies have generally been modelled on national systems, developed in accordance with the founding states and the power relations among them (Howorth, 1997: 107).

Considering its historical legacy, the UK has always shaped its foreign and security policy from a global perspective. Consequently, in its defence policy, the UK has emphasized the development of a comprehensive military doctrine capable of carrying out diverse missions under all circumstances, along with a strong defence industry infrastructure to realize these objectives in cooperation with its U.S. and European partners (Mawdsley, 2000: 186-190).

The UK's approach to European defence policies is generally assessed within a pragmatic framework. While the UK participates in ESDP projects, it continues to emphasize NATO's central role in European security. At the same time, the UK's leadership within NATO ensures the continuation of its influence in European defence and security.

In terms of the defence industry, the UK is positioned as a major actor in both national and international markets. By increasing its defence budget and investing in innovative technologies, the UK aims to establish itself as a global leader in the defence sector. For instance, the Tempest project stands out as an innovative initiative in the field of next-generation fighter aircraft (Tempest Project, 2024). This project not only strengthens the UK's technological independence but also enhances its competitiveness through international partnerships.

Atlanticism, Europeanism, and liberal market policies are among the key elements shaping the UK's security, defence, and defence industry policies. These approaches enable the UK to act as an influential player in the international arena and to develop a defence strategy aligned with its strategic objectives. Strengthening transatlantic relations, maintaining its leadership role within NATO, and promoting the private sector in the defence industry through liberal market policies constitute the cornerstone elements of the UK's policies in this field.

EU Defence Policies and Global Security

The EU's Positioning as a Global Power

In the post-Cold War era, the EU has taken strategic steps to deepen its defence policies and position itself as a strong global actor. The first 2003 ESS document provided a framework to support this goal, foreseeing the development of a common EU response to global threats and the strengthening of international cooperation. Javier Solana, the EU's High Representative for CFSP, emphasised that the "civil-military approach outlined in the document was ahead of its time, has proven its validity, and has been widely embraced by all." This established a crucial foundation for the EU and provided a strategic roadmap for the following decade.

Solana emphasised the importance of integrating civilian and military instruments, noting that such an approach is crucial for the effective implementation of crisis management and security policies. At the same time, he supported the view that Europe must deliver a more comprehensive response to global security challenges. Furthermore, he pointed out that this strategy provided a solid basis for the future, stressing that as the 2020s approached, the EU needed to develop a more effective foreign policy grounded in such strategies (Council of the European Union, 2009: 7). Overall, Solana highlighted the significance of the EU's strategy in the fields of foreign and security policy, underlining

their vital role in shaping future orientations. The adoption of this approach may prove to be the key to enhancing Europe's effectiveness on the international stage.

The 2008 update of the ESS can be said to have given the Common Security and Defence Policy (CSDP) "a sense of purpose and direction," positioning it as potentially more effective than the ESDP (Norheim-Martinsen, 2012: 1-2). The implementation of the 2003-2008 ESS (Council of the European Union, 2009: 22-23) was closely linked to both military and civilian capacities. Meyer further emphasises that the 2003 document represented "a set of shared norms, beliefs, and ideas concerning the instruments and objectives of defence policy" (Meyer, 2005). In this sense, the role of the ESS appears to be twofold: first, to support the creation of a common institutional environment that facilitates the realisation of the CSDP; and second, to function as an instrument for clarifying common objectives throughout the process.

Solana also emphasised that within the framework of the 2003 ESS, the aim was to "strengthen the coherence between defence industry development and security policies, Commission decisions, and the actions of the Council and member states" (Solana, 2004: 8-9). In this regard, a close reading of the ESS documents (Council of the European Union, 2009) reveals that they called for greater resources for the defence industry, linked capabilities to a competitive and resilient defence sector, and promoted procurement from a common pool, improved institutional coordination, and more effective consolidation of the industry (De Vasconcelos, 2009: 56, 70-71).

These objectives are directly linked to the processes of mergers and consolidation within the EU's defence industry. Major mergers, such as those between Airbus and BAE Systems, play a critical role in enhancing the EU's defence capabilities and increasing its competitiveness on the international stage. Such mergers contribute to the EU's goal of strategic autonomy by ensuring and maintaining technological superiority, while also achieving cost-effectiveness in production through economies of scale. However, defence industry mergers serve not only economic purposes but also contribute to the construction of Europe's normative values (Meyer, 2005).

The EU's efforts to position itself as a global actor are also closely connected to national strategic cultures. France's independence-oriented defence policies, Germany's peace-oriented and economically cooperative approach, Italy's hybrid model of autonomy and collaboration, and the UK's Atlanticist grand strategy reflect the diversity of security approaches within the EU. These differences create a synergy that both complicates and strengthens the pursuit of strategic cohesion within the Union.

EU-NATO Relations

The EU and NATO play complementary roles in European security, yet the post-Cold War era has at times witnessed power struggles between them. The EU's reliance on NATO's military capabilities can conflict with its goal of achieving strategic autonomy, creating divisions within Europe's security architecture (Grevi et al., 2009; Lachmann, 2010: 185). Although references to greater "autonomy" for Europe in security and defence policies were first articulated at the 1998 British-French Saint-Malo Summit (United Kingdom & France, 1998; Lachmann, 2010: 189), the first official EU document to explicitly use the term "strategic autonomy" was adopted in December 2013 by the European Council under the framework of the Common Security and Defence Policy

(CSDP). This document identified the need for a "European Defence Technological and Industrial Base" capable of enhancing "Europe's strategic autonomy and its ability to act with partners" (Damen, 2022: 2). Since the 2000s, practical cooperation between the EU and NATO has been observed in areas such as crisis management, counterterrorism, and addressing hybrid threats. Nonetheless, fundamental divergences and differences in strategic outlook have persisted (Howorth, 2009).

Mergers and consolidation processes in the defence industry are essentially aimed at enhancing the EU's capacity and capability to act independently of NATO. For instance, Germany's defence policy after *Stunde Null,* maintained its commitment to NATO while simultaneously increasing its participation in European projects, thereby contributing to the strengthening of Europe's defence industrial base (Mawdsley, 2000: 267-268). Similarly, Italy's hybrid defence industrial structure provides the flexibility to adapt to both NATO and EU policies (Calcara, 2020: 53).

Similarly, national strategic cultures also play a decisive role in EU-NATO relations. While France advocates an autonomous European defence policy independent of NATO, the UK prioritizes NATO through its Atlanticist approach. These divergences have fueled debates on strategic autonomy within the EU and complicated opportunities for cooperation between NATO and the EU (Howorth, 2017: 1-5). However, the. The Ukraine crisis and other hybrid threats since 2010 have underscored the renewed importance of NATO-EU cooperation, once again creating the necessity for closer coordination between the two organisations (Biscop, 2018: 88).

The EU's ability to preserve its strategic autonomy while developing a security policy compatible with NATO is also contingent upon reducing the fragmentation within, and even strengthening, its technological and economic base in the defence industry (Cornish, 2006: 16). The establishment of firms such as EADS/Airbus Defence and MBDA has not only enhanced the EU's independence in the defence sector but also enabled the development of joint operational capacities with NATO (Fiott, 2018). These developments contribute to both reducing the EU's dependency on NATO and reinforcing transatlantic cooperation.

Taken together, the EU's efforts to become a global security actor are shaped by defence-industrial mergers, the influence of national strategic cultures, and its relationship with NATO. Corporate mergers are regarded as a key instrument to diminish the EU's reliance on advanced military technologies from NATO while advancing its strategic autonomy objectives. At the same time, a cooperative alignment with NATO allows the EU to consolidate its position as a more effective actor in European and global security and defence policy.

Conclusion

This study is grounded in the institutional evolution of the CFSP, ESDP, and later the CSDP from Maastricht (1992) to Lisbon (2009), situating this trajectory within the broader context of post–Cold War regional crises, budgetary constraints, and technological transformation. From a constructivist perspective, this evolution reflects not only the accumulation of material capabilities but also a form of convergence driven by shared norms, identities, and a collectively internalised sense of "appropriate

behaviour" among member states. This study aims to comprehensively analyse the economic, technological, and strategic dimensions of corporate mergers in the EU defence industry, while also assessing the influence of national strategic cultures on these processes and their contribution to the EU's positioning as a global security actor. The findings of the research, structured around the guiding research questions, can be summarised as follows:

1. To what extent do M&A in the European defence industry support the EU's objectives of strategic autonomy?

M&A in the European defence industry support the EU's strategic autonomy objectives in a multi-layered manner. The findings indicate that M&A processes are not merely economic mechanisms that enhance industrial scaling and cost efficiency; they also function as deeper instruments of structural transformation that reshape the EU's military–institutional capacity, technological base, and identity/strategic culture driven quest for autonomy.

In particular, the corporate structures that emerged from the mergers of major actors such as BAE Systems, EADS/Airbus, Thales, and MBDA during the 1999–2009 period provided strategic advantages that had long been lacking in the EU defence sector—namely economies of scale, increased production volume, higher R&D intensity, and integrated supply chains. This scaling-up created an industrial backbone that enabled the EU to reduce its dependence on external suppliers in high-technology platforms and critical subsystems, thereby making the objective of "strategic autonomy" more tangible.

Moreover, when assessed from a constructivist perspective, M&A processes are intertwined not only with economic rationality but also with the EU's efforts in identity formation, norm production, and the institutional consolidation of a collective security culture. As demonstrated in the cases of EADS/Airbus and MBDA, the merging of different national firms into joint corporate platforms contributes to the development of a common European defence strategy, shared quality and high-precision technological standards, and a collective "capability-generation" culture. This indicates that the empirical findings directly support the theoretical claim that M&A is not merely an economic mechanism but also a normative and cultural mechanism of Europeanisation.

In conclusion, corporate mergers gradually reduce the EU's technological and operational dependence on NATO and the United States in the field of defence; this strengthens the Union's ability to act autonomously when necessary, to develop joint defence projects, and to produce advanced technological platforms. Thus, the empirical findings demonstrate that strategic autonomy is advancing both at the industrial-institutional level and at the identity/strategic-culture level, thereby exhibiting strong coherence with the study's theoretical framework.

2. What role does the economic consolidation of the defence industry play in EU-NATO relations? In the context of EU-NATO relations, the financial consolidation of the EU defence industry performs a complementary role. Nevertheless, the EU's continued reliance on NATO's military capabilities at times stands in tension with its pursuit of strategic autonomy. Corporate mergers and technological cooperation in Europe, however, mitigate this dependency by providing a more balanced foundation that simultaneously reduces reliance on NATO and supports cooperation in crisis

management and defence policies. The creation of robust firms such as EADS/Airbus Defence and MBDA within this consolidation process has significantly contributed to the EU's ability to develop joint operational capacities with NATO. At the level of strategic culture, the norm of *complementarity* has become a balancing principle that manages the tension between Atlanticist and Europeanist orientations (Margaras, 2010, 9); however, the delicate need to reconcile the discourse of strategic autonomy with the reality of operational dependence persists.

3. Through which mechanisms do national strategic cultures influence the shaping of European defence policies? National strategic cultures exert a decisive influence on the direction and priorities of European defence policies. France's emphasis on independence and nuclear deterrence, Germany's anti-militarist orientation, Italy's hybrid state-controlled model, and the UK's Atlanticist grand strategy have all played formative roles in shaping both defence-industrial consolidations and the policies pursued at the European level. These cultural divergences necessitate the constant search for equilibrium within Europe's strategic objectives, as collective initiatives must reconcile distinct national traditions and preferences.

4. To what extent were the First Wave merger initiatives successful? The merger efforts of the First Wave, which took place between 1999 and 2009, were not fully successful due to the lack of political will, divergent technological requirements, economic protectionism, and differences in strategic cultures. Entities such as EADS/Airbus Defence and MBDA achieved only limited successes, while national interests and identities prevented the establishment of a truly supranational defence industry across other sectors. Constructivist theory explains this shortcoming as the inability of member states to transcend their national norms and identity definitions to construct a common European defence-industrial identity. While the First Wave (1999-2009) marked the beginning of a potential "Europeanization" process in high-technology fields such as aerospace, missile, and electronics; on the other hand, the land systems, munitions, and naval sectors largely remained confined within national boundaries.

5. To what extent has PESCO-established for the first time on a legal basis by the Lisbon Treaty in 2009-contributed to the development of the European defence industry?

The years 1999-2009 constitute the period in which the conceptual and institutional foundations of PESCO were laid, during which the EDA, the Helsinki Headline Goal, and key strategic documents clarified Europe's capability shortfalls. The Lisbon Treaty subsequently provided PESCO with a sustainable legal basis; however, it only became operational in 2017 and has since evolved into the main vehicle of collaborative capability development, reaching 75 projects (Council of the European Union, 2025: 1) and operationalising NATO-EU complementarity through selective third-country participation. That said, the quality and operationalisation of outputs vary across projects: while several flagship initiatives-such as the Cyber Rapid Response Teams, the European Medical Command, the Software-Defined Secure European Radio System, and the European Patrol Corvette-have generated tangible benefits, the overall picture reflects slow progress and implementation constraints, resulting in a "mixed" performance. In sum, PESCO has contributed to the development of the European defence industry, yet

its impact has remained time- and sector-dependent due to divergences in governance and delivery pace.

It can therefore be argued that the mergers within the European defence industry should be regarded not only as sources of economic and technological benefits but also as crucial instruments supporting the pursuit of strategic autonomy. These processes strengthen the EU's security policies, enable it to act in alignment with NATO, and contribute to positioning Europe as a normative leader on the global stage. Looking ahead, it is anticipated that this multidimensional approach to Europe's security architecture will generate a broader impact within the international security environment.

Based on the findings of this study, several important recommendations for future research can be outlined. First, with respect to the in-depth analysis of national strategic cultures, it is suggested that further attention be given to the significant influence of diverse European national strategic cultures on the shaping of the defence industry. In particular, comparative analyses of the cultural, political, and economic contexts of countries such as France, Germany, Italy, and the UK could yield valuable insights into how these factors drive industrial and policy processes. Such analysis would allow for a more comprehensive understanding of how European defence industrial policies intersect with national identities.

Second, in the context of technological innovation, there is a need for more research examining how technological advances in the defence industry contribute to the EU's objectives of strategic autonomy. New technologies, such as artificial intelligence, autonomous systems, and cyber security, should be examined in detail regarding their economic and strategic implications for the European defence industry. Such an inquiry would help to identify the innovative approaches necessary to support Europe's goals of technological independence.

Third, in the context of the future of EU-NATO cooperation, if one is assumed to be an actor and the other an instrument (Biscop, 2018: 85), this highlights the need for studies that anticipate the future trajectory of relations between the two organisations. Potential areas of tension between the EU's strategic autonomy objectives and NATO's transatlantic security policies should be explored in greater depth to avoid deep structural fractures. In this regard, it is recommended that future research pay close attention to both the opportunities for cooperation and the possible risks that may emerge in the evolving EU-NATO relationship.

Fourth, in the context of an in-depth analysis of the economic dimension, it is recommended that future research focus specifically on the financial aspects of defence industry mergers. Examining how these mergers affect EU member states' defence expenditures, economic growth, and local economies is of particular importance. Furthermore, it is essential to examine the impact of these consolidations on the EU's international competitiveness.

Fifith, regarding Europe's positioning as a global power, the EU's efforts to become a more effective actor in global security policy should be analysed comprehensively in terms of both normative power and economic capacity. Particular attention should be paid to the relationship between the EU's strategic autonomy objectives and its role within the broader international security architecture.

Finally, it remains essential to assess whether PESCO can genuinely act as a catalyst for translating the member states' shared strategic direction into concrete capabilities. Future research should examine the political and institutional conditions required for PESCO to move beyond a project-based approach and evolve into a guiding framework capable of reducing fragmentation within European defence. Moreover, comparative analyses are needed to clarify how PESCO balances complementarity with NATO, third-country participation, and the EU's strategic autonomy agenda. To strengthen its effectiveness, clear indicators should be developed to measure operational outputs, political ownership, and the alignment between industrial capacities and capability development.

Taken together, these recommendations aim to contribute to the development of a broader body of literature on European defence policies and the defence industry. Moreover, the findings of such research are expected to provide a strategic foundation for determining the future trajectories of Europe's security and defence policies, as well as the evolution of its defence sector.

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