

European Defence Markets

Number 1 - Friday, 30 October 2026

Where European defence money goes — and who can get at it · by Digital Shield

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London finds £4.7bn to fully fund its Defence Investment Plan, SAMP/T NG wins a repeat French order and a Swiss shortlist, and Poland asks Brussels to let SAFE loans pay for American, Korean and Turkish kit — while Washington locks in a decade of F-35 and missile production.

THE ESSENTIALS IN 60 SECONDS

- **Europe.** The UK fills a £4.7bn gap in its Defence Investment Plan, Airbus opens GCAP talks with BAE, France orders four more SAMP/T NG and Italy reportedly places a €3.7bn tank and IFV order (nos. 1–8).
- **EU money.** Poland wants SAFE opened to non-EU equipment and warns some €20bn could go unspent; the hypersonic-interceptor call will fund a single proposal; Ukraine budgets \$107bn for defence (nos. 13–16).
- **Transatlantic.** A ten-year framework for at least 850 F-35s, RTX missile multiyears worth about \$70bn, a PAC-3 hub in Poland and Babcock pitching a British frigate to the US Navy (nos. 17–21).
- **Allies.** Romania receives its first Korean K9s, Hanwha lines up Lithuanian partners, Canada takes its first F-35s while Saab and BAE court Canadian industry, and Australia sets late 2027 for its air-defence pick (nos. 22–27).
- **Competitions.** Switzerland will choose between Barak MX and SAMP/T NG in early 2027, with CHF 6bn proposed for the new system.

MARKETS

Note: close on 26 October 2026, the latest verified close available when this edition went to press, unless shown in brackets. Week: change since the close of 21 October. YTD: change since the last close of 2025 (—: no verified figure). Local currency. Sources: StockAnalysis, MarketScreener. Market information only; not investment advice.

Company (ticker)	Last close	Week	YTD
EUROPE			
Rheinmetall (RHM.DE)	€1,034.20	+1.39%	-33.75%
BAE Systems (BA.L)	2,012p	+4.09%	—
Airbus (AIR.PA)	€193.40	-2.76%	-2.52%
Saab (SAAB-B.ST)	SEK 651.90	+1.70%	+21.26%
Kongsberg (KOG.OL)	NOK 301.00 (23/10)	-2.53%	—
Hensoldt (HAG.DE)	€84.02 (23/10)	-0.33%	—
Indra (IDR.MC)	€59.92 (23/10)	-5.19%	—

UNITED STATES			
Lockheed Martin (LMT)	\$635.20	+15.17%	+31.33%
RTX (RTX)	\$197.48	+3.07%	—
Company (ticker)	Last close	Week	YTD
Northrop Grumman (NOC)	\$565.41	+4.84%	-0.84%
General Dynamics (GD)	\$357.04	+3.58%	—

Lockheed Martin is the stock of the week: +15.17% to the 26 October close, including +6.96% on 22 October, the day it announced the F-35 framework with the Pentagon (no. 17). BAE Systems rose 4.09% and General Dynamics 3.58%. Saab gained 1.70% after its third-quarter results (no. 10). Airbus fell 2.76% before publishing its nine-month results after the close on 28 October (no. 4).

Year to date, Rheinmetall remains 33.75% below its 2025 close while Lockheed Martin is up 31.33%: investors are paying for contracted multi-year backlog, not for promised European spending.

Results this week: Indra reported on 29 October nine-month revenue of €4,645m (+29%), with defence revenue doubling, order intake of €8,085m (+82%) and a backlog of €22,165m; it reaffirmed its 2026 guidance of revenue above €7bn and EBIT above €700m. Airbus Defence and Space order intake rose 70% (no. 4). Source: Indra — <https://www.indragroup.com/en/news/indra-group-accelerates-its-order-intake-in-the-third-quarter-again-recording-double-digit-growth-in-revenues-and-ebit>

ANALYSIS OF THE WEEK

Europe's money is European; its shopping list is not — yet

By Óscar Ruiz

Two signals pointed in opposite directions this week. France ordered four more SAMP/T NG batteries, taking its total to 12, and Switzerland put the Franco-Italian system on a two-name shortlist with Israel's Barak MX for a CHF 6bn requirement (no. 6). Europe's medium-range air-defence layer now has a product, a repeat customer and an export prospect. At the same time Poland, the EU's biggest SAFE borrower with a €43.7bn allocation, asked Brussels to let that money pay for US, Korean and Turkish equipment, warning that around €20bn of unused SAFE allocations across the EU could go back to Brussels (no. 13).

Washington, meanwhile, is selling time on the production line. A ten-year framework for at least 850 F-35s at 156 a year, foreign orders included, and RTX missile multiyears its executives value at about \$70bn give the Pentagon first call on capacity that European buyers also need (nos. 17–18). The US answer to "buy European" is to move sustainment into Europe: Poland will host a European PAC-3 maintenance hub and Pratt & Whitney is building F135 parts in Rzeszów (no. 19).

For allied suppliers the entry ticket is local industry. Romania has its first Korean K9s and a local assembly plant under construction; Hanwha signs Lithuanian partners before it has an order; Saab offers Canada a final assembly line (nos. 22, 24, 26). If Poland wins its argument, Korean and American kit could be bought with EU-backed loans. If it loses, local production becomes the only way into SAFE money.

What it means for business

- **US suppliers.** Sustainment and production in Europe are becoming the price of staying in European programmes, as EU money is tied to European content.

What to watch

The Commission's response to Poland's SAFE request, whether Airbus and BAE move from talks to terms on GCAP, Switzerland's air-defence decision in early 2027, and whether Congress grants F-35 multiyear authority before US stopgap funding expires on 11 December.

EUROPE: PROGRAMMES & CONTRACTS

UNITED KINGDOM · POLICY & BUDGET

1. The UK fills a £4.7bn gap to fully fund its Defence Investment Plan

Chancellor John Healey said a £4.7bn (\$6.3bn) gap in the Defence Investment Plan will be covered by "reprioritization" of capital across other government departments. "I am fully funding the Defence Investment Plan," he said on 28 October. The government has set a target of 3% of GDP for defence by 2030, with detailed plans for 3% and 3.5% due in next year's spending review.

Bottom line: The plan that sets the UK's equipment priorities is funded, but the path to 3% and 3.5% is not yet. Suppliers should treat this year's programmes as safe and next year's spending review as the real decision point.

Relevant for: US · AU (AUKUS) · CA (Type 26 family)

Sources: Defense News — <https://www.defensenews.com/global/europe/2026/10/28/uks-healey-says-government-will-fill-defense-plan-gap-by-reprioritizing/> · Breaking Defense — <https://breakingdefense.com/2026/10/uk-commits-to-3-percent-gdp-on-defense-by-2030-new-investment-partnerships-with-industry/>

UNITED KINGDOM · INDUSTRY

2. Rolls-Royce and the UK plan a £2.5bn engine technology programme

Rolls-Royce and the UK government have proposed a ten-year, £2.5bn programme to secure a UK position on next-generation narrowbody engines, which would also sustain military engine technology and defence test capability. The plan remains subject to final agreement. Initial stages would support 3,300 UK jobs at Rolls-Royce and its supply chain by the end of 2029.

Bottom line: A civil engine bet with a defence dividend: the UK is keeping its military propulsion and test base alive through a commercial programme, a model other European governments could copy.

Relevant for: US

Source: Defence Industry Europe — <https://defence-industry.eu/rolls-royce-says-2-5-billion-technology-programme-would-advance-next-generation-aircraft-engines/>

UNITED KINGDOM · GERMANY · POLAND · INDUSTRY

3. Rheinmetall brings tank-gun production back to the UK; BAE and PGZ expand ammunition

Rheinmetall opened its Telford Gun Hall on 22 October: 11,500m² and capacity for up to 245 barrels a year in 120mm and 155mm, plus more than 50 breeches. It is part of more than £200m invested in Rheinmetall's UK operations over five years and supports more than 100 jobs.

In Warsaw on 27 October, the UK and Poland agreed a first-phase plan under their defence treaty: BAE Systems and PGZ will expand large-calibre ammunition production, alongside cooperation on air-defence missiles, drones and frigates.

Bottom line: German capital is rebuilding British land-systems capacity while British primes expand in Poland. Local plants in exchange for national programmes are now the norm across Europe's land and munitions market.

Relevant for: KR (K2/K9 competitors) · AU (Rheinmetall Australia)

Sources: Rheinmetall — <https://www.rheinmetall.com/en/media/news-watch/news/2026/10/2026-10-22-rheinmetall-opens-the-uk-gun-hall-in-telford> · Defence Industry Europe — <https://defence-industry.eu/uk-ministry-of-defence-says-warsaw-plan-sets-out-missile-and-ammunition-cooperation-with-poland/>

GERMANY · INDUSTRY

4. Airbus explores GCAP with BAE as its defence orders rise 70%

Airbus and BAE Systems are exploring cooperation on GCAP, the sixth-generation fighter of the UK, Italy and Japan, according to the Financial Times and Reuters. Airbus said it is open to partnerships provided German, Spanish and wider European industry receive "substantial and equal participation"; BAE called the meeting "routine". Nothing has been announced. GCAP partners signed a £4.6bn contract with Edgewing in July, and the UK has committed £8.6bn over four years.

In its nine-month results on 28 October, Airbus Defence and Space reported revenues of €9.34bn (+5%), adjusted EBIT of €672m (€420m a year earlier) and order intake of €11.47bn (+70%).

Bottom line: Germany needs a sixth-generation partner and GCAP has already divided its work share. Any Airbus entry would mean renegotiating that split — the reason a decision will take longer than the talks.

Relevant for: CA (GCAP observer) · US

Sources: Army Recognition — <https://www.armyrecognition.com/news/aerospace-news/2026/airbus-bae-talks-sharpen-focus-on-germanys-potential-role-in-gcap-sixth-generation-fighter-programme> · Airbus — <https://www.airbus.com/en/newsroom/press-releases/2026-10-airbus-reports-nine-month-9m-2026-results>

GERMANY · WEAPON SYSTEMS

5. Helsing launches a drone interceptor priced under \$100,000 a shot

German defence-AI company Helsing unveiled Contra, which pairs two interceptor missiles, AD-1 Inferno and AD-2 Ambush, with AI software to down fast attack drones of the Geran type for under \$100,000 per shot. Contra is still in testing and is expected to be market-ready in the second half of 2027; the company says one contract has already been signed.

Bottom line: The price per shot is the battleground in counter-drone defence. A European entrant targeting six-figure costs puts pressure on missile-based solutions that cost several times more.

Relevant for: US · KR · AU (DroneShield)

Source: Defense News — <https://www.defensenews.com/global/europe/2026/10/26/helsing-unveils-interceptor-missiles-designed-to-chase-russias-fast-flying-geran-drones/>

FRANCE · SWITZERLAND · WEAPON SYSTEMS

6. SAMP/T NG wins a repeat French order and a place on Switzerland's shortlist

France's procurement agency DGA ordered, through OCCAR, four more SAMP/T NG firing units from Eurosam (MBDA France, MBDA Italy and Thales), taking France to 12 systems, ten of them due before the end of 2030. No value was published.

On 28 October Switzerland's Federal Council shortlisted Barak MX and SAMP/T NG for an additional longer-range air-defence system, after offers from four manufacturers in France, Israel and South Korea, while keeping its Patriot order. Parliament will debate an extra CHF

24bn for the armed forces this winter, including CHF 6bn for the new system and part of Patriot's extra costs. A decision is expected in early 2027.

Bottom line: Europe's medium-range layer has a product in serial production and an export prospect outside the EU. The Swiss contest is now Europe against Israel; the Korean offer did not make the cut.

Market access: Switzerland buys outside EU instruments; the competition is open to non-EU suppliers.

Relevant for: US (Patriot) · KR (excluded bidder)

Sources: Defence Industry Europe — <https://defence-industry.eu/france-orders-four-more-samp-t-ng-systems-to-strengthen-air-and-missile-defence/> · <https://defence-industry.eu/switzerland-shortlists-barak-mx-and-samp-t-ng-for-additional-air-defence-system/>

FRANCE · DENMARK · NAVAL

7. French lawmakers urge a second new aircraft carrier ordered by 2029

A report for the National Assembly's defence committee by Yannick Chenevard recommends ordering a sister ship to France's next-generation carrier by 2029, estimating it would cost about 30% less than the lead ship, and adding 12 more Rafale M. The report puts the programme at about €10bn and a life extension of the Charles de Gaulle at €2bn.

Naval Group, meanwhile, announced deeper cooperation with Danish industry for its FDI frigate offer to Denmark.

Bottom line: A second carrier would be the largest single naval order in Europe this decade, but it is a parliamentary recommendation, not a budget line. Naval Group is pairing export bids with local industry, as Korean and German yards do.

Relevant for: US (catapults and arresting gear on the new carrier are US-supplied)

Sources: Naval News — <https://www.navalnews.com/naval-news/2026/10/french-parliamentary-report-urges-construction-of-a-second-aircraft-carrier-by-2029/> · Naval Group — <https://www.naval-group.com/en/naval-group-strengthens-its-cooperation-danish-industry-part-their-fdi-frigate-offer-denmark>

ITALY · WEAPON SYSTEMS

8. Italy reportedly orders its first Panther-based tanks and more Lynx in a €3.7bn deal

Italy has placed orders worth a combined €3.7bn with Leonardo Rheinmetall Military Vehicles for 30 Panther-based main battle tanks and 48 Lynx infantry fighting vehicles, according to Milano Finanza. Neither the joint venture, its parents nor the Italian authorities have confirmed it. The two land programmes are valued at about €23bn in total.

Bottom line: Italy is buying a German platform with an Italian partner and most of the work at home. It is the template Rheinmetall now offers every European land customer.

Relevant for: KR (K2 competitor) · US

Source: Defence Industry Europe — <https://defence-industry.eu/italy-places-first-order-for-rheinmetall-panther-based-main-battle-tanks-in-e3-7-billion-deal-report-says/>

POLAND · DENMARK · WEAPON SYSTEMS

9. Weibel wins €84m for counter-drone radars in Poland's SAN programme

Danish radar maker Weibel Scientific will supply XENTA-M5 radars to PIT-RADWAR for Poland's SAN integrated counter-drone programme, under an €84m contract it calls the largest in its history. Neither the number of radars nor delivery dates were disclosed.

Bottom line: Poland is building its counter-drone layer with European sensors integrated by a national champion. Foreign sensor and effector suppliers enter through PIT-RADWAR, not directly.

Relevant for: AU (DroneShield) · US · KR

Source: Defence Industry Europe — <https://defence-industry.eu/weibel-to-supply-xenta-m5-radars-for-polands-san-integrated-counter-drone-programme/>

SWEDEN · INDUSTRY

10. Saab triples order intake on Ukraine's Gripen

Saab booked SEK 65.8bn of orders in July–September, against SEK 20.9bn a year earlier, and lifted its backlog to SEK 364.2bn. Sales rose 30.6% organically to SEK 20.6bn and operating income 42%. The main orders were 16 Gripen E for Ukraine through Sweden's FMV (SEK 24.6bn, deliveries 2029–2030) and two GlobalEye for an undisclosed Middle East customer (SEK 10.1bn).

Bottom line: More than four years of sales are already in the book. Saab can offer production slots and industrial partnerships abroad from strength — Canada is the test (no. 26).

Relevant for: CA

Source: AeroTime — <https://www.aerotime.aero/articles/saab-q3-2026-orders-ukraine-gripen-e-globaleye>

DENMARK · NORWAY · WEAPON SYSTEMS

11. Denmark picks Kongsberg's JSM and Covenant's Anthem for long-range strike

Denmark's Ministry of Defence announced on 22 October that it has chosen Kongsberg's Joint Strike Missile for its F-35s and Covenant's Anthem land-launched cruise missile. These are selections, not signed contracts: scope and value are still to be negotiated. Kongsberg says Denmark becomes the seventh JSM customer.

Bottom line: Another F-35 operator chooses a European air-launched strike missile. Contract negotiations now open opportunities for integration, training and support.

Relevant for: US (F-35 integration)

Source: Defence24 — <https://defence24.com/armed-forces/denmark-will-strike-deep-new-cruise-missiles>

SPAIN · NAVAL

12. Spain lends Navantia €2.2bn for its European Patrol Corvettes and launches a second F110

Spain's Council of Ministers approved €2.196bn of interest-free loans to state shipbuilder Navantia over 2026–2031, tied to milestones certified by the Ministry of Defence: €1.786bn for six corvettes in Spain's share of the European Patrol Corvette programme, €210m to upgrade the Segura-class minehunters and €200m for surface and submarine units, including the S-80 class.

Navantia launched the second F110 frigate, Roger de Lauria, in Ferrol on 27 October, four months ahead of schedule; delivery is planned for 2029. Spanish suppliers account for 65% of the five-ship programme. Spain is also developing an F110 IAMD variant with 64 missile cells for air and ballistic-missile defence.

Bottom line: The corvette money is committed to 2031: combat-system, sensor and equipment suppliers should position now with Navantia, which pays as milestones are certified.

Relevant for: US (F110 combat system and radar from Lockheed Martin)

Sources: *Demócrata* — <https://www.democrata.es/en/economy/the-government-gives-the-green-light-to-loans-of-2-196-billion-to-navantia-for-new-naval-defense-programs/> · *Defence Industry Europe* — <https://defence-industry.eu/navantia-launches-spanish-navys-second-f110-frigate-four-months-ahead-of-schedule/> · *Army Recognition* — <https://www.armyrecognition.com/news/navy-news/2026/spain-develops-f110-iamd-frigate-with-64-missile-cells-to-expand-naval-air-and-ballistic-missile-defense>

EU MONEY WATCH

SAFE

13. Poland asks to spend SAFE loans on US, Korean and Turkish equipment

Poland wants SAFE rules changed so that part of the loans can finance purchases from outside the EU — naming the US, South Korea and Türkiye — and the 2030 delivery deadline extended. A Polish deputy defence minister said around €20bn of unused SAFE allocations across the EU could return to Brussels, while Poland's own €43.7bn will be "spent in its entirety". Poland has signed SAFE contracts worth over PLN 120bn; only 13 of the 19 participating states have completed their procedures.

Bottom line: The biggest SAFE borrower is testing the "buy European" rule. The Commission's answer decides whether Korean and American primes can compete for EU-backed money or only supply around European contractors.

Market access: Under SAFE, components from outside the EU, EEA/EFTA and Ukraine may not exceed 35% of a product's cost.

Relevant for: US · KR

Source: *Defence24* — <https://defence24.com/defence-policy/equipment-from-the-us-korea-and-turkiye-in-the-european-safe-thats-what-poland-wants>

EUROPEAN DEFENCE FUND

14. Europe's hypersonic interceptor moves to its next phase — and only one consortium will be funded

HYDEF, the EDF-funded hypersonic interceptor project coordinated by Spain's SMS with Germany's Diehl Defence as technical lead, has completed its first three-year phase and moves towards prototype development, with a demonstrator targeted for 2030.

The next EDF call for the endo-atmospheric interceptor carries an indicative €100m and will fund a single proposal. HYDIS², led by MBDA with France, Germany, Italy and the Netherlands, pursues the same goal.

Bottom line: A winner-takes-all call: the losing consortium loses its EU-funded route into Europe's future interceptor.

Market access: EDF funding goes to entities established in the EU or Norway; non-EU-controlled subsidiaries need security guarantees.

Relevant for: US (alternative to US interceptors)

Sources: *Militarnyi* — <https://militarnyi.com/en/news/european-hypersonic-interceptor-hydef-advances-to-prototype-development/> · *Defence Industry Europe* — <https://defence-industry.eu/european-hydef-hypersonic-interceptor-project-completes-first-phase-expands-to-16-countries/>

EDIP

15. EDIP and Norway put €50m into a fourth Nammo rocket-motor line

The European Commission awarded €25m from EDIP's industrial ramp-up instrument to the ROCMAN project, matched by Norway, to add a fourth solid rocket-motor line at Nammo's Raufoss site. Six companies take part, including Germany's Diehl and Italy's Magnaghi.

Bottom line: EU money is now paying for European propulsion capacity — the bottleneck for missiles and artillery rockets — rather than only for development.

Relevant for: US (rocket-motor suppliers) · KR

Source: Defence Industry Europe — <https://defence-industry.eu/nammo-to-expand-rocket-motor-production-with-e50-million-in-eu-and-norwegian-support/>

UKRAINE

16. Ukraine budgets \$107bn for defence as EU and Dutch money flows

Ukraine's parliament passed the 2027 budget in first reading on 28 October, allocating Hr 4.89trn (\$107bn) — 43.8% of projected GDP — to security and defence; the second reading is expected in November. The EU Council mobilised €4.9bn under the European Peace Facility on 26 October, mostly to reimburse member states' military aid, and the Commission detailed a €2.86bn defence disbursement under the Ukraine Support Loan for drones, air defence, missiles and ammunition.

President Volodymyr Zelensky said after visiting The Hague that the Netherlands will provide a €500m military aid package, and Ukraine joined NSPA's Security Cooperation Support Partnership, letting Ukrainian companies bid for NSPA contracts.

Bottom line: Ukraine is now a buyer, a co-producer and — through NSPA — a competitor in NATO procurement. EU instruments refill European stocks and pay European suppliers.

Relevant for: US · CA

Sources: Kyiv Independent — <https://kyivindependent.com/ukraines-parliament-approves-2027-state-budget-in-first-reading/> · Council of the EU — <https://www.consilium.europa.eu/es/press/press-releases/2026/10/26/eu-support-for-ukraine-council-mobilises-49-billion-under-the-european-peace-facility/> · European Commission — https://defence-industry-space.ec.europa.eu/commission-disburses-eur286-billion-ukraine-drones-missiles-and-urgent-battlefield-needs-2026-10-27_en · Kyiv Independent — <https://kyivindependent.com/netherlands-announces-500-million-euro-military-aid-package-for-ukraine/>

TRANSATLANTIC

WEAPON SYSTEMS

17. Pentagon and Lockheed agree a ten-year framework for at least 850 F-35s

The framework covers Lots 21 to 30 at 156 aircraft a year — including foreign orders — plus spares, ten years of modification kits and sustainment. No value was given; Lockheed will self-fund at least \$7bn in programme initiatives. It is not yet a contract: it needs multiyear authority in the defence authorisation bill and appropriations.

Bottom line: European, Canadian, Korean and Australian F-35 customers share 156 slots a year with the US for a decade. Delivery dates will depend on Washington's priorities as much as on contracts.

Relevant for: CA · KR · AU

Sources: Defense News — <https://www.defensenews.com/air-warfare/2026/10/22/pentagon-lockheed-agree-to-10-year-deal-for-850-f-35-jets/> · The Aviationist — <https://theaviationist.com/2026/10/24/pentagon-lockheed-martin-10-year-framework/>

INDUSTRY

18. RTX puts about \$70bn on four missile multiyears; overseas is 37% of Raytheon's backlog

RTX executives value the Tomahawk, AMRAAM, SM-6 and SM-3 IB multiyears at about \$70bn and plan to raise output two- to fourfold by 2030. Raytheon booked \$9bn of international orders in the third quarter, and overseas customers account for 37% of its \$130bn backlog. More than 130 suppliers support its production in Europe.

Bottom line: Capacity is growing, but the multiyears give the Pentagon first call on it. European buyers should negotiate delivery slots, not just prices.

Relevant for: KR · AU · CA

Sources: Defence Industry Europe — <https://defence-industry.eu/rtx-ceo-says-pentagon-contracts-will-drive-major-expansion-in-missile-production/> · <https://defence-industry.eu/raytheon-international-orders-surge-with-overseas-business-at-37-of-130-billion-backlog/>

INDUSTRY

19. Poland will host Europe's PAC-3 maintenance hub; Pratt & Whitney builds F135 parts in Rzeszów

The US government and Lockheed Martin announced at NATO's Conference of National Armaments Directors that Poland will host a PAC-3 missile maintenance facility for repair, refurbishment, recertification and testing, with supply-chain roles for Germany, the Netherlands and Sweden. Site, date and investment were not disclosed.

Pratt & Whitney is building a \$100m plant in Rzeszów for rotating parts of the GTF, F135 and F100 engines, operational in 2028 with more than 120 jobs.

Bottom line: US primes are answering "buy European" by moving sustainment and parts production into Europe — and Poland is the main beneficiary.

Relevant for: US

Sources: Defence Industry Europe — <https://defence-industry.eu/lockheed-martin-u-s-government-say-poland-will-host-european-pac-3-missile-maintenance-hub/> · <https://defence-industry.eu/pratt-whitney-expands-polish-plant-to-boost-production-of-f-35-engine-components/>

NAVAL

20. Babcock pitches the British Arrowhead 140 to the US Navy

Babcock has offered its Arrowhead 140 design as an alternative for the US Navy's FF(X) frigate, reportedly jointly with HII and with licensing and IP transfer on the table. The US Navy has confirmed a 90-day review of foreign designs. It is a pitch, not a contract.

Bottom line: For once the traffic runs west: a European design competing for a US programme. A licence-build win would be a reference for European naval exporters in the US market.

Relevant for: US · AU (Arrowhead/Type 31 family) · KR (US shipbuilding entrants)

Source: Defence Industry Europe — <https://defence-industry.eu/babcock-pitches-arrowhead-140-to-u-s-navy-as-alternative-to-ffx-frigate-design/>

INDUSTRY

21. Boeing's defence arm books \$23bn of orders and a \$101bn backlog

Boeing Defense, Space & Security booked \$23bn of orders in the third quarter and reported a record \$101bn backlog, excluding the US Navy's F/A-XX award, which is held out pending source selection. Chief executive Kelly Ortberg expects defence growth of "middle single digit or higher".

Bottom line: With F-47 and F/A-XX, Boeing now holds both US sixth-generation fighters. European programmes are still choosing partners.

Relevant for: US · KR · AU

Source: Defence Industry Europe — <https://defence-industry.eu/boeing-ceo-says-f-47-and-f-a-xx-awards-lift-defense-growth-and-investment-outlook/>

ALLIES & PARTNERS: KOREA, CANADA, AUSTRALIA/NZ

SOUTH KOREA · ROMANIA

22. Romania receives its first Korean K9 howitzers as a local plant goes up

The first K9A1 self-propelled howitzers and K10 resupply vehicles from Hanwha Aerospace have arrived in Romania. The 2024 contract, worth \$920m, covers 54 K9A1, 36 K10, 155mm ammunition, spare barrels and logistics and training, with deliveries running to July 2029. A local assembly plant at Petrești is under construction.

Bottom line: Korea's Polish playbook — fast delivery plus local production — now has a second European customer delivering.

Relevant for: KR

Source: Defence24 — <https://defence24.com/armed-forces/korean-artillery-for-romania-first-delivery-completed>

SOUTH KOREA · POLAND · NORWAY

23. Kongsberg arms Poland's Korean K2 tanks under a NOK 700m Hyundai Rotem deal

Kongsberg will supply Protector RS4 remote weapon stations for three K2 variants ordered by Poland — the tank, the armoured recovery vehicle and the combat engineering vehicle — under a contract with Hyundai Rotem worth about NOK 700m, including spares and training. First systems ship in spring 2027.

Bottom line: Korean platforms in Europe are opening a channel for European subsystems: the K2 is becoming a partly European vehicle.

Relevant for: KR

Source: Defence Industry Europe — <https://defence-industry.eu/kongsberg-to-arm-polands-k2-tanks-and-support-vehicles-in-nok-700m-hyundai-rotem-deal/>

SOUTH KOREA · LITHUANIA

24. Hanwha signs four Lithuanian partners for its 40mm anti-drone gun — before any order

Hanwha Aerospace signed memoranda with KMT (vehicle integration), Cosmos Construction (turret shells), T&G Lithuania (cables) and Nortal (integration with NATO command and control)

for its 40mm Wheeled Anti-Aircraft Gun, presented at a Vilnius industry day on 23 October. The agreements identify potential roles, not confirmed orders.

Bottom line: Korea is building a Baltic supply chain ahead of counter-drone purchases, the same approach that won it Poland.

Relevant for: KR

Source: Defence Industry Europe — <https://defence-industry.eu/hanwha-aerospace-explores-lithuanian-production-roles-for-mobile-air-defence-system/>

SOUTH KOREA · UNITED STATES

25. Korean yards deepen their US foothold: Hanwha takes Philly, HD Hyundai plans a Gulf yard

Hanwha Defense USA is acquiring a controlling stake in Hanwha Philly Shipyard for planned US Navy work; terms and closing date were not disclosed. The HD Kiewit Shipbuilding joint venture plans a new Gulf Coast yard for US Navy auxiliaries, commercial ships, blocks and modules, with construction from 2027, full operations in 2029 and up to 3,000 jobs, under South Korea's \$150bn US shipbuilding pledge.

Bottom line: Korean capital is buying its way into US naval shipbuilding through the auxiliary segment — a position European yards do not hold.

Relevant for: KR · US · AU

Sources: Defence Industry Europe — <https://defence-industry.eu/hanwha-defense-usa-to-take-controlling-stake-in-philly-shipyard-for-planned-u-s-navy-work/> · Breaking Defense — <https://breakingdefense.com/2026/10/hd-hyundai-kiewit-unveil-plans-for-new-us-shipyard/>

CANADA

26. Canada takes its first F-35s as Saab and BAE court Canadian industry

Canada has taken delivery of its first two F-35As at Luke Air Force Base in Arizona; the planned fleet is 88 and the first aircraft reach Canada in 2028. Saab named IMP Aerospace (final assembly and in-service support), CAE (training and sustainment) and Magellan Aerospace (aerostructures) as partners for Gripen E production in Canada, all conditional on Ottawa choosing the aircraft. BAE Systems and Bombardier signed an MoU to explore next-generation combat air work in Canada.

Separately, Britain will not join the Canada-led Defence, Security and Resilience Bank, according to a person familiar with the matter.

Bottom line: European primes are competing for Canada with domestic production as the core offer. Canadian suppliers gain leverage whichever way the fighter decision goes.

Relevant for: CA

Sources: Defence Industry Europe — <https://defence-industry.eu/canada-receives-first-two-f-35-fighters-as-planned-88-aircraft-fleet-begins-taking-shape/> · <https://defence-industry.eu/saab-says-gripen-e-offer-would-give-canada-domestic-fighter-production-and-long-term-support/> · <https://defence-industry.eu/bae-systems-and-bombardier-agree-to-explore-next-generation-combat-air-development-in-canada/> · Defense News — <https://www.defensenews.com/global/europe/2026/10/27/britain-will-not-join-canada-led-defense-bank-initiative/>

AUSTRALIA · NEW ZEALAND

27. Australia sets late 2027 for its LAND 6504 air-defence pick; Thales opens a Hunter sonar facility

Australia expects to select the winning platform for LAND 6504 in late 2027, with live firing planned at Talisman Sabre 2029; the expression of interest was announced on 13 October. Thales has opened a Western Sydney sonar facility to support the Hunter-class frigates, Collins-

class submarines and uncrewed maritime systems. Kongsberg Australia is assessing local production of Zone 5 strike and air-defence missiles under an MoU that also covers New Zealand, and Australia is reported to be considering a US variant of Israel's Iron Dome to protect its bases.

Bottom line: European primes are winning Australian work by building locally. LAND 6504 is the next open competition for European and Korean air-defence suppliers. No major New Zealand industry decision was reported this week.

Relevant for: AU · NZ · KR

Sources: Breaking Defense — <https://breakingdefense.com/2026/10/australia-pushes-to-beef-up-air-defenses/> · Defence Industry Europe — <https://defence-industry.eu/thales-opens-sydney-sonar-facility-for-hunter-class-frigates-submarines-and-uncrewed-systems/> · <https://defence-industry.eu/kongsberg-plans-to-bring-zone-5-missiles-to-australian-market-and-explore-local-production/> · Army Recognition — <https://www.armyrecognition.com/news/army-news/2026/australia-considers-us-variant-of-israels-iron-dome-to-protect-military-bases-from-missile-attacks>

COMPETITOR WATCH

• Israel: Barak MX on Switzerland's shortlist; IAI absorbs ELTA

Israel's Barak MX will compete with SAMP/T NG for Switzerland's CHF 6bn longer-range air-defence requirement (no. 6), and Slovakia expects its second Barak MX battery by the end of 2026. IAI's board approved merging ELTA into IAI as a division under its existing name, subject to approvals by the end of 2027.

Israeli air defence is Europe's main non-US rival in the medium-range layer, inside and outside the EU.

Sources: Defence Industry Europe — <https://defence-industry.eu/iai-board-approves-elta-merger-retaining-business-as-division-under-existing-name/> · Militarnyi — <https://militarnyi.com/en/news/slovakia-to-receive-second-barak-mx-air-defense-battery-by-end-of-2026/>

• Türkiye lifts arms procurement 229% in its 2027 budget; Aselsan's backlog hits \$30.7bn

The draft budget, still to be debated in parliament, allocates 2.206trn lira (about \$44.5bn) to the defence sector; the 229% rise applies to the Defence Ministry's weapons, ammunition and equipment line. Aselsan reports a record \$30.7bn backlog, a book-to-bill of 4.4 and new export contracts up 34% to \$1.9bn.

A domestically funded industry turned exporter — and one Poland wants SAFE to be able to buy from (no. 13).

Sources: Defence24 — <https://defence24.com/analysis/a-229-increase-turkiyes-record-breaking-defence-and-security-budget-for-2027> · Defence Industry Europe — <https://defence-industry.eu/aselsan-ceo-says-record-30-7-billion-backlog-makes-capacity-and-deliveries-the-priority/>

• UAE's EDGE takes control of Italian drone-engine maker CMD

EDGE completed its purchase of a controlling stake in CMD, a piston-engine maker in Basilicata, agreed in May. Terms were not disclosed; EDGE is negotiating large-volume engine orders for its drones.

Gulf capital is buying European capacity in a critical drone component.

Source: Defence Industry Europe — <https://defence-industry.eu/edge-takes-control-of-italian-engine-maker-cmd-eyes-large-volume-drone-engine-orders/>

AROUND EUROPE IN BRIEF

- **United Kingdom.** The Army's Boxer order stays at 623 vehicles plus 72 RCH 155; a third batch will not be pursued and a generic heavy recovery vehicle will be bought (28 Oct). <https://ukdefencejournal.org.uk/army-to-buy-heavy-wheeled-recovery-vehicle-for-boxer/>
- **United Kingdom · Germany.** Ministers reviewed the joint Deep Precision Strike programme for a weapon with a range beyond 2,000km (24 Oct). <https://ukdefencejournal.org.uk/britain-and-germany-review-joint-strike-programme/>
- **Germany.** Drone maker Quantum Systems opens a Japanese subsidiary in Tokyo, with MoUs with Mitsubishi Chemical and Panasonic (28 Oct). <https://defence-industry.eu/quantum-systems-enters-japans-defence-market-with-tokyo-office-and-local-industry-ties/>
- **Airbus · ESA.** Two more second-generation Galileo satellites, with stronger anti-jamming protection, take Airbus's order to eight (27 Oct). <https://defence-industry.eu/airbus-receives-order-for-two-more-galileo-satellites-with-stronger-anti-jamming-protection/>
- **Sweden · United Kingdom.** Sweden's FMV orders four Bofors 57Mk3 naval gun systems and 57mm 3P ammunition from BAE Systems, according to the company. <https://ukdefencejournal.org.uk/sweden-orders-four-bofors-naval-gun-systems/>
- **Sweden · United States.** Saab and GA-ASI flight-test the LoyalEye airborne early-warning capability on an MQ-9B (28 Oct). <https://www.saab.com/newsroom/press-releases/2026/saab-and-ga-asi-successfully-flight-test-loyaleye-aew-capability-on-mq-9b>
- **Belgium · France.** Qatar revives its VBCI 8x8 plan with Belgian turrets, with a letter of intent between KNDS France and John Cockerill (29 Oct). <https://www.armyrecognition.com/news/army-news/2026/qatar-revives-french-vbci-8x8-armored-vehicle-plan-with-belgian-turrets-after-years-of-stalled-talks>
- **Czech Republic.** CSG unveils Meander, a tracked amphibious vehicle of up to 33 tonnes fully loaded, at the Future Forces Forum in Prague (22 Oct). <https://defence-industry.eu/csg-unveils-meander-a-33-tonne-amphibious-vehicle-for-crossing-rivers-and-wetlands/>
- **Lithuania.** The X-12 jet-powered interceptor drone, already tested in Ukraine, is presented (25 Oct). <https://militarnyi.com/en/news/lithuania-develops-x-12-jet-powered-interceptor-drone-already-tested-in-ukraine/>
- **Ukraine · Denmark · Finland.** HIMERA and GomSpace begin tests of the OBRIA NANO satellite; Kyiv signs a letter of intent with Nokia and ICEYE on sovereign satellite communications. <https://defence-industry.eu/gomspace-and-himera-begin-satellite-tests-for-ukraines-independent-communications-network/>

OPEN COMPETITIONS & AWARDS

Competitions to watch

Competition	Buyer	Contenders	Next step
Longer-range air defence (CHF 6bn proposed)	Switzerland	Barak MX (IL), SAMP/T NG (FR/IT)	Decision early 2027 (no. 6)
LAND 6504 ground-based air defence	Australia	Open	Platform selection late 2027 (no. 27)
FF(X) frigate — review of foreign designs	US Navy	Arrowhead 140 (Babcock/HII) among others	90-day review (no. 20)

Competition	Buyer	Contenders	Next step
Next fighter (Gripen E offer with Canadian production)	Canada	Saab Gripen E; F-35 already in delivery	Government decision pending (no. 26)
Long-range strike: JSM and Anthem	Denmark	Kongsberg; Covenant	Contract negotiations (no. 11)
New frigates	Denmark	Naval Group FDI among bidders	Offer stage (no. 7)
Second next-generation carrier	France	Naval Group / Chantiers de l'Atlantique	Parliamentary report urges order by 2029 (no. 7)

Contract awards

Winner (country)	Contract	Buyer	Value
Leonardo Rheinmetall Military Vehicles (IT/DE)	30 Panther-based MBTs and 48 Lynx IFVs (reported, no. 8)	Italy	€3.7bn
Weibel Scientific (DK)	XENTA-M5 counter-drone radars, SAN programme (no. 9)	PIT-RADWAR (Poland)	€84m
Kongsberg (NO)	Protector RS4 weapon stations for Polish K2s (no. 23)	Hyundai Rotem (KR) for Poland	About NOK 700m
Eurosam (FR/IT)	Four more SAMP/T NG firing units (no. 6)	DGA via OCCAR (France)	Not disclosed

Reading: Two of the four largest awards involve a German or Korean platform built or equipped by others — the land and air-defence markets are consolidating around a few platforms with local partners.

EUROPEAN PROGRAMME TRACKER

Status: On track · Ahead · Design · Early stage · Competition · At risk · Delayed. Updated every week.

Programme	Status	Latest milestone	Non-EU suppliers
GCAP (UK, Italy, Japan)	Design	£4.6bn Edgewing contract (July); Airbus exploring entry (no. 4)	UK and Japan partners; Canada observer
Next German fighter (post-FCAS)	At risk	Berlin weighing GCAP entry; no decision (no. 4)	—
SAMP/T NG	On track	France at 12 systems; Swiss shortlist (no. 6)	None (Eurosam)
Patriot / PAC-3 in Europe	At risk	European PAC-3 maintenance hub in Poland; US multiyears take priority (nos. 18–19)	Lockheed Martin, Raytheon (US)
HYDEF / HYDIS ² interceptor	Competition	HYDEF phase 1 complete; single-winner EDF call (no. 14)	None (EDF rules)
European Patrol Corvette	Early stage	Spain: €1.786bn Navantia loans for six ships (no. 12)	—
F110 frigates (Spain)	Ahead	Second ship launched four months early; delivery 2029 (no. 12)	Lockheed Martin (combat system, radar)

Programme	Status	Latest milestone	Non-EU suppliers
UK Boxer	On track	623 vehicles plus 72 RCH 155; third batch dropped	None
Italy A2CS and Panther-based MBT	Early stage	First orders worth €3.7bn, reported (no. 8)	None
K2 tanks for Poland	On track	Kongsberg RS4 weapon stations from spring 2027 (no. 23)	Hyundai Rotem (KR)
K9 for Romania	On track	First deliveries; Petrești plant under construction (no. 22)	Hanwha Aerospace (KR)
F-35 European fleets	On track	850-aircraft framework; 156 a year shared with foreign buyers (no. 17)	Lockheed Martin (US)
UK–Germany Deep Precision Strike	Early stage	Ministerial review of a 2,000km+ weapon	None
French next-generation carrier	Early stage	Report urges a second ship by 2029 (no. 7)	US catapults and arresting gear
Eurodrone	Delayed	Payments rescheduled to 2030 over technical problems	—

CORPORATE MOVES & CAPITAL

• Lockheed Martin completes its acquisition of Ultra Maritime

The deal adds sonar arrays, sonobuoys and torpedo-defence technology to Lockheed's Rotary and Mission Systems business. Terms were not disclosed.

A US prime consolidates anti-submarine sensors as European navies spend more in the North Atlantic and the Baltic.

Source: Defence Industry Europe — <https://defence-industry.eu/lockheed-martin-completes-acquisition-of-ultra-maritime/>

• Rolls-Royce, Hanwha, EDGE and IAI: this week's capital moves

The proposed £2.5bn Rolls-Royce–UK engine programme (no. 2), Hanwha Defense USA's controlling stake in Philly Shipyard (no. 25), EDGE's control of Italy's CMD and IAI's absorption of ELTA (Competitor watch) all point the same way: capital is following long production runs, not one-off orders.

AGENDA

Date	Event	Why it matters
3–6 Nov	Euronaval 2026 (Paris-Le Bourget)	Europe's leading naval show
4 Nov	Constanța court reviews the Mangalia shipyard sale	Damen's appeal against Rheinmetall and MSC
11–12 Nov	European Defence Innovation Forum (The Hague)	Industry and investors; production lessons from Ukraine
November	Polish defence minister expected in Washington	Follows Poland's SAFE request (no. 13)
November	Second reading of Ukraine's 2027 budget	\$107bn for security and defence (no. 16)
Winter session	Swiss parliament debates CHF 24bn extra for the armed forces	Funds the new air-defence system (no. 6)

Date	Event	Why it matters
11 Dec	US stopgap funding expires	F-35 multiyear needs NDAA authority and appropriations (no. 17)
Early 2027	Swiss air-defence decision	Barak MX or SAMP/T NG (no. 6)
Spring 2027	First Kongsberg RS4 shipments for Polish K2s	European content on a Korean platform (no. 23)
March 2027	European Defence Fund 2026 results	612 proposals for €1.006bn
Late 2027	Australia selects the LAND 6504 platform	Open air-defence competition (no. 27)
2028	Canada's first F-35s arrive in Canada	88-aircraft fleet (no. 26)

EUROPE'S CAPABILITY GAPS: WHO FILLS THEM

The ten capability gaps identified in the Kiel Institute's Sparta 2.0 report, read as market signals: where Europe advances with its own products, and who still supplies it from outside. ▲ European progress · ◆ Mixed · ▼ Dependence deepens · = No change

Gap	This week	European progress	Supplied from outside
1. Command and control	=	—	—
2. Autonomous systems	▲	Helsing Contra interceptor (no. 5); Weibel counter-drone radars for Poland (no. 9); Lithuania's X-12	Hanwha 40mm anti-drone gun in Lithuania (KR, no. 24)
3. Deep strike	◆	Denmark picks JSM (no. 11); EDIP funds Nammo rocket motors (no. 15); UK–Germany Deep Precision Strike	F-35 framework; Tomahawk multiyear (US, nos. 17–18)
4. Air and missile defence	◆	SAMP/T NG repeat order and Swiss shortlist (no. 6); HYDEF phase 1 (no. 14)	PAC-3 hub in Poland (US, no. 19); Barak MX (IL)
5. Satellites	▲	Two more Galileo G2 for Airbus; Ukrainian test satellite with GomSpace	—
6. Space launch	=	—	—
7. Persistent ISR	=	—	—
8. Military cloud and AI	=	—	—
9. Strategic transport	=	—	—
10. Electronic warfare and SEAD	=	—	—

SIGNAL OF THE WEEK

Europe's money is European; its shopping list is not — and Poland has just asked Brussels to admit it.

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