DsDigitalshield Security and Technology News

European Defence Markets

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

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Paris opens Euronaval with a €63.4bn defence budget and a buy-European message, Navantia and Fincantieri form a joint venture for Europe's corvette and Rheinmetall cuts its outlook again as Germany delays the Boxer — while Democrats take the US Congress that will fund Europe's American missiles.

THE ESSENTIALS IN 60 SECONDS

- **Europe.** France plans €63.4bn for defence in 2027, Navantia and Fincantieri agree a 50/50 corvette venture, Schakal orders reach 291 and London and Berlin push a 2,000km+ strike weapon; Airbus drops its Wingman drone and Rheinmetall cuts guidance as Leonardo raises its order target (nos. 1–11).
- **EU money.** A second SAFE round puts €21.3bn back on offer, a Canadian helmet maker wins Latvian SAFE money through its Polish plant and the HYDEF interceptor team grows to 16 countries (nos. 12–14).
- **Transatlantic.** Democrats control Congress with US stopgap funding expiring on 11 December; Leonardo's M-346N is left as favourite for the US Navy trainer; Saildrone will build in Norway (nos. 15–18).
- **Allies.** Korea's big three see backlogs slip 4.1% as reliance on Poland shows, Hanwha launches a second KSS-III Batch-II, Canadian firms ask for ownership-based procurement and Australia shifts A$5bn (nos. 19–22).
- **Competitions.** Ireland weighs more than 550 French Scorpion vehicles, Portugal's F-16 replacement is open and Germany's collaborative combat aircraft race has been reshaped.

MARKETS

Note: individual closing prices could not be verified in our usual sources (StockAnalysis, MarketScreener) by press time, so the price table is omitted this week. The comment reflects moves reported during the 4 and 5 November sessions. Market information only; not investment advice.

Two shocks shaped the week. On 4 November, after the Democratic win, the STOXX Aerospace & Defence index slipped 0.7% while the STOXX 600 rose 0.9%: BAE fell about 4%, Leonardo about 2% and Thales, Saab and Rheinmetall between 2% and 3.5%, and Lockheed Martin was down about 4% before the New York open. On 5 November Rheinmetall fell more than 16% after its second sales-guidance cut in three months (no. 11), announced the previous evening. Leonardo reported above-consensus results the same day and raised its order target.

Price targets — Rheinmetall: RBC keeps €1,600 and Jefferies €1,350 after the cut.

ANALYSIS OF THE WEEK

Buy European, built locally — whoever owns the company

By Óscar Ruiz

France opened Euronaval with a draft 2027 defence budget of €63.4bn, €6.5bn more than this year, and a minister who wants European-origin systems first (no. 1). The same week the industry kept organising itself into joint ventures: Navantia and Fincantieri will run Europe's patrol corvette through a 50/50 company that also handles exports, and Rheinmetall and KNDS's Artec took another 69 Schakal vehicles (nos. 2–3). Buyers will increasingly face one consortium per platform.

The money is being refilled too. Brussels opened a second SAFE round worth €21.3bn after some governments asked for less than their share (no. 12). The first awards show who can reach it. A Canadian company, Galvion, won a Latvian SAFE helmet framework of up to €27.8m, supplied from its plant in Gdańsk (no. 13). A US drone maker, Saildrone, signed with Norway's Umoe Mandal to build its next Surveyor in Europe (no. 18).

Across the Atlantic, the parties have swapped seats. Democrats now control the Congress that must authorise the F-35 multiyear and fund the missile lines European buyers are queuing for (no. 15). Europe is paying more for its own deep strike and naval drones. For air and missile defence it still depends on decisions made in Washington.

What it means for business

- **Non-EU suppliers.** A European plant or a licensed European partner is the practical ticket into SAFE-funded work. Galvion's Latvian win came through Poland, not Canada.
- **Subcontractors.** More programmes are run by joint ventures (EPC, Schakal). Qualification moves from individual primes to the venture, which also controls export work.

What to watch

The first tentative SAFE second-round allocations, the French budget vote this month, whether Congress passes funding before 11 December and what Rheinmetall tells investors on 27 November.

EUROPE: PROGRAMMES & CONTRACTS

FRANCE · POLICY & BUDGET

1. Paris opens Euronaval with a €63.4bn budget and a buy-European message

France's Armed Forces Minister Catherine Vautrin opened Euronaval on 3 November saying the country's ambition is "to be feared, in order to remain free". The draft 2027 budget provides €63.4bn for defence, €6.5bn more than in 2026; the vote is due this month. Vautrin said France wants to prioritise European-origin systems and announced an initiative to help large manufacturers and start-ups work together on naval drones. The French naval drone effort covers escort, surveillance and strike categories; its budget is undisclosed.

Organisers expect a record show, with exhibitors up 45% on 2024, and value the global military and paramilitary shipbuilding market at $122bn in 2024–2025, up 50% in two years.

Bottom line: France is funding naval drones and telling buyers to buy European. Non-

European drone makers will need French or European partners to reach this money.

Relevant for: US · KR · AU (naval drones)

Sources: Breaking Defense — https://breakingdefense.com/2026/11/france-investing-in-naval-power-as-military-ambition-is-to-be-feared-armed-forces-minister/ · MarineLink (Reuters) — https://www.marinelink.com/news/euronaval-meets-amidst-global-maritime-544123

SPAIN · ITALY · FRANCE · NAVAL

2. Navantia and Fincantieri form a 50/50 joint venture for Europe's patrol corvette

Navantia and Fincantieri signed heads of agreement at Euronaval on 4 November to create a 50/50 company that will manage their national European Patrol Corvette (EPC) programmes, handle design engineering and co-production, act as contracting entity and pursue exports. The same day they signed a separate consortium agreement with Naval Group for EPC2; the French group is considering joining the venture. According to Naval News, the EPC2 agreement, signed in the presence of OCCAR, moves the programme from initial design towards readiness for production and will complete preliminary and detailed design of a common full-combat multipurpose platform. The programme began under PESCO in 2019, has been managed by OCCAR since 2022 and is supported by the European Defence Fund. Spain committed €1.786bn of loans to Navantia for six corvettes last week.

Bottom line: Equipment suppliers will now sell to a Spanish-Italian venture with export ambitions, not to two separate yards. Qualification with the joint company becomes the gateway to six Spanish and several Italian hulls, and to export variants.

Relevant for: US (combat-system and sensor content) · KR · AU

Sources: Defence Industry Europe — https://defence-industry.eu/navantia-and-fincantieri-agree-joint-venture-framework-for-european-corvette-programmes-and-exports/ · Naval News — https://www.navalnews.com/event-news/euronaval-2026/2026/11/fincantieri-navantia-and-naval-group-sign-epc2-consortium-agreement-at-euronaval-2026/

GERMANY · NETHERLANDS · LAND

3. Schakal orders reach 291 vehicles as Germany and the Netherlands exercise options

OCCAR has ordered another 69 Schakal wheeled infantry fighting vehicles from Artec, the Rheinmetall–KNDS Deutschland joint venture: 35 for the Bundeswehr and 34 for the Royal Netherlands Army. Rheinmetall puts the two options at "mid-hundreds of millions of euros". Deliveries run from May 2032 to November 2033. The October 2025 contract covered 222 vehicles with options for up to 200 more. Schakal pairs a Boxer chassis with a Puma turret, a 30mm cannon and MELLS anti-tank missiles.

Bottom line: A joint order through OCCAR keeps the two Boxer users on one configuration and the work inside the Artec partners. Deliveries in 2032–33 show how full German land-systems lines already are.

Relevant for: KR (wheeled IFV competitors) · AU (Boxer CRV)

Source: C4Defence — https://www.c4defence.com/en/rheinmetall-schakal-orders-rise-to-291-vehicles/

UK · GERMANY · FRANCE · WEAPON SYSTEMS

4. Europe's long-range strike pipeline: a 2,000km UK–German weapon and MBDA's Stratus RS

The British and German defence ministers met in London on 2 November and reported progress on Deep Precision Strike, a weapon with a range beyond 2,000km to be delivered within the decade under the Trinity House agreement. They also agreed to extend cyber cooperation to AI, explore space cooperation and set up an arrangement for Sting Ray torpedo procurement. The UK has allocated £770m over four years to the programme.

At Euronaval, MBDA said its Stratus RS high-speed missile, developed for France and the UK, will have a range "far, far, far" beyond Exocet's 200km-plus, covering deep strike, anti-ship and air-defence suppression. MBDA is awaiting a DGA development contract; flight tests are expected before 2030.

Bottom line: Europe is building long-range strike through bilateral clubs and national budgets rather than EU instruments. Suppliers of seekers, propulsion and guidance should follow these programmes, not Brussels calls.

Relevant for: US (Tomahawk/PrSM alternatives) · AU · KR

Sources: Defence Industry Europe — https://defence-industry.eu/uk-and-germany-report-progress-on-deep-strike-capability-with-range-beyond-2000km/ · Defense News — https://www.defensenews.com/global/europe/2026/11/04/mbda-high-speed-strike-missile-to-have-range-far-exceeding-exocet/ · ADS Advance — https://www.adsadvance.co.uk/hypersonica-100m-series-b-hypersonic-missiles/

GERMANY · INDUSTRY

5. Airbus drops its Wingman drone to meet Germany's faster timeline

Airbus has ended work on its Wingman uncrewed combat aircraft and will concentrate on the U760 Ravenstorm, a collaborative combat aircraft with a 500kg internal payload planned for 2032, and on the U740 Valkyrie, developed with US-based Kratos for a German requirement in 2029. "Customers have asked us to bring the need forward," said Airbus's Laurent Le Quément. Wingman's engine involved Rolls-Royce Deutschland and ITP Aero. Germany is also reconsidering Boeing's MQ-28.

Bottom line: Speed is beating sovereignty in Germany's drone choice: both near-term options have American roots. A clean-sheet European design now targets the next decade.

Relevant for: US (Kratos, Boeing) · AU (MQ-28 built in Australia)

Source: Breaking Defense — https://breakingdefense.com/2026/11/airbus-ends-wingman-drone-to-meet-germanys-accelerated-operations-timeline/

GERMANY · SWEDEN · TECHNOLOGY

6. Germany orders an airborne laser demonstrator; Saab flies its own AI in a Gripen E

Germany's procurement agency BAAINBw has awarded MBDA Deutschland a contract to build an airborne laser demonstrator, with key pod components designed for eventual flight within tight size and weight limits, mainly against drones and cruise missiles. MBDA said it will favour German suppliers. No value was disclosed.

Saab said an AI agent it developed in-house autonomously controlled a Gripen E during

beyond-visual-range combat scenarios, after training for "millions of simulated flight hours". The fighter's software-defined architecture let the AI fly without a dedicated test aircraft.

Bottom line: Two European firms are building sovereign know-how in directed energy and combat AI — areas where US companies have led. Both keep the supply chain national.

Relevant for: US · AU · KR

Sources: Defence Industry Europe — https://defence-industry.eu/mbda-to-build-airborne-laser-demonstrator-for-germany-to-assess-future-aircraft-weapons-capability/ · https://defence-industry.eu/saab-says-its-own-ai-autonomously-controlled-gripen-e-in-beyond-visual-range-combat-trials/

SWEDEN · GERMANY · WEAPON SYSTEMS

7. Sweden arms its Gripens with Taurus missiles from Bundeswehr stocks

Sweden has received Taurus KEPD 350 cruise missiles from Bundeswehr stocks for its JAS 39 Gripens, giving them a strike range of more than 500km. The first launch from a Gripen C took place in August. Numbers were not disclosed. The next step extends the capability to Gripen E, and Sweden is negotiating to join development of the Taurus Neo.

Bottom line: A European missile on a European fighter, transferred between allies' stocks. It strengthens the Gripen E's export case wherever buyers want long-range strike without US release rules.

Relevant for: CA (Gripen E offer) · KR (Taurus operator)

Source: Militarnyi — https://militarnyi.com/en/news/sweden-taurus-from-bundeswehr-stockpiles/

UNITED KINGDOM · SPAIN · NAVAL

8. Navantia UK opens its Belfast hall as London says support ships are on budget

Navantia UK has opened the 5,000m² Resurgent Fabrication Hall at Harland & Wolff in Belfast to build the Royal Fleet Auxiliary's three Fleet Solid Support ships, a £1.6bn programme. The company has invested about £100m in Belfast since January 2025 and employs more than 900 people there. The MoD says the ships are "on schedule and within budget" and due in service in the early 2030s.

Bottom line: A Spanish state shipbuilder is rebuilding a British yard to win British work: local build is the price of entry, and Navantia is now offering the same model in the US.

Relevant for: US · AU (Navantia built the RAN's supply ships)

Sources: Defence Industry Europe — https://defence-industry.eu/navantia-uk-opens-new-belfast-fabrication-hall-to-build-three-royal-fleet-auxiliary-support-ships/ · UK Defence Journal — https://ukdefencejournal.org.uk/fleet-solid-support-ships-on-schedule-and-budget-uk-says/

NETHERLANDS · SWEDEN · LAND

9. The Netherlands joins a Swedish-led buy for more CV90s

The Dutch Defence Ministry told parliament on 26 October it will buy more CV90 infantry fighting vehicles, through a Swedish-led joint procurement, for an armoured infantry battalion at Budel. They will replace Kodiak vehicles. The number was not disclosed. Germany's FFG will supply ACSV and Wisent-2 vehicles, and Dutch suppliers including KONI and Neways are involved.

Bottom line: Pooled CV90 buying lowers unit cost and protects local work shares. It is the template that keeps non-European IFVs out of Nordic and Benelux competitions.

Relevant for: KR (Redback/K21 competitors) · US

Source: Defence Industry Europe — https://defence-industry.eu/netherlands-to-acquire-more-cv90-infantry-fighting-vehicles-defence-ministry-says/

GREECE · PORTUGAL · AIR

10. Greece buys three KC-390s through Portugal

Greece signed on 2 November for three Embraer KC-390 Millennium aircraft, with options for three more, through a government-to-government agreement with Portugal, which will oversee production and train crews and technicians. The first delivery is due in 2027. It will be the Hellenic Air Force's first air-to-air refuelling capability. Parliament approved an expected budget of roughly €600m in June; no signed value was published.

Bottom line: A Brazilian transport wins another European customer in the A400M and C295 segment, using Portugal as its NATO gateway.

Market access: The deal runs through a government-to-government arrangement with an EU member state, not through EU instruments.

Relevant for: US (C-130J competitor) · KR

Sources: Breaking Defense — https://breakingdefense.com/2026/11/greece-inks-deal-for-kc-390-fleet/ · Defence Industry Europe — https://defence-industry.eu/greece-orders-three-embraer-kc-390-millennium-aircraft-with-options-for-three-more/

GERMANY · ITALY · INDUSTRY

11. Rheinmetall cuts its outlook for the second time as Leonardo raises its order target

Rheinmetall reported third-quarter sales of €3.15bn (+36%), below the €3.25bn analysts expected, and an operating result of €553m (+62%), a 17.5% margin. Its backlog stood at a record €78bn. It nevertheless cut its 2026 sales forecast to about €13.2bn (from €13.7–14.2bn), its margin target to about 18.5% (from about 19%) and dropped its target of converting more than 40% of profit into cash, because Germany will no longer award the Arminius Boxer programme this year and artillery ammunition lots are being approved more slowly than planned. It is the second cut in three months; the shares fell more than 16%. A capital markets day follows on 27 November.

Leonardo booked €23.3bn of orders in nine months (+28%), with revenues of €15.3bn (+14%), EBITA of €1.3bn (+38%) and free operating cash flow of minus €68m, an 84% improvement. Its backlog passed €60bn for the first time, about €6bn of it from Iveco Defence, and it raised its 2026 order guidance from €28.2bn to about €29.5bn.

Bottom line: A record backlog does not guarantee revenue. Rheinmetall bills at the pace Berlin signs; Leonardo is converting contracts already closed, mainly in defence electronics. For suppliers to German programmes, the risk is now timing, not demand.

Relevant for: US · AU (Boxer CRV) · KR

Sources: Reuters (SRN News) — https://srnnews.com/rheinmetall-cuts-2026-sales-forecast-again-as-boxer-order-slips/ · The Private Banker — https://leprivatebanker.com/2026/11/05/rheinmetall-plunges-as-much-as-16-after-second-sales-guidance-cut-in-three-months-as-boxer-award-slips-past-2026/ · ad-hoc-news — https://www.ad-hoc-news.de/boerse/news/unternehmensnachrichten/rheinmetall-s-profit-engine-is-humming-but-the-cash-register-is-still-waiting/70462929 · Leonardo — https://www.leonardo.com/en/press-release-

detail/-/detail/05-11-2026-leonardo-board-of-directors-approves-9m2026-results · Euronews — https://www.euronews.com/2026/11/05/leonardo-tops-60-billion-in-orders-as-defence-drones-and-space-grow

EU MONEY WATCH

SAFE

12. Brussels reopens €21.3bn of SAFE loans in a second round

The European Commission has invited governments to apply for €21.3bn in a second round of SAFE loans, money left over because some countries asked for less than their allocation in November 2025. All member states can take part. Air and missile defence, drones and counter-drone systems, ammunition and missiles are the urgent priorities, and joint purchases with Ukraine are encouraged. Loan agreements are approved for all 19 participating countries and signed with 16; almost €13.5bn has been paid to 11 states that asked for prefinancing. Tentative allocations will follow within two weeks of the deadline.

Bottom line: Unused money is going back on the table, not back to Brussels. Countries that sat out the first round — and suppliers who missed it — get a second chance.

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 · CA

Source: Defence Industry Europe — https://defence-industry.eu/european-commission-says-e21-3-billion-in-safe-loans-available-for-defence-and-ukraine-support/

SAFE · CANADA

13. A Canadian firm wins Latvian SAFE money — through its Polish plant

Latvia has awarded Canada's Galvion a five-year framework worth up to €27.8m for Batlskin Hellbender helmet systems, spares, maintenance and refurbishment under SAFE, among the first SAFE awards to a Canadian supplier. Galvion opened a European production hub in Gdańsk in 2025, and its head systems are in service in Norway, Sweden, Finland, Denmark and the Netherlands.

Bottom line: This is how a non-EU company reaches SAFE money: a plant inside the EU. Canada's wider association with SAFE matters less than where the product is made.

Relevant for: CA · US · KR · AU

Source: Defence Industry Europe — https://defence-industry.eu/canadas-galvion-awarded-latvian-helmet-supply-framework-under-eu-safe-programme/

EUROPEAN DEFENCE FUND

14. HYDEF interceptor team grows to 16 countries for its next phase

The EDF-funded HYDEF hypersonic interceptor project has completed its three-year first phase, with preliminary system requirements approved in August. The follow-on HYDEF2 group now has 41 participants from 16 countries; the project is co-funded by Belgium, Germany, Norway, Poland and Spain and managed by OCCAR. No figures were given for the next phase.

Bottom line: A broader coalition strengthens HYDEF ahead of the single-winner EDF call it shares with the MBDA-led HYDIS² (no. 14 of the last edition).

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)

Source: Defence Industry Europe — https://defence-industry.eu/european-hydef-hypersonic-interceptor-project-completes-first-phase-expands-to-16-countries/

TRANSATLANTIC

POLICY & BUDGET

15. Democrats take Congress with US funding expiring on 11 December

Democrats won control of both the House and the Senate on 3 November, short of the two-thirds needed to override a veto. Senator Susan Collins, chair of the Appropriations Committee, lost her seat, and Adam Smith is in line to chair the House Armed Services Committee. Stopgap funding for the federal government expires on 11 December, and the new Congress sits in January.

It will decide the $1.5tn FY2027 defence plan, the cost of the Iran war and the multiyear authority the 850-aircraft F-35 framework needs (no. 17 of the last edition).

Bottom line: Multiyear deals signed in October now depend on funds controlled by the opposition. A change of majority rarely cancels programmes but often delays them — and European FMS deliveries sit in the same queue.

Relevant for: CA · KR · AU (F-35, PAC-3, AMRAAM customers)

Sources: Breaking Defense — https://breakingdefense.com/2026/11/congresss-defense-advocates-take-big-hit-in-2026-midterm-elections/ · Al Jazeera — https://www.aljazeera.com/news/2026/11/4/tariffs-to-iran-war-can-democrats-reverse-trump-policy-with-midterms-win

INDUSTRY

16. SNC quits the US Navy trainer race, leaving Leonardo's M-346N as favourite

Sierra Nevada Corporation will not bid for the Undergraduate Jet Training System that replaces the T-45 Goshawk, saying it "could not responsibly bid the UJTS program under the current contract structure". Lockheed Martin, Boeing and Northrop Grumman pulled out earlier. Textron Aviation Defense, offering Leonardo's M-346N, is now the favourite. Proposals were due on 30 October and the award has slipped to July–September 2027.

Bottom line: Four withdrawals over contract structure show US primes refusing fixed risk on low-margin programmes — and open the door for a European design with a US partner.

Relevant for: US

Source: Breaking Defense — https://breakingdefense.com/2026/11/snc-pulls-out-of-navy-trainer-jet-t45-ujts-leonardo-textron/

INDUSTRY

17. Leonardo DRS joins the US Army's laser weapon production

Leonardo DRS, the US arm of Italy's Leonardo, will supply power-management and thermal subsystems to AeroVironment for the Army's Enduring High Energy Laser programme, built

around the 30kW LOCUST X3 counter-drone laser. AeroVironment values its prime contract at $464.8m for dozens of systems over several years; DRS's share was not disclosed.

Bottom line: European groups reach the US market through US-incorporated subsidiaries. DRS is Leonardo's main route into US directed-energy and vehicle programmes.

Relevant for: US

Source: Army Recognition — https://www.armyrecognition.com/news/army-news/2026/u-s-army-locust-x3-laser-weapon-production-adds-leonardo-drs-for-power-and-cooling

NAVAL

18. US naval suppliers build inside Europe: Saildrone in Norway, L3Harris in TKMS submarines

Saildrone signed a production agreement with Norwegian shipbuilder Umoe Mandal at Euronaval on 4 November for its next-generation Surveyor uncrewed surface vessel; Saildrone Europe says the Mediterranean and the High North are its next priorities. L3Harris received two multimillion-dollar TKMS contracts for mast-raising equipment and control units for German and Norwegian submarines.

Bottom line: American naval technology is entering European programmes through European yards and primes, the route EU content rules encourage.

Relevant for: US · AU · CA

Sources: Shephard — https://www.shephardmedia.com/news/naval-warfare/euronaval-2026-baltic-breakthrough-powers-saildrones-next-european-expansion/ · Defence Industry Europe — https://defence-industry.eu/l3harris-to-equip-german-and-norwegian-submarines-with-mast-systems-under-tkms-contracts/

ALLIES & PARTNERS: KOREA, CANADA, AUSTRALIA/NZ

SOUTH KOREA · INDUSTRY

19. Korea's defence backlogs slip 4.1% as reliance on Poland shows

The combined order backlog of Hanwha Aerospace, KAI and Hyundai Rotem's defence unit fell to ₩70.81trn ($52.8bn) at the end of September, down 4.1% from June. Hanwha Aerospace's dropped from ₩38.3trn to ₩35trn and Hyundai Rotem's from ₩9.82trn to ₩9.52trn; KAI's rose, but on parts and domestic orders. Poland took 58% of Korean defence exports in 2021–2025, citing SIPRI. Hyundai Rotem is preferred bidder for 150 K2 tanks in Peru, and DAPA barred LIG D&A from government bidding for two years after a bribery case.

Bottom line: Korean primes are delivering Polish orders faster than they are winning new ones. Expect harder pushes into Romania, the Baltics, the Nordics and Latin America.

Relevant for: KR

Source: The Herald Business — https://mbiz.heraldcorp.com/article/10925247

SOUTH KOREA · NAVAL

20. Hanwha launches Korea's second KSS-III Batch-II submarine

Hanwha Ocean launched Seo Hui, the second KSS-III Batch-II boat, at Okpo on 3 November. It

displaces about 3,600 tonnes, is 89m long and carries ten vertical launchers, four more than Batch-I. The 2021 contract is worth about $844m, with delivery by the end of 2028. It carries a Hensoldt SERO 400 optronic mast.

Bottom line: Korea markets conventional submarines from a running production line. Having lost Canada to TKMS in July, Hanwha is targeting other markets where TKMS and Naval Group are the incumbents.

Relevant for: KR · CA · AU

Source: Defence Industry Europe — https://defence-industry.eu/hanwha-ocean-launches-south-koreas-second-kss-iii-batch-ii-submarine-with-expanded-armament/

CANADA · INDUSTRY

21. Canadian defence firms ask Ottawa to favour Canadian ownership

The Alliance of Canadian Defence Companies, representing about 200 Canadian-owned firms, asked officials and MPs on 3 November to distinguish between companies operating in Canada and Canadian-owned ones, looking at where intellectual property sits and where decisions are made. In its survey of 49 firms, 86% said they would hire more with greater demand certainty and 67% would expand production.

Bottom line: European primes offering Canadian production — Saab with Gripen, TKMS with submarines — may face a tougher test on ownership and IP, not just local jobs.

Relevant for: CA

Source: Defence Industry Europe — https://defence-industry.eu/canadas-defence-industry-calls-for-procurement-reforms-to-recognise-domestic-ownership-and-speed-up-contracts/

AUSTRALIA · POLICY & BUDGET

22. Australia shifts A$5bn towards missiles and autonomy

Defence Minister Richard Marles said about A$5bn is being reprioritised over the forward estimates: A$250m from retiring the C-27J fleet, A$100m from moving the Huon-class minehunters to autonomous systems and about A$600m within air and missile defence to accelerate effectors. Up to A$2.5bn comes from rescheduling infrastructure to favour northern bases. The 2026 investment programme includes more than A$12bn for autonomous systems; the Navy is also preparing the Bluebottle USV for submarine hunting.

Bottom line: Canberra is moving money from platforms to effectors and drones. European missile and autonomy suppliers with Australian production have the strongest case. No major New Zealand industry decision was reported this week.

Relevant for: AU · NZ · US · KR

Sources: Australian Defence Magazine — https://www.australiandefence.com.au/news/news/defence-funding-reallocated · Defense News — https://www.defensenews.com/global/asia-pacific/2026/11/03/australia-preps-bluebottle-usv-for-submarine-hunting-role/

COMPETITOR WATCH

• Israel: Trump says annual US military aid will end this year

President Trump said annual US military aid to Israel, about $4bn, will stop at the end of 2026, while Israel can still buy US weapons. The 2016 memorandum provides $38bn for FY2019–

2028. Separately, Israel's MoD signed Elbit Systems to build a training centre for its new howitzer and rocket launcher under a 15-year contract worth over $160m.

Without US-funded purchases, Israeli industry needs export revenue even more — and Europe is its biggest air-defence market.

Sources: Militarnyi — https://militarnyi.com/en/news/trump-announces-end-to-annual-us-military-aid-to-israel/ · https://militarnyi.com/en/news/israel-training-center-roem-howitzer-lahav/

• UAE: EDGE builds Angola's second corvette at home after France built the first

EDGE launched the second of three BR71 Mk II corvettes for Angola at Abu Dhabi Ship Building on 29 October, under a €1bn 2023 contract; the first was built by CMN Naval in Cherbourg. "Building the second corvette in Abu Dhabi is what genuine technology transfer should deliver," said EDGE's Khaled Al Zaabi. At Euronaval, EDGE Europe signed an MoU with Italy's Novamarine to develop uncrewed surface vessels.

Gulf groups are learning European naval know-how and then building at home — the same pattern as EDGE's purchase of Italy's CMD last week.

Sources: Defence Industry Europe — https://defence-industry.eu/edge-launches-first-corvette-built-in-the-uae-for-angola-under-e1-billion-naval-contract/ · Naval News — https://www.navalnews.com/event-news/euronaval-2026/2026/11/edge-europe-and-novamarine-to-explore-joint-development-of-usvs

• India: $5.7bn for eight corvettes from domestic yards

India signed a $5.7bn contract for eight next-generation corvettes: five from GRSE and three from Goa Shipyard, each 127m long. It follows a roughly $8bn deal for six submarines with TKMS and Mazagon Dock.

India buys European designs only with local build. Its yards are becoming export competitors in the corvette segment Europe is now consolidating.

Source: Defense News — https://www.defensenews.com/global/asia-pacific/2026/11/03/india-orders-next-gen-corvettes-for-5-7b-under-broad-naval-modernization-push/

AROUND EUROPE IN BRIEF

- **United Kingdom.** Babcock awards KierBAM a contract worth about £600m for the water-retaining boundary of 10 Dock at Devonport, the submarine dock project (3 Nov). https://ukdefencejournal.org.uk/babcock-enters-main-construction-on-devonport-submarine-dock/
- **Ireland · France.** Military planners are to recommend more than 550 Griffon, Serval and Jaguar vehicles under a government-to-government Scorpion deal; critics warn lifetime costs could exceed €14bn (24 Oct). https://www.irishtimes.com/ireland/2026/10/24/defence-forces-to-seek-more-than-550-armoured-vehicles-from-france/
- **Germany · Finland.** KNDS Deutschland deepens cooperation with Patria for the Bundeswehr's 6x6 carriers; final assembly at Freisen starts by the end of 2026 (30 Oct). https://defence24.com/industry/germany-closer-to-producing-the-finnish-transporter-agreement-signed
- **Switzerland.** The F-35A budget may now cover about 30 of the 36 jets planned unless roughly $1.34bn is added (30 Oct). https://defence24.com/defence-policy/switzerland-will-

pay-more-for-fewer-f-35s-europe-continues-buying-american-fighters

- **France.** Naval Group unveils SCX 26, an 8,000-tonne concept with more than 100 missile cells and a 100kW laser, not tied to a programme (3 Nov). https://defence-industry.eu/naval-groups-scx-26-concept-pairs-over-100-missile-cells-with-drones-and-a-100-kw-laser/
- **Sweden.** Saab launches a new generation of its 9LV naval combat system for mixed crewed and uncrewed fleets (3 Nov). https://defence-industry.eu/saab-launches-next-generation-9lv-naval-combat-system-for-connected-crewed-and-uncrewed-fleets/
- **Sweden · United Kingdom.** BAE Systems Bofors debuts the Sea Tridon 40mm naval gun family; no launch customer yet (3 Nov). https://breakingdefense.com/2026/11/bae-systems-launches-new-sea-tridon-naval-gun-series/
- **Lithuania · Netherlands.** Lithuania receives its first Thales GM200 MM/C radar for its national division, bought with the Netherlands (2 Nov). https://defence-industry.eu/lithuania-receives-first-thales-gm200-mm-c-multifunction-radar-for-its-national-division/
- **Spain · Kazakhstan.** Kazakhstan receives its second A400M from Seville, completing its order (2 Nov). https://militarnyi.com/en/news/kazakhstan-military-aviation-second-a400m/
- **Ukraine.** Brave1 launches grant competitions for air-to-air guided missiles and domestic radars (30 Oct). https://militarnyi.com/en/news/air-to-air-missiles-radar-ukraine-new-grants-brave1/

OPEN COMPETITIONS & AWARDS

Competitions to watch

Competition	Buyer	Contenders	Next step
Collaborative combat aircraft (2029 requirement)	Germany	Airbus/Kratos U740 Valkyrie; Boeing MQ-28 under review; Wingman dropped	Selection pending (no. 5)
Scorpion armoured vehicles (550+)	Ireland	KNDS France (Griffon, Serval, Jaguar), G2G	Assessment; cost under scrutiny
F-16 replacement (28 jets)	Portugal	F-35, Rafale, Typhoon, Gripen E	Evaluation
Undergraduate Jet Training System	US Navy	Textron with Leonardo M-346N	Award Jul–Sep 2027 (no. 16)
Longer-range air defence (CHF 6bn proposed)	Switzerland	Barak MX (IL), SAMP/T NG (FR/IT)	Decision early 2027
LAND 6504 ground-based air defence	Australia	Open	Platform selection late 2027
Next fighter (Gripen E offer with Canadian production)	Canada	Saab Gripen E; F-35 already in delivery	Government decision pending
Long-range strike: JSM and Anthem	Denmark	Kongsberg; Covenant	Contract negotiations

Contract awards

Winner (country)	Contract	Buyer	Value
Artec — Rheinmetall/KNDS (DE)	69 more Schakal IFVs (no. 3)	OCCAR for Germany and the Netherlands	Mid-hundreds of millions of euros

Winner (country)	Contract	Buyer	Value
KierBAM (UK/NL)	10 Dock boundary works, Devonport	Babcock (UK MoD programme)	About £600m
Embraer (BR)	3 KC-390 + 3 options (no. 10)	Greece via Portugal	Not disclosed (about €600m budgeted)
Galvion (CA)	Helmet systems framework, SAFE (no. 13)	Latvia	Up to €27.8m
MBDA Deutschland (DE)	Airborne laser demonstrator (no. 6)	BAAINBw (Germany)	Not disclosed
L3Harris (US)	Submarine mast systems (no. 18)	TKMS for Germany and Norway	Multimillion-dollar

Reading: Three of the six awards went to joint ventures or to suppliers working inside a European prime. Fewer contracts now go directly from a government to a single company.

EUROPEAN PROGRAMME TRACKER

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

Programme	Status	Latest milestone	Non-EU suppliers
European Patrol Corvette	**Early stage**	Navantia–Fincantieri 50/50 venture; consortium with Naval Group for EPC2 (no. 2)	—
Schakal IFV (DE/NL)	**On track**	291 vehicles after 69-vehicle option; deliveries to 2033 (no. 3)	None
UK–Germany Deep Precision Strike	**Early stage**	2,000km+ weapon within the decade; £770m UK funding (no. 4)	None
Stratus RS / LO (FR/UK/IT)	**Early stage**	Awaiting DGA development contract; flight tests before 2030 (no. 4)	None
German collaborative combat aircraft	**Competition**	Airbus drops Wingman; Valkyrie and MQ-28 in play (no. 5)	Kratos, Boeing (US)
Fleet Solid Support (UK)	**On track**	Belfast hall open; MoD says on schedule and budget (no. 8)	None
GCAP (UK, Italy, Japan)	**Design**	Airbus exploring entry; no decision	UK and Japan partners; Canada observer
German Boxer (Arminius)	**Delayed**	Award no longer expected in 2026; Rheinmetall cuts guidance (no. 11)	None
Next German fighter (post-FCAS)	**At risk**	Berlin weighing GCAP entry; no decision	—
SAMP/T NG	**On track**	France at 12 systems; Swiss shortlist	None (Eurosam)
Patriot / PAC-3 in Europe	**At risk**	US funding now with a Democratic Congress (no. 15)	Lockheed Martin, Raytheon (US)
HYDEF / HYDIS² interceptor	**Competition**	HYDEF2 grows to 41 participants in 16 countries (no. 14)	None (EDF rules)
F-35 European fleets	**On track**	Swiss budget may cover about 30 of 36 jets	Lockheed Martin (US)
Taurus on Gripen (SE)	**On track**	Missiles delivered from German stocks; Gripen E next (no. 7)	None

Programme	Status	Latest milestone	Non-EU suppliers
Eurodrone	**Delayed**	Payments rescheduled to 2030 over technical problems	—

CORPORATE MOVES & CAPITAL

• Hypersonica raises €100m to build Europe's hypersonic strike missile

The British-German start-up closed a €100m Series B on 2 November, co-led by Lightspeed and General Catalyst with Plural, 201 Ventures and Germany's SPRIND. Its HS-1 flew at more than Mach 6 and over 300km in February. No production contract has been confirmed.

Venture capital is funding Europe's deep strike ahead of governments — the UK–German programme (no. 4) is the obvious first customer.

Sources: UK Defence Journal — https://ukdefencejournal.org.uk/hypersonica-raises-a-hundred-million-for-deep-strike/ · ADS Advance — https://www.adsadvance.co.uk/hypersonica-100m-series-b-hypersonic-missiles/

• FN Browning completes its takeover of Accuracy International

Belgium's FN Browning Group has completed the purchase of Portsmouth sniper-rifle maker Accuracy International, which keeps its name. The group says it is now the UK's only manufacturer of military machine guns and rifles.

A Belgian group now holds the UK's small-arms base: European consolidation reaches sovereign capabilities that London once kept national.

Source: UK Defence Journal — https://ukdefencejournal.org.uk/fn-browning-completes-takeover-of-accuracy-international/

• Germany's Mehler buys control of Bulgaria's MARS Armor

Mehler Systems signed on 29 October to acquire a majority stake in MARS Armor, a Kostinbrod-based maker of body armour, helmets, shields and demining protection; terms were not disclosed and the brand stays.

Personal protection is consolidating around German groups with lower-cost plants in eastern Europe.

Source: Defence Industry Europe — https://defence-industry.eu/mehler-systems-agrees-to-buy-majority-stake-in-bulgarias-mars-armor/

AGENDA

Date	Event	Why it matters
3–6 Nov	Euronaval 2026 (Paris)	EPC venture, naval drones, Stratus RS (nos. 1, 2, 4)
5 Nov	Rheinmetall and Leonardo nine-month results	Rheinmetall cuts guidance and falls more than 16%; Leonardo raises its order target (no. 11)
11–12 Nov	European Defence Innovation Forum (The Hague)	Industry and investors; production lessons from Ukraine
November	French parliament votes the 2027 budget	€63.4bn for defence (no. 1)
November	Second reading of Ukraine's 2027 budget	$107bn for security and defence

Date	Event	Why it matters
Date not set	SAFE second-round tentative allocations	Two weeks after the application deadline; €21.3bn on offer (no. 12)
27 Nov	Rheinmetall capital markets day	First full explanation after the second guidance cut (no. 11)
11 Dec	US stopgap funding expires	First test for the Democratic Congress (no. 15)
Early 2027	Swiss air-defence decision	Barak MX or SAMP/T NG
2027	Serial deliveries of Patria 6x6 to Germany	KNDS final assembly at Freisen
Jul–Sep 2027	US Navy UJTS award	Leonardo M-346N favourite (no. 16)
Late 2027	Australia selects the LAND 6504 platform	Open air-defence competition
2028	Canada's first F-35s arrive in Canada	88-aircraft fleet

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	◆	Saab AI flies Gripen E (no. 6); French naval drone initiative (no. 1)	Germany's CCA options have US roots (no. 5); Saildrone builds in Norway (no. 18)
3. Deep strike	▲	UK–Germany 2,000km+ weapon; Stratus RS; Taurus on Gripen; Hypersonica €100m (nos. 4, 7)	—
4. Air and missile defence	◆	HYDEF2 grows to 16 countries (no. 14); airborne laser demonstrator (no. 6)	PAC-3 funding now with Congress (no. 15)
5. Satellites	=	—	—
6. Space launch	=	—	—
7. Persistent ISR	=	—	—
8. Military cloud and AI	▲	Saab's in-house combat AI and cloud-native 9LV (no. 6, brief)	—
9. Strategic transport	◆	Kazakhstan completes its A400M order (brief)	Greece picks Brazil's KC-390 (no. 10)
10. Electronic warfare and SEAD	▲	Stratus RS includes an air-defence suppression role (no. 4)	—

SIGNAL OF THE WEEK

Europe is paying for its own deep strike; the American missiles defending it now wait on a Democratic Congress.

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