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Leading without Entanglement

Maintaining Britain's independence in the face of EU Defence Integration

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Executive Summary

As the European Union renews its push for a defence union, the United Kingdom is at an important juncture for its defence and its security.

Amid the war in Ukraine and renewed US calls for greater burden-sharing, the Labour Government has moved to "reset" Britain's relationship with the EU. This new posture is set to trap Britain in the EU's defence harmonisation project.

Though it is in Britain's interest to defend the security of the European continent, it must avoid entanglement in the emerging EU military and defence-industrial architecture, and safeguard its sovereignty.

To do so, it should adopt a posture of assertive leadership, making the most of its defence and intelligence capabilities. This should include:

- **Protecting British sovereignty:** Britain should set firm red lines in any negotiations to avoid entanglement in commitments such as the Common Foreign and Security Policy (CFSP), or protectionist defence-trade rules that are solely in the interest of European corporates.
- **Strengthening NATO:** Britain should work with the US to prioritise NATO-led initiatives instead of the EU's defence project, which is designed to create a peer-competitor to NATO.
- **Focusing on bilateral ties:** Britain should focus on intergovernmental partnerships like the Joint Expeditionary Force (JEF).

By leading decisively, Britain can reinforce European security, maintain global reach, and uphold its sovereign interests.

Context

How should Britain approach its defence and security relationships with Europe in the post-Brexit era? Russia's war in Ukraine, US demands for greater European burden-sharing, and the EU's desire to create its own security architecture have changed Europe's geopolitical landscape.

Britain is a major contributor to European security, primarily through its NATO commitments. However, since its departure from the European Union, it has had to contend with growing EU ambitions to develop a "defence union" to achieve strategic autonomy. The Prosperity Institute covered the threat that this poses to Britain in detail in *BREAKING RANKS: The Challenge of EU Defence Integration to the United Kingdom.*

As part of the Government's desire to "reset" relations with the EU, it has agreed to a defence partnership, at the UK-EU summit on 19th May 2025.

Britain and its European allies must commit greater resources to defence. But strengthening collective security and encouraging the emergence of an EU defence competitor are distinctly separate outcomes, the latter of which is not conducive to British security interests.

The proposed security pact subordinates British security interests to those of the EU, by giving European institutions influence over British security arrangements and requiring British companies to comply with restrictive regulations governing intellectual property.

Rather than accept this bad deal, Britain should pursue a strategy of assertive leadership in European security, using its considerable military and intelligence assets to further British interests. This entails:

- Setting red lines in negotiations with the EU to ensure that British sovereignty and British defence firms are not compromised by the deal and being prepared to abrogate or reject formal partnership if the terms remain unfavourable.
- Investing in NATO-led initiatives aimed at improving joint procurement and interoperability among allies, rather than encouraging EU-led alternatives.
- Strengthening European collective security through bilateral and intergovernmental groupings, such as the Joint Expeditionary Force, and prioritising partnerships with allies meeting NATO spending commitments.
- Acting as an intermediary between the US and European allies to address questions of burden-sharing within NATO.

Britain's European Security Dilemma

The security of the Euro-Atlantic is a first order defence and foreign policy priority for the United Kingdom.[1] In maintaining this objective, it faces a dilemma in its approach to European defence: advancing British interests while avoiding entanglement in the centralised security architecture being developed by the European Union.

Russia's invasion of Ukraine in 2022 has challenged the European security consensus. Additionally, the US's longstanding aim to rebalance defence burden-sharing in the Euro-Atlantic and increased focus on Asia has reinvigorated a desire among certain European states to pursue strategic autonomy.

Renewed European investment in security is welcome, though there are three major pitfalls which pose a threat to Britain:

1. The potential emergence of an EU defence structure risks undermining NATO, the bedrock of Euro-Atlantic security.
2. Entanglement in the EU defence structure would have a detrimental impact on the competitiveness of Britain's defence sector.
3. The potential deterioration of security relations between the US and European allies could place Britain in the uncomfortable position of having to pick sides, between its allies.

Avoiding these pitfalls would require not only active leadership in European security affairs, but assertive leadership – in which Britain is unafraid to use its significant defence and intelligence assets to shape European defence policy.

1 Outlined in the Government's Integrated Review of Security, Defence, Development and Foreign Policy in 2021, and reaffirmed in the Review "refresh" in 2023. See HM Government. (2021). *Integrated Review* (link) and HM Government. (2023). *Integrated Review Refresh* (link)

A Changing Strategic Context

Russia's Invasion of Ukraine

Russia's invasion of Ukraine in 2022 highlighted several weaknesses within the Euro-Atlantic security architecture, notably:

- The significant disparity between US and European aid to Ukraine in absolute terms, especially regarding direct military aid.
- The relative disparity in support given to Ukraine by various members of NATO and the EU.
- Reluctance in Europe to increase defence spending until 2024/2025, with more firm commitments coinciding with an increasing likelihood of a Trump administration.[2]
- Diverging views among allies as to how to end the conflict, most notably characterised by the Trump administration's possible willingness to recognise Russian-occupied areas of Ukraine in return for a peace deal.

Britain's leading role in supporting Ukraine reaffirmed its commitment to European security and enhanced its standing, particularly among Central and Eastern European countries. Europe's relative weakness compared to the US has accelerated European defence spending and capability development, creating opportunities for UK-European defence industrial cooperation. However, it should also reaffirm the continued importance of US security guarantees and the need to maintain cohesion among allies.

The United States and Euro-Atlantic Security

While the US has maintained a longstanding commitment to the defence of the Euro-Atlantic, two main strands of thinking are prompting a change in security policy.

The first of these is US frustration at the relatively low levels of defence spending by other nations in NATO. The second is the push to redirect resources and materiel towards the Indo-Pacific to help prevent a potential conflict with China. While this shift has been apparent in US policy thinking since at least the Bush administration, it has taken on a renewed importance under the incumbent Trump administration, which has implied that US guarantees of collective security are contingent on adequate military spending by members of NATO.[3]

At the same time, it would be premature to conflate frustration about burden-sharing with a radi-

2 Despite conflict resuming in Ukraine in early 2022, increases in defence expenditure among NATO's European members and Canada increased by only 3.7% and 9.3% in 2022 and 2023 respectively, rising to 17.9% in 2024. Similarly in 2023 only 10 NATO members were reaching the alliance's 2% defence spending commitment, rising to 23% by the end of 2024 – all coinciding with increasing public dissatisfaction from the Trump campaign on allied defence spending. NATO Public Diplomacy Division (2024) Defence Expenditure of NATO Countries (2014-2024) (link)

3 Hunnicutt, Trevor. *Trump: If NATO members don't pay, US won't defend them.* 7th March 2025. Reuters. (link)

cal change in US posture.[4] The Trump administration continues to support the Washington Treaty, including Article 5 of NATO. While its position on Ukraine has diverged from its European allies, it continues to provide military and intelligence assistance and is looking at alternative ways to sustain long-term security support such as via the 2025 US-Ukraine Minerals Agreement.

EU Strategic Autonomy: Ambition and Reality

The EU, which has long harboured ambitions to become a geostrategic actor, has responded to this changing context by accelerating its planning for "strategic autonomy".[5] This has included the creation of new defence funding mechanisms, such as the European Defence Industry Reinforcement through common Procurement Act (EDIRPA), the Act in Support of Ammunition Production (ASAP), and more recently, Security Action for Europe (SAFE), a €150 billion loan instrument to finance joint defence procurement. The EU has also looked at expanding its Permanent Structured Cooperation (PESCO) projects, aimed at harmonising EU defence cooperation among Member States.

However, long term ambitions for EU Strategic Autonomy face several challenges, some of which may prove fatal to the aims of the project. These include:

- **Expediency** – The tension between European nations pushing for rapid rearmament (and are therefore willing to purchase off-the-shelf military kit from third-country suppliers), and those calling for Member States to spend within the EU to stimulate the bloc's defence industry.
- **Resources** – The reluctance of some Northern European nations to issue joint debt for defence investment, while some Member States want to redefine military spending to allocate EU resources to domestic infrastructure or climate change initiatives.[6]
- **Sovereignty** – The varying levels of commitment by Member States to EU initiatives, given their own domestic priorities, national defence industries, as well as commitments to NATO.

Unlike NATO, the EU has chosen to pursue a supranational approach to strengthening defence capabilities, linking defence-industrial cooperation to Single Market membership, as well as restricting conditions on third-party participation.

UK Post-Brexit Security Interests

The security of the Euro-Atlantic and the emergence of a separate EU security architecture are therefore two distinct, and potentially competing, ambitions. The latter poses risks for the UK, through the potential undermining of NATO through alternative structures.

Advancing UK security interests requires Britain to lead through separate and bilateral engagement, while avoiding institutional arrangements that compromise sovereignty, limit flexibility of action, and create protectionist defence-trade arrangements (especially via the exclusion of US defence firms).[7]

4 Omand, Sir David. Evidence session of the House of Commons Joint Committee on National Security Strategy. 28th April 2025. (link)

5 Tylecote, R, and Baker A. (2024) Breaking Ranks: The Challenge of EU Defence Integration to the United Kingdom. Prosperity Institute (link)

6 For instance, Spain has called for the definition of "defence spending" to be broadened to include cyber security, anti-terrorism and combating climate change. Jopson, B. *Spain's Pedro Sánchez calls for cyber and climate to count as defence spending.* Financial Times. 13 March 2025. (link)

7 Such as the €150bn Security Action for Europe Scheme (SAFE), which excludes weapons systems where a non-EU or approved third country has design authority, effectively excluding the US.

Dangers of EU Defence and Security Arrangements

Restrictive Third-Country Participation

The EU seeks to pursue strategic autonomy by consolidating defence and foreign policy decision-making at the European Commission level, while employing protectionist policies to support its defence-industrial base.

The clearest example of this is the European Defence Fund (EDF), which imposes restrictions on third-country companies in its funding eligibility and award criteria.[8] The fund requires third-country entities, such as UK and US defence companies, to contribute to enhancing the strategic autonomy of the EU, as well as to comply with intellectual property regulations. Technology or defence products developed using EDF funding must remain under EU control, limiting the Britain's ability to retain ownership or commercialise innovation.[9]

Limited Decision-Making

As EU defence and foreign policy is designed with the explicit aim of advancing strategic autonomy, participating in EU defence initiatives risks undermining flexibility in UK policy. For example, participation in EU Common Security and Defence Policy (CSDP) missions only enables limited influence in mission planning and execution.

Formal EU initiatives also run against Britain's security interests in the Euro-Atlantic by constraining independent decision making. As a major military power and contributor to European security, Britain must prioritise arrangements that reflect its contribution and allow it to shape strategic direction.

Collective Defence vs. Supranational Defence

Europe's direction of travel on defence and security increasingly reflects the EU's supranational character, with the European Commission playing a greater role in defence-industrial policy and defence planning. This is reinforced by the Commission's sustained push to widen the use of Qualified Majority Voting on defence issues, further centralising policy-making at the expense of individual Member States.[10] This contrasts with Britain's preference for intergovernmental cooperation based on sovereign decision-making and flexibility, such as through NATO.

Such preferences also apply to defence-industrial development, and there are considerable risks

8 European Commission. (2021). `Regulation (EU) 2021/697 of the European Parliament and of the Council of 29th April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/109, Official Journal of The European Union. (link)

9 Tylecote, R, and Baker A. (2024) Breaking Ranks: The Challenge of EU Defence Integration to the United Kingdom. Prosperity Institute (link)

10 Qualified Majority Voting is a system used by the European Council for votes on defence and foreign policy proposals put forward by the Commission or the High Representative for Foreign Affairs. For further detail on its increased use in EU policymaking see Tylecote, R and Baker A. (2024) Ibid.

that an increased role for the European Commission in defence will create additional regulatory barriers that stifle defence innovation (this is also visible in the EU Commission's approach to AI regulation, which – despite containing a carve out for military applications – is stifling the wider AI sector, thereby preventing spillovers into the military space).[11]

The UK's departure from the EU was motivated in part by a desire to avoid further integration into supranational structures. Any defence and security partnership with the EU must respect this fundamental choice and avoid arrangements that could lead to creeping integration or the erosion of sovereignty.

If a prerequisite of the state is its monopoly on violence, then the potential ceding of defence duties to the EU poses an existential risk to the viability of the UK as an independent nation.

11 Powell, Rosamund. (2024) The EU AI Act: National Security Implications. The Alan Turing Institute (link)

Strengthening NATO through increased burden-sharing

NATO as the cornerstone of European Defence

While NATO remains the cornerstone of European defence for the UK and for most countries in the Euro-Atlantic region, the current geopolitical climate requires committed investment to improve European resilience and to address US concerns about burden-sharing. The challenge for European countries is to undertake rapid and sustained investment in defence and defence-industrial capacity.

As the second-largest contributor to NATO in terms of defence spending, and having committed to spend 2.5% of GDP on defence by 2027,[12] the UK is well positioned to encourage European allies to make greater domestic defence commitments.

In addition to defence spending, Britain should take the lead in encouraging greater use of several existing NATO instruments designed to address some of the challenges outlined in this briefing. These include:

- **Encouraging greater European nation-state participation in NATO's Defence Production Action Plan**, which aims to facilitate joint weapons procurement, support defence-industrial supply chains, and increase interoperability.
- **Capitalising on the alliance's Defence Innovation Accelerator for the North Atlantic (DIANA)** being hosted in London and exporting best practice to outposts across Europe.
- **Pushing the EU to drop duplicative legal and regulatory requirements for companies taking part in NATO-led logistical and procurement initiatives** such as those overseen by the NATO Support and Procurement Agency (NSPA) and the NATO Communications and Information Agency (NCIA), which are already subject to stringent compliance requirements.

Bilateral and Regional alternatives

As part of its leading role in Euro-Atlantic security, Britain has developed several other bilateral and regional security arrangements with European allies. It should continue to invest in these arrangements as a way of enhancing collective security, retaining influence in the security planning of its European allies, and to develop a counterweight to an emerging EU defence architecture. These arrangements include:

- The Joint Expeditionary Force (JEF), which represents the most successful model of UK leadership in European Security outside EU structures and recently developed a new

12 HM Government (2025) *Prime Minister sets out biggest sustained increase in defence spending since the Cold War, protecting British people in new era for national security.* (link)

UK-led system to track threats to regional undersea infrastructure.[13] The JEF is a UK-led framework that brings together ten Northern European nations for rapid response and expeditionary operations.

- The UK's long-standing defence relationship with France, reinforced through the 2010 Lancaster House Treaties. This relationship encompasses operational cooperation through the Combined Joint Expeditionary Force (CJEF), capability development, and nuclear cooperation through the Teutates Treaty.[14]
- UK-German defence cooperation, and the 2024 Trinity House Agreement, which aims to increase defence-industrial cooperation and long-range strike weapons development.
- Britain's participation in continental defence partnerships, such as the German-led Sky Shield, as well as the European Long-Range Strike Approach, provided that these initiatives do not come to be contingent on EU funding and oversight.

These arrangements demonstrate Britain's ability to maintain and enhance European security co-operation outside the EU's security architecture, focusing on practical military cooperation rather than institutional integration. They are in keeping with Britain's preference for intergovernmental collaboration in defence.

13 Ministry of Defence (2025) Joint Expeditionary Force activates UK-led reaction system to track threats to undersea infrastructure and monitor Russian shadow fleet. (link)

14 Ministry of Defence (2024) The UK's nuclear deterrent. (link)

The UK-EU Defence Partnership – a strategic miscalculation?

On 19th May 2025, Britain and the EU concluded a Security and Defence Partnership, establishing a general framework for security cooperation that focussed largely on creating standing dialogues through which officials could discuss cooperation on regional security, crisis management, maritime security, cybersecurity and other domains.[15] While the agreement facilitates UK involvement in EU CSDP missions, it does not grant British companies access to the €150 billion SAFE instrument, as the EU made it clear that potential access is contingent on further negotiations and the conclusion of an additional administrative agreement.[16] Under the current arrangement, it seems that the Government has conceded to EU demands to formalise defence and security cooperation through various dialogues, while receiving nothing of substantial value in return.

This partnership, and the Government's broader ambitions in this area have the potential to harm UK security interests in the following ways:

- By formalising the relationship between British and EU defence initiatives, the agreement implicitly advances the development of an alternative EU security architecture, which may detract from NATO, and over whose policy the UK will have limited influence.
- The grouping of various areas of security policy under one formal agreement limits Britain's ability to use its significant capabilities in areas such as intelligence and cyber, to encourage European allies to pursue mutually-beneficial security policies.
- EU protectionist measures designed to stimulate the bloc's defence industry would still place British companies at a disadvantage, harming British commercial interests as well as the efficiency and competitiveness of the European defence industrial sector.
- EU insistence on standardisation and greater interoperability is at best duplicative given pre-existing NATO standards, and at worst could undermine collective security if these diverge from NATO. This anti-competitive measure would also benefit European defence corporates to the detriment of UK defence firms.
- Given the EU's top-down and burdensome regulatory regime, additional compliance requirements for British companies may harm their ability to take advantage of emerging defence technologies or to use any R&D that may emerge from EU-funded projects to improve their offers to the US and other allies.
- As expected, EU indications that the above agreement would be insufficient to guarantee British companies access to SAFE funding could lead to a "ratcheting effect" in which the British Government is required to make greater concessions to achieve the same outcomes.

15 Council of the European Union (2025) Security and Defence Partnership between the European Union and the United Kingdom of Great Britain and Northern Ireland. (link)

16 *Ibid.*

The British Government's motivations behind the defence pact are likely to be more symbolic than substantive, in order to secure a wider so-called "reset" with the EU and facilitate negotiations in other policy areas such as trade and freedom of movement. While it is beyond the scope of this briefing to examine these other areas, the practice of offering potentially binding security commitments as a bargaining chip to advance economic negotiations is inadvisable.

The alternative - Assertive Leadership in Europe

Britain's security interests are best served by adhering to several guiding principles:

- **Sovereignty** – maintaining decision-making autonomy and avoiding arrangements that compromise UK freedom of action.
- **Leadership** – using UK military strengths and diplomatic influence to shape Euro-Atlantic security.
- **Flexibility** – prioritising opt-in arrangements over rigid institutional commitments.
- **Practicality** – focusing on defence and security outcomes rather than institutional integration.
- **Complementarity** – ensuring that collective defence efforts strengthen rather than duplicate NATO or undermine European security.
- **Balance** – maintaining defence and security arrangements that support the UK's European, transatlantic and global commitments.

In accordance with these principles, Britain should:

- Request that the EU drop protectionist regulations and funding requirements for British companies.
- Stipulate that British (*ad hoc*) participation in joint European capability development and procurement initiatives is contingent on adherence to NATO equipment standards.
- Prioritise defence cooperation with allies who spend over 2% of GDP on defence expenditure as well as 20% of defence expenditure on equipment, to encourage allies to reach NATO guidelines.
- Work with European allies to devise alternative intergovernmental joint funding mechanisms that bypass EU budget rules.
- Consider similar alternative funding mechanisms to improve defence cooperation through NATO initiatives such as DIANA and the Defence Production Action Plan.
- Convey to European partners that EU restrictive regulatory policy in areas such as carbon emissions, mining, and AI, are detrimental to defence-industrial development, and advocate less burdensome regulation.
- Convene the US and European allies to set out a tangible action plan to expand European defence capabilities and make burden-sharing sustainable.

In pursuing these policies, Britain must be prepared to take a firm stance with allies for the benefit of collective security. As one of the two European nuclear powers and the European power with

the most advanced intelligence capabilities, Britain should be willing to use this pre-eminent status to influence European allies. It might also consider devising an enhanced intelligence-sharing offer to allies in return for greater alignment with its security priorities.

With regards to the security pact, Britain should abrogate the current deal as the provisions run contrary to the security principles outlined above. If the Government is to pursue deals with the EU, then it should set out clear red lines. This would encourage European allies to work with Britain to develop credible and mutually-beneficial defence capabilities.

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May 2025

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