Sky is the Limit? FCAS Stress-Tests EU Defence

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Maria Cojocaru



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After almost a decade of struggle and with a budget of $100 billion, the Next Generation Fighter Jet (NGF), the central pillar of the Future Combat Air System (FCAS), was officially abandoned (Nöstlinger et al., 2026). The announcement arrived during the Berlin Air Show earlier this month and was confirmed by the Élysée. "President [Emmanuel] Macron and the Federal Chancellor [Friedrich Merz] have come to the shared conclusion that the companies involved will not be able to come together to build a joint fighter jet. They acknowledge this reality", declared a German government official (Nöstlinger et al., 2026). Born in 2017 out of a political impetus in Franco-German relations, the rationale was that the depth of collaboration required by a common defence project would revitalise the partnership between the two European powers (Barrie, 2026; Möhring, 2023). With the geopolitical shifts of the past five years, including Russia's full-scale invasion of Ukraine in 2022 and the renewed pressure from Washington to

reduce European dependence on American security guarantees, the stakes grew higher. FCAS embodied the broader pursuit of European strategic autonomy, perceived as a litmus test for the continent's capacity to act as a credible defence actor.

The programme brought together France's Dassault Aviation as the lead contractor, Germany's Airbus Defence and Space, and Spain's Indra, the latter having joined in 2019 as a junior partner in what remained, at its core, a Franco-German enterprise (Vogel, 2021). Belgium acceded as an observer state in 2024, a significant development which signalled that European partners currently operating American platforms (Belgium fields both F-16s and F-35s) might, under the right conditions, consider future European alternatives (IISS Military Balance, 2024). The programme's objective was to replace the Rafale and the Eurofighter by 2040. Crucially, the NGF was only one of several pillars: the architecture also encompassed a combat cloud system and a remote carriers component, together designed to emulate the American model of a networked 'system of systems' in which manned and unmanned equipment operate together (Franke, 2025). The FCAS was moreover launched as part of a twin programme alongside the Main Ground Combat System (MGCS), the equally troubled Franco-German initiative to develop a successor to the Leclerc and Leopard 2 main battle tanks (Möhring, 2023).

But the political ambition did not match the industrial reality, a largely recurring pattern across European defence procurement endeavours. The difficulties encountered in FCAS echo earlier collaborative failures, from the prolonged development of the A400M military transport aircraft (Knight, 2016) to the collapse of the Medium Extended Air Defence System (MEADS) (Barrie & Giegerich, 2023) and, more recently, the protracted disputes over the Eurodrone programme (Hepher et al., 2026). In each case, competing national industrial interests and divergent requirements among partners generated friction that eroded timelines and trust. In the FCAS, tensions between Dassault and Airbus over leadership, intellectual property and the distribution of workshare proved irreconcilable.

Even though it was a slow, somewhat expected death, analysts are now grappling with the implications for European strategic autonomy and defence procurement. Some treat the collapse as symptomatic, above all, of the dysfunction in Franco-German relations (Momtaz, 2026). Nevertheless, the lessons of FCAS extend well beyond the bilateral relationship, as the challenges it exposed are not unique to this programme and will resurface in future multinational joint ventures. The breakdown of FCAS thus raises a broader question: what does it reveal about the structural obstacles to collaborative defence procurement in Europe?

The Question of Leadership

Leadership on multinational defence programmes is, unsurprisingly, politically sensitive. The agreement for FCAS assigned Dassault the lead on the NGF, Airbus the lead on the Combat Cloud and Remote Carriers, and Spain's Indra the lead on the sensors sub-pillar (Vogel, 2021). At the programme level, France held overall leadership of FCAS, while Germany was accorded the lead on the sister tank programme, the Main Ground Combat System (MGCS). Yet this arrangement quickly revealed that the parties held fundamentally different understandings of what leadership entails, spurring a multilayered dispute.

Tensions crystallised over the ownership of intellectual property and the conditions under which know-how would be shared between industrial partners who are, de facto, competitors. This problem was compounded by a distinctive feature of FCAS: because Europe chose not to develop a fifth-generation fighter jet, skipping a full technological generation while the United States produced the F-22 and F-35, and China advanced its J-20, the NGF would have required substantially greater investment in research and development than a conventional successor programme. As the technological leap was generational, it raised the stakes of intellectual property ownership considerably. Whichever partner held the underlying know-how for critical systems would, in effect, hold industrial leverage over the programme's future, including over maintenance infrastructure, since the right to operate maintenance centres is tied to retaining the relevant technical knowledge. In the summer of 2025, the impasse became explicit when Dassault pushed for higher autonomy in contractor selection and sought to guard its industrial know-how from transfer to German partners, terms unacceptable for Berlin (Franke, 2025). In the words of Airbus CEO Michel Schoellhorn: "If the project is being held hostage, if the rules are being questioned unilaterally and the German needs are ignored, we cannot fulfil our industrial mission" (Schoellhorn, 2026).

Germany's posture reflects a broader structural shift. Since the *Zeitenwende* announced by Chancellor Scholz in February 2022, Berlin has unlocked unprecedented defence funding and set the ambition of fielding the largest conventional army in Europe (Bundesministerium Der Verteidigung, 2026). Subsequently, Berlin has moved from a traditionally passive attitude in procurement toward one that explicitly prioritises German industrial interests. Germany has thus become not only a more committed defence spender but also a more demanding industrial partner. Whether Europe can develop a genuinely integrated defence industrial base while each major member state continues to treat collaborative programmes primarily as vehicles for advancing national industrial policy is a question the FCAS answers, at least provisionally, in the negative.

Workshare distribution represented another point of disagreement. In July 2025, reports indicated that Dassault pushed for 80% of workshare

(Siebold & Hübner, 2025). While Germany advocated for a more 50-50 approach, Spain promoted a workshare equivalent to investment: "*if we pay 33%, we get 33% of the workshare*", declared Indra's CEO, José Vicente de los Mozos (Neubert & Pugnet, 2025). The impasse over workshare percentages resurfaces the unresolved question about defence industrial sovereignty in Europe, revealing three incompatible positions that were not reconciled from the outset, and hence constantly resurface (Mölling, 2011). Dassault claimed a leadership-commensurate workshare, whilst Germany indicated a demand for parity; Spain revealed a more transactional approach, following the investment line. European defence cooperation frameworks, from NATO's juste retour principle to bilateral treaties such as the 2019 Aachen Treaty (Traité d'Aix-la-Chapelle) underpinning FCAS, create incentives to jointly enter programmes without requiring partners to settle this issue from the outset (Perot, 2019). Contrastingly, for the Eurofighter, workshares were settled when the contract was signed in 1985, and the percentages have remained unaltered since (Matthews & Al-Saadi, 2021). As long as European frameworks create strong incentives to launch joint programmes but omit a mechanism to resolve the sovereignty questions embedded in them, the workshare dispute in FCAS will likely repeat.

Distinct Arms Exports Policies

Export regulations further deepened the dispute over Europe's sixth-generation fighter jet. At the EU level, arms exports are regulated by Council Common Position 2008/944/CFSP. Its legal form as a 'common position' implies that member states retain full discretion over implementation in national law, and licensing decisions remain sovereign national prerogatives. The practical consequence is that the European Union operates, in effect, twenty-seven distinct arms export regimes, a fragmentation that represents a barrier to achieving the unified defence industrial base that Europe envisions. The issue becomes notably complex when two countries with two very different outlooks on arms exports are set to cooperate on a defence project of the magnitude of FCAS. France is the second biggest arms exporter, with Rafale being its biggest defence equipment export (SIPRI, 2026). In 2021, it closed a record $16 billion contract with the United Arab Emirates for 80 Rafale jets (Maulny, 2021), followed in 2022 by an $8.1 billion contract with Indonesia for 42 Rafale jets (Hummel & Widianto, 2022). Germany, on the other hand, is guided by strong post-war constitutional constraints in arms exports and a strong normative aversion to the use of force. Under the Kriegswaffenkontrollgesetz (War Weapons Control Act), Germany has maintained one of the most restrictive export postures among major defence producers (Franke, 2025; Terhorst & Bergs, 2026). For a jointly produced platform like FCAS, this asymmetry becomes a barrier. In the pursuit of European strategic autonomy, and given Germany's position as the continent's economic powerhouse, a serious debate about harmon-

ising national export licensing frameworks is arguably overdue. The FCAS breakdown only increases the urgency for this debate.

In the case of the 'rival' Global Combat Air Program (GCAP), Japan's position is comparable to that of Germany. Since 2014, nevertheless, Japan has been gradually loosening the self-imposed arms export restrictions. The latest development took place in April 2026, when the cabinet of PM Takaichi Sanae revised the 'The Three Principles on Transfer of Defense Equipment and Technology' (Ishimaru, 2026). Japan's gradual relaxation of export restrictions demonstrates that deeply rooted national constraints on arms exports can be reformed when strategic incentives become urgent.

Divergent Operational Requirements

France and Germany entered FCAS with incompatible operational requirements (Ataman, 2026). As a nuclear power whose current Rafale is able to carry nuclear warheads and which can depart from its aircraft carriers, from the French perspective it was imperative that the NGF enables the continuity of these capabilities (Vogel, 2021). Germany, on the other hand, which operates neither aircraft carriers nor has an autonomous nuclear posture, was not eager to support the costly development of such capabilities. These positions, which in the end were not amenable to compromise, expressed distinct strategic identities. For France, it was rooted in the *force de frappe*, an autonomous deterrent posture, and a conception of sovereignty difficult to accommodate in a joint industrial framework.

This divergence in operational requirements represents a recurring challenge in multinational European defence programmes which, if left untackled, will plague other defence cooperation programs as well. Even where allies share broadly similar threat environments, they diverge in how they interpret those threats and what role they assign to military force in response. It is a function of strategic culture rather than strategic circumstance (Vogel, 2021). Different cultures produce different doctrines which translate into different, and sometimes competing, operational requirements at the platform level. One proposed solution was developing national variations to accommodate these different requirements (Nöstlinger et al., 2026). A French aircraft designed for carrier operations and nuclear delivery and a German variant configured for conventional air missions are, in operational terms, distinct platforms. The consequent problem is the impact on interoperability. One of the main reasons for pursuing common procurement, interoperability depends on compatible operational capabilities. But a procurement model that embeds divergent national requirements into the platform itself therefore may prove counterproductive.

Conclusion

The FCAS collapse does not signal the end of European defence cooperation, but it should end the illusion that political ambition alone can

substitute for industrial agreement. Europe has produced successful collaborative platforms, from the FREMM frigate to the Eurofighter, and ongoing programmes like GCAP and MGCS suggest the impulse to cooperate remains. Yet FCAS failed at a costly moment: when Europe seeks to project unity against an assertive Russia while renegotiating its dependence on American security guarantees, the continent's most ambitious defence programme has folded. Talks suggest that work on the remote carriers and Combat Cloud may continue, but stripped of the NGF, the programme's strategic weight is diminished. The structural obstacles over leadership, intellectual property, export policy, and operational requirements are not unique to FCAS. They will resurface. The question is whether Europe's next joint venture will finally build the mechanisms to resolve them before they become irreconcilable.

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