Armament Industry European Research Group

WHICH TYPE OF ARMAMENT COOPERATION DO WE WANT/NEED?

The Case of Italy

Alessandro Marrone / Head of Defence Programme, Istituto Affari Internazionali (IAI)

January 2026

ABOUT THE AUTHORS

Alessandro Marrone / Head of Defence Programme, Istituto Affari Internazionali (IAI)

Alessandro Marrone is Head of IAI Defence Programme. He has been working at IAI since 2007, and currently manages research projects and publications related to European and transatlantic security as well as to Italy's defence policy. Since 2018, he has also Professor at the Istituto Superiore di Stato Maggiore Interforze of the Italian Ministry of Defence. Since 2016, he has been a member of the Scientific Board of the Armament Industry European Research Group (ARES Group).

The Armament Industry European Research Group (Ares Group) was created in 2016 by The French Institute for International and Strategic Affairs (IRIS), who coordinates the Group. The aim of the Ares Group, a high-level network of security and defence specialists across Europe, is to provide a forum to the European armament community, bringing together top defence industrial policy specialists, to encourage fresh strategic thinking in the field, develop innovative policy proposals and conduct studies for public and private actors.

CONTACT [PILOTS]

Jean-Pierre Maulny, Federico Santopinto, Louise Souverbie and Julia Tomasso
ares@iris-france.org
+33 (0)1 53 27 60 60

iris-france.org/ares
#ARESGroup

@AresGroup_EU

ARES Group - EU

ABSTRACT

The traditional Italian approach during and after the Cold War favoured cooperative procurement, mostly in Europe, to equip the armed forces with capabilities that national industries were not able to develop and produce autonomously. In recent years, Italy has gradually changed such approach because of both external and domestic factors, such as the rise of the defence budgets in the EU as well as a relatively stable government including a Defence Minister with a strong political vision concerning defence industrial policy. Overall, the priority of cooperative programmes is shifting towards four interrelated goals: greater operational and technological sovereignty; an equal-foot role for Italian companies with respect to international partners; higher chances for domestic industrial growth; favourable positioning concerning exports. Several recent examples confirm this shift of priorities, including the Global Combat Air Programme, the Leonardo-Rheinmetall deal on Main Battle Tanks and the Near Future Submarine procurement. Such trend will be further accelerated by the Italian use of 14,9 billion euro of SAFE loans.

Keywords: Italy | DTIB | procurement | SAFE | Crosetto | GCAP | space

THE ITALIAN TRADITIONAL APPROACH TO JOINT PROCUREMENT

During and after the Cold War Italy has pursued cooperative procurement programmes – particularly in the aerospace, naval, space and missile sectors – to acquire capabilities which national industries were not able to develop and produce autonomously. Such a cooperation on research, development and procurement aimed on the one hand to achieve better equipment for the armed forces, and on the other hand to enable national Defence Technological Industrial Base (DTIB) to grow in terms of technologies, processes, exports and internationalization. On the military side, the large scale, multifaceted, and prolonged experience in operations abroad since the 1990s influenced a new generation of officials with clearer ideas on requirements and deployability in multinational missions than in the Cold War period. At the same time, major companies like Finmeccanica/Leonardo and Fincantieri needed to start working on next generation platforms while producing in-service ones, as happened with Tornado and Eurofighter or with Orizzonte and FREMM warships, to maintain technological know-how, and this in turn fuelled joint procurement. Moreover, through cooperative programmes Rome has often pursued commonality or at least interoperability, standardization and economies of scales with partner countries (also concerning Maintenance Repair Overhaul and Upgrade (MROU), logistics and training), and critical mass on export. Commitments on joint procurement were also instrumental to ring-fence the allocated funding from budgetary cuts.

The overall results of such cooperation have been mixed, depending on a number of factors, and would deserve a case-by-case analysis that goes beyond the scope of this commentary. Broadly speaking, it is fair to say that joint procurement over time led to positive outputs concerning both the quality of capabilities and the growth of Italian companies, but also had negative implications in terms of complexity, delays and transaction costs. Moreover, in some cases cooperative programmes failed, for instance nEUROn whereby Italy expected that the initial cooperation on technologies related to and a demonstrator of an unmanned aerial system would have lead to a joint development and production which instead did not take place. In other cases cooperation lags behind, such as in the European Patrol Corvette or the Eurodrone which completed the critical design review in 2025[1] that is a decade after its launch.

[1] OCCAR, "Eurodrone Achieves Major Milestone with Successful Critical Design Review (CDR) Completion", 15 October 2025. https://www.occar.int/news/eurodrone-achieves-major-milestone-with-successful-critical-design-review-cdr-completion

THE RELEVANT DEVELOPMENTS IN ITALY AND EUROPE SINCE 2022

Since 2022, both the international security environment and the European defence market did change because of the Russian invasion of Ukraine, the second Trump administration, and the new EU initiatives on defence. In particular, military budgets have been steadily rising across Europe, and will continue to do so under NATO Hague Summit goals and thanks also to the activation of the Stability and Growth Pact's escape clause. EU funding for this sector has multiplied thanks to the 150 billion loans of SAFE and the proposed allocation of 131 billion euro on defence and space in the 2028-2034 multiannual financial framework.

At the same time, four domestic developments have had an impact on Italy's defence industrial policy including joint procurement. First, the conservative government led by Giorgia Meloni is remarkably stable by the Italian standards, being the third longest-lasting executive since World War Two – three years and counting. Second, Defence Minister Guido Crosetto has both past experience in this sector, a clear vision for defence industrial policy, and the political weight to implement it also through the enhancement of his cabinet's role in international procurement programmes. Third, after three decades of substantial stalemate around 1% GDP (1990s-2010s), the Ministry of Defence (MoD) budget has slowly increased from 22,5 billions euro in 2020 to 31,3 billions in 2025[2], and Italy has requested 14,9 billions of SAFE loans to be allocated by 2030[3]. Finally, the Meloni government's defence policy takes place within a broader context whereby public opinion pays more attention to this sector than in the past, because of the above mentioned changes in the international security environment and in the EU budgetary tools. Actually, nowadays there seems to be more "social acceptability" of military spending and arms industry in Italy than in the previous decades. As a result, the whole defence ecosystem has been energised over the past three years.

[2] Ministero della Difesa, *Documento programmatico pluriennale 2025-2027* (Rome, October 2025). https://www.difesa.it/assets/allegati/3756/documento_programmatico_pluriennale_2025-2027_pdfa.pdf

[3] Alessandro Marrone, Gaia Ravazzolo, "Il Documento Programmatico della Difesa 2025-2027: priorità, budget e domini operativi". *Affari Internazionali*, 22 October 2025. https://www.affarinternazionali.it/il-documento-programmatico-della-difesa-2025-2027-priorita-budget-e-domini-operativi/

THE NEW PRIORITIES OF ITALIAN DEFENCE INDUSTRIAL POLICY

As a result of the aforementioned exogenous and endogenous factors, Italy's approach to defence industrial cooperation, including joint procurement, has been changing. The increase of national and – above all - EU budgets nurtures the ambition for national programmes - rather than European ones - tailored to both the needs of armed forces and the capacities of Italian companies. The prevailing perception that Russia is not an imminent nor a direct threat to Italy allows to prioritize defence industrial considerations over the urgency to fill the gap of armed forces when it comes to joint procurement. The government's political vision explicitly and strongly prioritizes national interests while maintaining a pragmatic approach in favour of bilateral, mini-lateral and EU cooperation – with a preference for cooperative projects among duo or small groups of nations.

Overall, the priority of joint procurement programmes is shifting towards four interrelated goals: greater operational and technological sovereignty; an equal-foot role for Italian companies with respect to international partners; higher chances for domestic industrial growth; favourable positioning concerning exports. Several examples in recent years confirm this shift of priorities.

On next generation fighter aircrafts, Italy has negotiated hard within the Global Combat Air Programme (GCAP) with UK and Japan to achieve a balance based on 33%-33%-33% shares of the project, freedom of action and freedom of modification[4]. That balance has been codified in the joint ventures established respectively by the three national prime contractors (Edgewind), by those in charge of propulsion[5] and those responsible for electronics and sensors[6], as well as the GCAP international government organization set up to manage the programme.

Regarding the new Main Battle Tank (MBT), Italy quit the talks with KNDS and turned to Rheinmetall primarily for defence industrial reasons, by seeking a 50-50 joint venture between Leonardo and the German counterpart (Leonardo Rheinmetall Military Vehicles) and by banking on the joint development and production of a new platform rather than on

---

[4] On GCAP see Douglas Barrie et al., "The New Partnership among Italy, Japan and the UK on the Global Combat Air Programme (GCAP)". *Documenti IAI*, March 2025. https://www.iai.it/en/pubblicazioni/c04/new-partnership-among-italy-japan-and-uk-global-combat-air-programme-gcap

[5] Marco de Robertis, "Nasce il consorzio Rolls-royce, Avio aero e Ihi per la propulsione Gcap". *Formiche.net,* 11 September 2025. https://formiche.net/2025/09/difesa-caccia-gcap-avio-aero/#content

[6] Leonardo.com, "Nasce il consorzio GCAP Electronics Evolution: i partner industriali uniti per la sensoristica e le comunicazioni del caccia di nuova generazione", 09 September 2025. https://www.leonardo.com/documents/15646808/0/DSEI+London+-+ISANKE++ICS+consortium+announcement_ITA.pdf?t=1757425402033

customization of well-tested Leopard. In the meanwhile, a robust modernization of in-service MBT Ariete has been launched as gap filler, and Leonardo acquired the Iveco Defence Vehicle company which co-produced Ariete, within a broader effort to enhance the land component of the national DTIB. The Italian-German partnership covers also armoured vehicles, with the first contracts signed in 2025[7]. Italy seems to have identified at least a couple of lessons from previous cooperative programme. First, where possible, to avoid a junior role as those experienced in Eurofighter, by investing hard in a equal-foot partnership. Second, to prevent the presence of technology black boxes, as happened with F-35, again by a further economic and human resources effort on key technologies across a multi-faced programme like GCAP.

In the naval sector, the navy has launched a number of national procurement programmes with Fincantieri. The latter held a junior role in the U212 submarine cooperation with Germany, but then took the lead on the Near Future Submarines (NFS) project launched few years ago: the Italian navy requirements will be different from the German ones, and the NFS four boats[8] will have on board more Italian technology than U212.

Last but not least, the consolidation of European space sector represents an indirect confirmation of certain elements of the new Italian approach to defence industrial cooperation. Notably, the joint venture to be established by Airbus, Leonardo and Thales features an allocation of shares of 35%-32,5%-32,5% among the three companies[9], which is in line with Rome's priority of equal-foot industrial balance as epitomized by GCAP. At the same time, the creation of a European champion in the space sector is extremely important to compete with continental-size players from US, China and elsewhere, and constitutes a positive signal in terms of industrial and political will to pursue integration in a strategic sector more and more interconnected with defence.[10] Beyond space, there is not such a clear and strong will in Italy to pursue in other sectors industrial consolidation as a goal in itself: the decision rather depends on the market conditions which may turn it into a necessity. Joint

[7] Luigi Romano, "Leonardo-Rheinmetall, primo contratto per la nuova difesa terrestre italiana". *Formiche.net*, 05 November 2025. https://formiche.net/2025/11/leonardo-rheinmetall-primo-contratto-per-la-nuova-difesa-terrestre-italiana/#content

[8] Editorial Team, "Contratto per il quarto sottomarino U-212 NFS. Via libera anche per la batterie al litio e un occhio agli U-212 NFS EVO". *RID,* 26 June 2024. https://www.rid.it/shownews/6657/contratto-per-il-quarto-sottomarino-u-212-nfs-via-libera-anche-per-la-batterie-al-litio-e-un-occhio-agli-u-212-nfs-evo

[9] Jeff Foust, "Airbus, Leonardo and Thales agree to combine space businesses". *SpaceNews*, 23 October 2025. https://spacenews.com/airbus-leonardo-and-thales-agree-to-combine-space-businesses/

[10] Michele Nones, "Un accordo spaziale europeo per affrontare le sfide del mercato". *Affari Internazionali,* 18 November 2025. https://www.affarinternazionali.it/un-accordo-spaziale-europeo-per-affrontare-le-sfide-del-mercato/

procurement programmes are often considered helpful to fuel industrial consolidation provided the politico-industrial will is there.

Notably, the aforementioned novel approach to joint procurement did not yet work on European Defence Fund (EDF) calls. Over the 2021-2024 period, Italian companies achieved good results in terms of widespread participation in many projects and the related workshare, but overall lagged behind when it came to leadership: the total number of EDF projects led by Italian industries in the past four years is lower than those led respectively by French, German or Spanish companies.

Against this backdrop, Italy struggled with the concept of lead nation put forward by the European Commission within the broader Rearm Europe/Defence Readiness 2030 umbrella. At the beginning, Rome pushed back the idea that the lead of each EU flagship project had to be allocated to different member states, also because of the fear that a lead nation would have favoured its national champion. Then a reflection has begun in Italy on how to cope with such EU approach, and it is still going on at times of writing.

Finally, when it comes to the agency to manage joint procurement, Italy considers OCCAR quite cost-effective and well-tested[11]. Moreover, its legal framework is faster and less complicated than the Italian one, and this is one of the reasons Rome entrusted OCCAR to manage the national programme to procure the Pattugliatori Polivalenti d'Altura (PPA) produced by Fincantieri for the navy. However, Rome is also keen to establish ad hoc agencies to manage flagship joint procurement, as done in 2024 with the GCAP international organization now headquartered in the UK. Last but not least, during the European Defence Industry Programme (EDIP) negotiations Italy strongly supported the Structure for European Armament Programme (SEAP) as a promising tool for joint procurement and MROU among member states participating. When it comes to NATO Support and Procurement Agency (NSPA) there seem to be no strong, coherent preferences in Italy. As for EDA, for long time Italy has advocated its role as strategic EU framework for the MoDs to engage on defence policy, not just as procurement agency. However, since 2024 Italy supports the decision to entrust EDA as procurement agency of the national co-fundings for EDF projects like EMISSARY. To sum up, the Italian approach is very pragmatic concerning the organization instrument to implement a joint procurement, provided the guiding principles are agreed beforehand among participating countries.

[11] Alessandro Marrone, "What are the Main Drivers of Member States' Defence Procurement Practices? - The Italian Case". *ARES,* September 2024. https://www.iris-france.org/wp-content/uploads/2024/09/ARES_2024_09_101_Defence_Procurement_Practises_Italy_Comment.pdf

THE ITALIAN WAY TO SAFE

The novel approach and priorities for joint procurement are likely to be implemented and further fuelled via SAFE. Italy has decided to join the initiative late in comparison with other EU members, at the end of July 2025, by requesting 14,9 billion euro that means roughly doubling the annual investments from the Ministry of Defence budget until 2030. Since last July, the MoD offices have accelerated the work on the SAFE national industry programme to be submitted to the European Commission by the end of November 2025.

Considering the tight timeline to respect the SAFE procedure in term of both budget allocation and implementation, further investments on joint procurement are likely to be spread among existing or envisaged programmes. Such funds are also likely to be distributed across few dozens of projects respectively for the air force, the navy and the army. Where bilateral or minilateral cooperation is already going on, like in the missile sector, it is expected to receive extra funding. There may be an effort to launch new cooperative programmes, either with traditional EU partners like France and Germany or with new ones on NATO eastern flank, but this effort will need fast negotiations and additional personnel in the MoD to succeed due to the aforementioned delay in deciding to join SAFE.

Actually, these loans represent both a stimulus and a challenge to MoD and industries to invest more on the human resources needed to implement at least until 2030 a level of investments unprecedented for Italy in the post-Cold War period. A reflection process has been launched by the National Armament Directorate on possible changes of the way defence procurement should work in order to face such extraordinary phase, but meaningful adaptations are unlikely to be realized so rapidly to have a positive impact on the SAFE implementation. Legal and organizational frameworks have not been reformed during the first three years of the Meloni government, and it will be more difficult to do so in the last two years before the next general elections. Last but not least, Italy views SAFE and EDIP as two sides of the same coin when it comes to joint procurement: the former should incentivise cooperative programmes in the short term and the latter in the long term, therefore some degree of coordination is needed between the two tools – at least from a national perspective.

The Armament Industry European Research Group

Armament Industry
European Research
Group

2 bis, rue Mercœur - 75011 PARIS / France
+ 33 (0) 1 53 27 60 60
ares@iris-france.org

iris-france.org/ares

The Armament Industry European Research Group (Ares Group) is a high-level network of security and defence specialists across Europe. Its aim is to provide a forum to the European armament community, bringing together top defence industrial policy specialists, to encourage fresh strategic thinking in the field, develop innovative policy proposals and conduct studies for public and private actors.