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# OUT OF HIGH-SPEED IDLE

A UK-GERMAN  
AGENDA FOR DEFENCE  
TECHNOLOGY DELIVERY



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DEFENCE TECHNOLOGY DELIVERY

With forewords by

Florian Hahn & Lord Vernon Coaker

# Out of High-Speed Idle

## A UK–German Agenda for Defence Technology Delivery

### About this publication

This publication derives from “Forging the Kensington Treaty Partnership: The Strategic UK–German Defence Tech Dialogue”, convened by the Hanns Seidel Foundation at the Cavalry & Guards Club, London, on 12–13 May 2026, under the banner of the Kensington Treaty.

The dialogue brought together 33 senior policymakers, business representatives, and academic and think-tank figures from Germany and the United Kingdom. Across three working sessions, participants examined the strategic context for UK–German defence technology cooperation and the practical conditions needed to develop, finance, procure and scale emerging and disruptive defence technologies.

The discussion was conducted under the Chatham House Rule. This publication is an interpretive synthesis rather than a verbatim transcript and is written on a non-attributable basis. Findings from the dialogue were triangulated against published evidence, with factual claims, figures and citations checked against the cited sources by the authors. The authors are grateful to all participants for their time and candour, and to the colleagues who commented on earlier drafts.

The views expressed in this publication are those of the authors. They do not necessarily represent the views of the Hanns Seidel Foundation, the Federal Republic of Germany, the University of the Bundeswehr Munich, the University of Manchester, or the individual participants and their institutions.

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### Publication credits

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### Research and attribution

Publicly available evidence included in this publication is used as contextual evidence and is identified in the source list. Figures attributed to the dialogue reflect participants’ statements made during the discussion.

The dialogue remains non-attributable in accordance with the Chatham House Rule. Nothing in this publication attributes statements to a named participant or institution.

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# Table of contents

|                                |   |
|--------------------------------|---|
| Foreword by Florian Hahn       | 1 |
| Foreword by Lord Vernon Coaker | 3 |
| Executive Summary              | 5 |

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|                                                                     |    |
|---------------------------------------------------------------------|----|
| 1. Why Now, and Why Germany and the United Kingdom                  | 7  |
| 2. The Problem at the Interface                                     | 12 |
| 3. The Agenda: Seven Measures in Three Waves                        | 16 |
| 4. The Platform: A Bilateral Regulatory Sandbox                     | 20 |
| 5. Governance, Political Economy and the Limits of Bilateral Action | 21 |

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|                                 |    |
|---------------------------------|----|
| Annex: All Measures at a Glance | 24 |
| References                      | 25 |

## Foreword by Florian Hahn

Europe does not have a shortage of defence initiatives. It has a shortage of things that move from decision to deployment fast enough.

Closing that gap was the purpose of the format from which this paper emerged. It was created by the London office of the Hanns Seidel Foundation under the leadership of Dr Michael Martin Richter, together with Professor Rafaela Kraus and Professor Andrew James. The team itself reflects what the paper argues for: German and British perspectives, and analytical depth alongside policy practice, brought together rather than kept apart – which is also how the room was composed at the workshop. As a member of the Board of the Hanns Seidel Foundation, I am glad to see this kind of work coming out of our London office: bringing together people who would not otherwise sit at the same table, and making sure that what they discuss becomes something concrete – a point of departure and an impulse for action.

The uncomfortable insight of this paper is that many of the obstacles are not imposed on us by adversaries. They result from rules, procedures and institutional choices that are within our power to change: allied systems are certified twice, rules keep smaller firms out, innovators are unaware of users' needs, and companies working on defence and dual-use technologies still encounter barriers to finance. None of this is inevitable. These are institutional choices – and choices can be changed.

That is what makes this paper useful. It does not call for another declaration, another grand institution or another list of priority technologies. Instead, it asks rather unfashionable questions: Who is responsible? By when? How do we know whether it worked? And what do we stop doing if it did not?

Some of its most consequential proposals are deliberately unspectacular: recognise an ally's certification instead of repeating it; connect British and German SMEs around real capability needs; provide cross-border access to test infrastructure. In security policy, seemingly mundane mechanisms can have strategic effects.

Germany and the United Kingdom are particularly well placed to demonstrate this. Not because our economies and defence ecosystems are alike, but because they are not. Germany brings industrial depth, research capacity and the ability to manufacture at scale. The United Kingdom brings a dynamic technology and investment ecosystem and close links to transatlantic innovation. The strategic opportunity lies in combining these strengths rather than reproducing them on both sides of the Channel. The Kensington Treaty has given this ambition the framework it needed. We must now fulfil its potential.

Bavaria shows how much there is to build on. Much of Germany's new defence-technology capacity has grown up in and around Munich, close to the University of the Bundeswehr in

Neubiberg, which lies in my own constituency. The task now is to connect that capacity to partners abroad, rather than leaving it to find its own way there.

Having worked on defence policy for many years and now in foreign policy, I have seen the same pattern from two perspectives: technological strength becomes strategic strength only when it can cross institutional and national boundaries.

That is also a more useful way to think about sovereignty. Sovereignty does not mean that every European country must build everything itself. It means knowing where technological control must remain in our hands, which dependencies are dangerous – and where trusted interdependence makes us stronger. This is, to my mind, the most important reframing the paper offers. Sovereignty is something we exercise by choosing our dependencies deliberately – and, with partners we trust, by building together at a scale neither of us could reach alone.

The next phase of UK-German defence cooperation should therefore be judged less by the number of agreements we sign than by a few simple questions: Have the armed forces received something more quickly? Does it close a real capability gap? And have the users been involved throughout the development process, allowing solutions to be tested, adapted and fielded faster?

If, a year from now, a company certified in one country can enter the other market more quickly, if British and German firms find each other around concrete capability gaps, and if technologies can be tested together rather than explained twice, cooperation will have become capability.

The pieces are in place. The question is whether our institutions can move them fast enough. I hope this paper helps to make sure that they do.

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**Florian Hahn**

Minister of State at the  
Federal Foreign Office

Member of the Board  
of the Hanns Seidel Foundation

## Foreword by Lord Vernon Coaker

The United Kingdom and Germany are among Europe's largest defence spenders and two of its leading industrial and technological nations. What we do together matters: for our own security, for NATO, and for the wider European effort on which the security of our continent depends.

The Trinity House Agreement of October 2024 marked a historic step in the UK-Germany defence relationship. Agreed in the context of a deteriorating security environment and Russia's war of aggression against Ukraine, it recognised that preserving European security requires a unified response from like-minded allies. Its purpose was clear: to strengthen defence industries, reinforce Euro-Atlantic security and enhance interoperability. Its ambition was equally clear: to become a significant contribution to the wider architecture of European security and a practical means of strengthening NATO and European defence.

The Kensington Treaty has since broadened that partnership and provided a wider framework for cooperation. The challenge now is delivery. The real test is whether we can translate political ambition, bilateral agreements and institutional frameworks into capability at the pace required by a rapidly changing security environment.

That challenge sits at the centre of the United Kingdom's Strategic Defence Review and Defence Investment Plan. The SDR set out a vision of a leading tech-enabled defence power, with an Integrated Force capable of deterring, fighting and winning through constant innovation at wartime pace. It reaffirmed a NATO First approach, recognised that European allies must step up on collective security, and argued that military advantage increasingly depends upon the ability to innovate, integrate and scale capability faster than potential adversaries. The Defence Investment Plan translates that vision into action, directing investment towards artificial intelligence, autonomy, digital integration, deep precision strike, cyber, space and the industrial capacity that underpins them.

This paper takes that problem seriously and treats it as a practical one. Its authors do not begin by asking for another declaration or another grand institution. Most of their proposals work through structures that already exist. They ask who is responsible, what should happen first, how progress should be measured, and what should be stopped or redesigned if it does not deliver. Those questions are easy to state, but often uncomfortable to answer. Governments benefit from being asked them.

This work cannot stop at national borders. Modern defence capability is increasingly developed, tested and produced across allied supply chains. That is a source of strength, but only if our national systems connect. Where different approaches to certification, testing, classification, export control, procurement and finance meet, delay can accumulate without anyone intending it.

The United Kingdom and Germany bring different but overlapping strengths to this task. The United Kingdom combines a substantial defence-industrial base with a dynamic technology and investment ecosystem. Germany combines deep research and engineering capability with exceptional industrial and manufacturing scale. The opportunity lies not in reproducing those strengths, but in connecting them more effectively. That is why the practical questions explored in this paper matter. How can governments accelerate cooperation? How can industry collaborate more effectively? How can investors, innovators, researchers and defence institutions overcome regulatory, technical and financial obstacles? And how can both countries ensure that capability reaches the hands of their Armed Forces faster?

I am grateful to the Hanns Seidel Foundation for convening the dialogue from which this publication emerged, and to Dr Michael Martin Richter, Professor Rafaela Kraus and Professor Andrew James for the work that followed. Bringing together officials, industry, investors and researchers from both countries under conditions that permit candour is not easily done. Ensuring that the discussion produces a practical, testable and deliverable agenda is more valuable still.

The recommendations are the authors' own and are offered to both governments for consideration on their merits. What I welcome is the emphasis on delivery. The direction of travel is the right one: stronger capability through deeper cooperation between trusted allies.

The test is whether our cooperation equips our Armed Forces more quickly, strengthens NATO's industrial resilience, and creates greater opportunity for firms, innovators and skilled workers in both countries. If, a year from now, British and German firms are finding each other around real capability needs, testing together rather than separately, and meeting fewer avoidable obstacles when they work together, this paper will have made a valuable contribution.

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**Lord Vernon Coaker**

Minister of State in the House of Lords

# Executive Summary

Germany and the United Kingdom bring different but complementary strengths to European defence. Germany has a broad research base and deep industrial and manufacturing capacity. The United Kingdom has a strong technology ecosystem, deeper venture markets and close transatlantic links. Venture funding shows the same pattern. Over 2022–2026, the two countries together attracted between a third and four-fifths of all European venture funding in each of seven defence-relevant technology domains, but rarely in the same ones: Germany led in defence, robotics and space, the United Kingdom in artificial intelligence, quantum computing, semiconductors and cybersecurity. Neither country holds the entire pipeline from emerging technology to production at scale. Together, they can build a stronger defence technological and industrial base than either can build alone.

In May 2026, the Hanns Seidel Foundation convened senior participants from the defence ministries, procurement agencies, primes, small and medium-sized enterprises (SMEs), startups, finance and academia of both countries for a closed strategic dialogue held under the Chatham House Rule. The diagnosis was consistent across all three sessions, and one participant captured it in a single formulation: there is not a lack of ambition, there is a lack of structure. Political will exists in both capitals. The treaty framework is in place. Defence budgets are rising at a pace not seen for decades. Yet participants repeatedly described the system as running in “high-speed idle”.

This paper addresses one part of that problem, and deliberately only one: the cross-border frictions that neither government

can remove on its own. Germany and the United Kingdom run two national systems built around different legal authorities, evidence requirements and institutional incentives. What they lack is the machinery that connects them. A qualification obtained in one country is largely re-evidenced in the other. Firms in the two SME ecosystems often do not know that relevant counterparts exist. Test infrastructure stops at the border, and finance does not follow a firm across it. Reform of either national procurement system is outside the scope of this paper; that work is under way in both countries, in institutions with more authority to pursue it.

A common mechanism reinforces all of these frictions. Officials face visible consequences for accepting cross-border risk, but little institutional cost for delay. The most immediately tractable bilateral problem is therefore how procedural and financial risk is allocated. The measures below rely on deadlines for decisions and shared exposure more than on larger budgets or new institutions.

Three decisions would move this furthest in the next ninety days:

## 1. Commission the joint capability gap map.

Five named UK–German gaps, each with an identifiable buyer, funding route, test pathway and classification requirement. Every other measure depends on it.

## 2. Select one certification domain and mandate the design of a thirty-day accept-or-explain pilot.

In the selected domain, each side accepts a defined evidence package for a specified purpose, or states a specific technical reason, within thirty days.

3. Give the workstream to MECC.

The Ministerial Equipment and Capability Cooperation forum is the existing bilateral forum for equipment, industrial and capability cooperation. It does not need to be created. It needs content.

Seven measures follow, in three waves that build on one another.

**Wave 1, months zero to six**, establishes the shared facts and the institutional home at near-zero political cost: the joint capability gap map, a UK–German Defence Innovation Interface reporting to MECC, and a joint test and experimentation network.

**Wave 2, months six to eighteen**, opens the routes through which firms qualify, find partners and finance cross-border delivery: the thirty-day accept-or-explain pilot, a demand-led SME connector, and a dual-use guarantee window.

**Wave 3, months twelve to twenty-four**, changes the procedural default through a bilateral regulatory sandbox. In one bounded

domain, decisions are time-limited and, where the law permits, a defined procedural authorisation can be deemed granted unless it is refused with reasons within a fixed period. Export controls, EU dual-use rules, the German war-weapons law and Article 36 weapons reviews remain untouched. What changes is who carries the cost of delay. The sandbox comes last because legal services will find it far easier to accept this approach in month eighteen, against a published delivery record, than in month one, against a promise. It carries an eighteen-month sunset.

Each wave generates the published evidence that makes the next defensible. If only two measures are taken up, they should be the accept-or-explain pilot and the demand-led SME connector: both are inexpensive and both are measurable within a year.

Success at twenty-four months should be measured in decision-days saved, duplicate qualifications avoided, firms entering the other market and contracts signed, not in meetings held or documents adopted.

| THE CASE AT A GLANCE                                                                                  |      |                               | 7 MEASURES · 3 WAVES · 24 MONTHS                                                                      |  |  |
|-------------------------------------------------------------------------------------------------------|------|-------------------------------|-------------------------------------------------------------------------------------------------------|--|--|
| €108bn                                                                                                |      | Germany's 2026 defence budget | £298bn<br>the United Kingdom's four-year Defence Investment Plan                                      |  |  |
| Recent national estimates of defence research and development as a share of national defence budgets: |      |                               | Combined UK–German share of recorded European venture funding in defence in 2022–2026: 78%            |  |  |
|                                                                                                       |      |                               | Share of recorded German defence orders of known origin placed with non-German European suppliers: 3% |  |  |
| 1.4%                                                                                                  | 5.1% | 15.4%                         |                                                                                                       |  |  |
| Germany                                                                                               | UK   | US                            |                                                                                                       |  |  |

Sources: Bundesministerium der Finanzen (2025); UK Ministry of Defence (2026); Dealroom (2026); national estimates, see Figure 3; Wolff, Binder and Morgan (2026).

# 1. Why Now, and Why Germany and the United Kingdom

Three external shocks are compounding. The United States National Defense Strategy of 23 January 2026 formalised what had been visible for years: Washington's priorities are homeland defence and the Western Hemisphere, followed by deterring China in the Indo-Pacific, with European allies told to assume primary responsibility for their conventional defence and American support described as critical but more limited (EPRS, 2026). Legislated constraint pulls against declared strategy: the 2026 National Defense Authorization Act bars significant reductions below 76,000 United States troops in Europe without congressional certification. That may delay the practical consequences, but it does not reverse the direction. Russia has reached a wartime economy, with SIPRI putting its military burden at 7.5 per cent of GDP and its 2025 spending at some \$190 billion (SIPRI, 2026). China sits behind both as the structural supplier of the critical raw materials on which European rearmament physically depends (Hackett et al., 2025).

The war in Ukraine has rewritten what technological advantage means. By 2025, Ifri estimated that drones caused approximately 70 to 80 per cent of frontline military casualties, up from below 10 per cent in 2022 (Tenenbaum et al., 2026). And as of 17 July 2026, Ukrainian administrative data indicated that UAVs accounted for around 90 per cent of verified strikes recorded since the beginning of the year (Ministry of Defence of Ukraine, 2026). Participants described Ukraine as a constantly moving system, where advantage derives less

from technological sophistication than from speed, adaptability and cost, and from the system around each weapon rather than the weapon itself.

Europe has begun to respond. European NATO members collectively spent some \$559 billion on defence in 2025, twenty-two of them above the old 2 per cent threshold (SIPRI, 2026). Germany has become Europe's largest defence spender, its 2026 budget totalling €108.2 billion (€82.7 billion in the regular Bundeswehr budget plus a €25.5 billion tranche of the Sondervermögen), on a trajectory to 3.5 per cent of GDP in 2029 (Bundesministerium der Finanzen, 2025; Deutscher Bundestag, 2026). The United Kingdom's Defence Investment Plan converted the 2025 Strategic Defence Review into a costed four-year programme worth £298 billion, lifting the departmental budget from £68.3 billion in 2026/27 to £79.1 billion by 2029/30 and defence spending to 2.7 per cent of GDP from 2027/28, with £1.6 billion for UK Defence Innovation over the four years to 2030, at least £400 million of it a year, and at least 10 per cent of the equipment procurement budget reserved for novel technologies (UK Ministry of Defence, 2025a, 2026; House of Commons Library, 2026). Both governments have answered the question of whether to invest. The open question is how to convert investment into capability at the tempo the threat sets.

*The institutional moment is unusually favourable.*

The Kensington Treaty of 17 July 2025 builds on and incorporates commitments made under the Trinity House Agreement of October 2024. Under the Implementation Plan to its Article 22, both governments agreed seventeen Lighthouse Projects, reviewed by a Joint Cabinet every two years (UK Government, 2025). In February 2026 Germany opened the Bundeswehr Innovation Centre (InnoZBw) near Munich; the United Kingdom launched UK Defence Innovation in July 2025 (Bundeswehr, 2026; UK Ministry of Defence, 2025c). Every institution this paper asks to act exists, is funded, and is new enough to be shaped. That window will not stay open: new institutions settle into routine within a few years, and procurement cultures harden faster still. The choice is whether InnoZBw and UKDI grow up as national silos duplicating one another's work, or as two ends of a single bilateral pipeline.

*Why this pairing.*

The case rests on asymmetry rather than likeness, and the asymmetry is measurable (see Figure 1). Manufacturing accounts for

some 18 per cent of German GDP against 8 per cent in the United Kingdom, and Germany hosts seven of the world's hundred leading innovation clusters to the United Kingdom's four (World Bank, 2025; WIPO, 2025a). The distribution differs from the count: London ranks eighth among those hundred clusters, while the highest-placed German cluster, Munich, ranks twenty-seventh (WIPO, 2025b). The United Kingdom also leads on converting research into companies and on the capital that funds them. It ranks sixth globally on the Global Innovation Index against Germany's eleventh (WIPO, 2025a) and second world-wide on high-impact scientific publications, with Germany third (WIPO, 2025c), and in 2025 British startups raised more venture capital than Germany, France and Switzerland combined (Dealroom, 2026; Council for Science and Technology, 2026). To this it adds privileged access to United States technology structures and an English-speaking defence technology ecosystem.

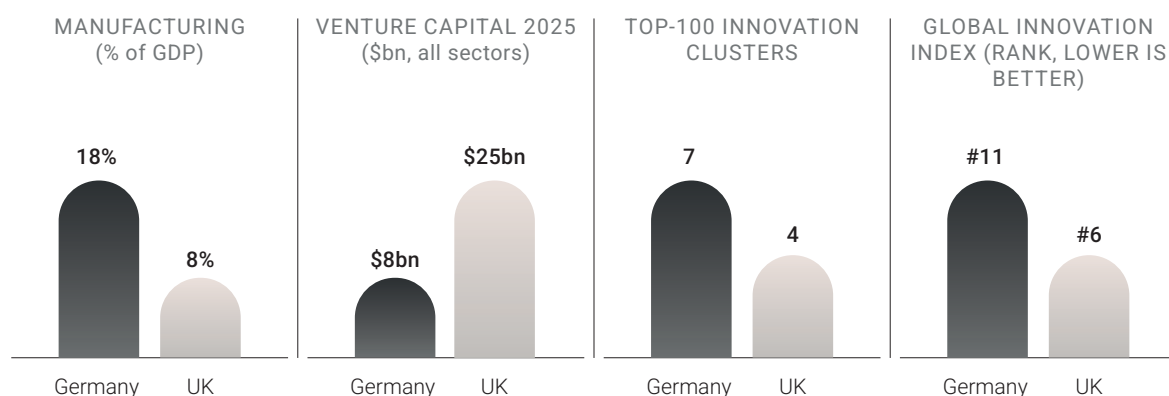


*Figure 1. Complementary rather than comparable: Germany and the United Kingdom on four measures*

Sources: World Bank (manufacturing, 2024); Dealroom (venture capital, 2025 full year); WIPO Global Innovation Index 2025 (rank and clusters). Defence research and development is treated separately in Figure 3.

These are not rankings in a competition. Germany translates research into industrial output at scale but struggles to finance the firms carrying new technology to market. The United Kingdom generates and finances those firms but has lost much of the manufacturing base needed to build at volume. A defence capability pipeline requires both, and neither country holds both. The Meteor air-to-air missile illustrates the logic. Within the UK-led six-nation Meteor programme, Germany supplied the ramjet propulsion system, illustrating how complementary national specialisations can be successfully integrated into a common capability.

The logic has moved from argument to industrial fact. Since Trinity House, German companies have committed some £800 million to the British defence industry over the coming decade, with around 600 skilled jobs expected (UK Ministry of Defence, 2025b). Rheinmetall is building a gun hall at Telford that will manufacture large-calibre artillery barrels in the United Kingdom for the first time in a decade, using British steel from Sheffield Forgemasters. Helsing is establishing a maritime autonomous-systems facility in Plymouth as part of its wider £350 million UK investment. ARX Robotics is investing £45 million in an uncrewed systems facility creating 90 jobs, and Stark is opening a drone manufacturing site in Wiltshire, its first outside Germany. Each is a German firm using British capital, engineering talent or industrial sites, alongside established linkages through BAE Systems, Airbus and MBDA.

French, EU and NATO mechanisms remain essential, but they perform different functions. France follows a distinct bilateral and industrial model through Lancaster House, the European Union supplies scale and financing, and NATO supplies standards

and alliance-wide adoption pathways. None substitutes for a practical UK–German delivery mechanism. Brexit, as the dialogue put it, created structural difference but not strategic divergence.

The two countries also anchor Europe's defence technology capital market, and in this sector more than any other. European defence, security and resilience startups raised a record \$8.7 billion in 2025, up 55 per cent in a year and now 13 per cent of all European venture funding (Dealroom and NATO Innovation Fund, 2026). Across seven technology domains, the United Kingdom and Germany together attracted between a third and four-fifths of all European venture funding over 2022–2026, and their combined share was highest in defence, at 78 per cent (Dealroom, 2026; see Figure 2). No other pairing of European states covers as much of the ecosystem. The split between them is as telling as the total. Germany's share is far larger in defence, robotics and space: in defence, it attracted 67 per cent of the European total, against 11 per cent for the United Kingdom. The United Kingdom leads in artificial intelligence, quantum computing, semiconductors and cybersecurity, and in the first three its share is at least four times the German one. Within Germany, defence technology accounted for around 17 per cent of venture capital but only some 2 per cent of deals, on a narrower defence-technology definition than the wider defence, security and resilience scope used above (Bitkom, 2026). The complementarity argued above is visible in the capital market itself.

#### *The economic dividend.*

Defence investment is often discussed as a necessary burden. Kiel Institute scenario analysis suggests that raising defence

COMBINED UK AND GERMAN SHARE OF EUROPEAN VENTURE FUNDING, 2022–2026

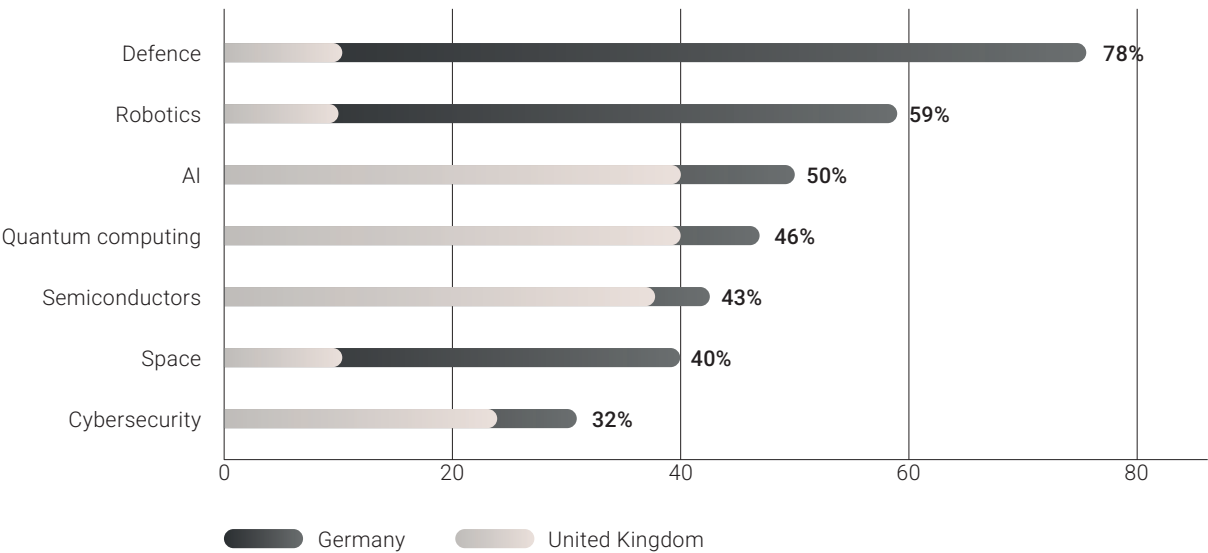


Figure 2. The United Kingdom and Germany accounted for nearly four-fifths of recorded European defence-tech venture funding in 2022–2026

Source: Dealroom, 2022–2026 data (2026 to date), all round sizes. Segments show each country’s share of the European total; the figure at the end of each bar is the combined share. Quantum computing figures are taken from an earlier Dealroom data extraction covering the same period.

spending from 2 to 3.5 per cent of GDP could leave the level of Europe-wide GDP 0.9 to 1.5 per cent higher during the buildup, depending on financing conditions and the extent to which procurement supports production and innovation within Europe (Ilzetzki, 2025). The mechanism is spillover: money spent on finished imported systems buys capability, but only production inside the industrial base generates the technological diffusion that makes defence spending economically productive (Antolin-Diaz & Surico, 2025). The conditionality governs how the figure should be read. It is a prize available if procurement composition shifts, not a return on the agenda set out here. What process reform does is remove the barriers preventing one.

Whether that condition is met depends in part on how much of the additional spending is directed at innovation rather than at replenishment, and research intensity is where the underused potential is clearest. In 2025 the United States devoted some 15 per cent of its defence budget to research and development. The United Kingdom devoted around 5 per cent and Germany under 1.5 per cent. The transatlantic gap is therefore not only a question of spending more but of spending differently, and a larger European defence budget does not by itself close it. Draghi put the shortfall in total European Union to United States defence research investment at nearly €120 billion in 2023 (Draghi, 2024).

The gap inside the pairing is the more immediately relevant one. Germany's defence budget is the larger of the two, but the share of it directed to research and development is markedly the smaller. The difference between the two countries is therefore one of composition rather than scale, and it runs in the same direction as the complementarity set out above: British strength concentrated in the early stages of the pipeline, German strength in building at volume. Read that way the asymmetry is an argument for connecting the two systems rather than a criticism of either, and it sharpens the question this paper addresses, which is whether research done on one side of the Channel can reach production on the other without being done again.

Fragmentation compounds the problem: parallel national programmes and a proliferation of platform types mean that each euro buys less capability than it would at scale. Meanwhile European governments have agreed to mobilise an additional €800 billion for defence through 2029, which BCG models as a market of up to €500 billion for firms outside the traditional defence value chain, including €220 billion of new demand in software, aerospace, automotive, electronics, telecommunications and logistics, sectors in which both countries are structurally strong (Boston Consulting Group, 2025). Because Europe cannot sustain a long-term war economy, the capacity this spending builds must be dual-use by design.

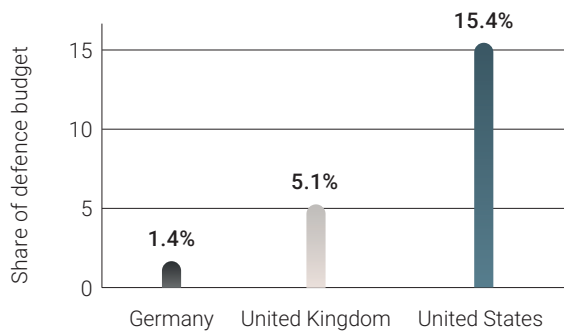


**Figure 3. Recent national estimates of defence research and development as a share of defence spending**

Sources: United States, Peter G. Peterson Foundation; United Kingdom, Ministry of Defence Departmental Resources 2025 and House of Lords Library; Germany, OECD and Bundestag. The figures are drawn from national sources rather than from a single harmonised dataset. National definitions of defence research and development differ, and the American figure covers a broader range of development activity, so the comparison indicates orders of magnitude rather than precise ratios.

## 2. The Problem at the Interface

### How this paper was produced

The dialogue. “Forging the Kensington Treaty Partnership: The Strategic UK–German Defence Tech Dialogue” was convened by the Hanns Seidel Foundation at the Cavalry & Guards Club, London, on 12–13 May 2026, under the banner of the Kensington Treaty. Thirty-three participants took part: senior policymakers, business representatives, and academic and think-tank figures from Germany and the United Kingdom.

**Scope.** Emerging and disruptive defence technologies — artificial intelligence, autonomous systems, uncrewed platforms, cyber capabilities, space applications and dual-use deep tech — together with the bilateral conditions needed to develop, finance, procure and scale them. Broader industrial, procurement and regulatory frameworks were considered where relevant, but the lens throughout was innovation-led.

**Structure.** Three working sessions: strategic framing, and what the cooperation should be trying to achieve; building the defence-tech base through innovation, procurement, financing and scaling; and making cooperation deliver through supply chains, interoperability, dual use and bilateral implementation.

**Attribution.** All sessions were held under the Chatham House Rule. Nothing in this paper attributes any statement to a named participant or to an institution, and quoted formulations are reproduced without attribution.

**Synthesis.** Findings were recorded by the three authors across the sessions and triangulated against published evidence. Where the dialogue and the literature agree, both are cited. Where a conclusion rests principally on dialogue testimony rather than published evidence, this is stated in the text.

**Limitation.** The composition of the room shaped what it concluded. A dialogue containing startups, SMEs, investors and innovation officials has a structural interest in identifying process as the binding constraint, and findings resting on the room alone carry correspondingly less weight.

**Tools.** Generative AI tools were used for drafting support, structural editing and cross-checking. All factual claims, figures and citations were checked against the cited sources by the authors, using primary sources wherever available.

There are two distinct problems in European defence-industrial delivery, and conflating them is why bilateral initiatives so often produce declarations rather than capability.

The first is national. Both countries procure more slowly than the threat environment allows. Requirements are written for certainty rather than iteration, authority to accept technical risk sits high, and the incentive facing an official is asymmetric. Neither capital has stood still: Germany's procurement acceleration legislation of 2022 and its 2025 successor raised thresholds and streamlined review, and the United Kingdom's Procurement Act 2023 and Integrated Procurement Model shortened the national cycle. Those reforms are why this paper asks for no new procurement statute, and why it does not attempt a general assessment of either national system.

The second problem becomes binding at the interface between the two systems, and requires bilateral action because no domestic law removes a duplicate qualification demanded by the other country's system, and none changes the incentives of the official who must sign. Six frictions surfaced consistently across the dialogue.

**Duplicated qualification.** A system qualified for the Bundeswehr is largely re-evidenced for British forces and vice versa, despite both countries applying NATO-compatible standards. For a startup, each duplicate cycle can consume a funding round. The extent varies sharply by domain: airworthiness, ammunition, software, cyber and land systems are not alike, and no single transferable certificate exists across them.

**Classification asymmetry.** Germany is not a member of Five Eyes, so projects touching intelligence-derived material meet a barrier

that British primes can navigate more readily than German SMEs. This is narrower than a general bar on classified industrial cooperation, and the remedy is an industry-level classification arrangement between named firms rather than full harmonisation.

**Demand signals that do not reach the firms that could answer them.** Demand signals are unevenly communicated, often reaching newer and smaller firms too late, too indirectly or in forms that are not commercially actionable, so firms outside the established supplier base have no basis on which to invest. In the large European markets, typically less than 30 per cent of procurement order volume reaches firms beyond the ten largest contractors (Kapstein, Ospital & Wolff, 2026). The dialogue added a finding the statistics miss: British and German startups routinely do not know that relevant counterparts exist, and there is no functioning bridge between the two SME ecosystems, even though roughly 80 per cent of the German defence industry association's membership consists of SMEs. Participants called this the most embarrassing of the constraints, because it is the easiest to fix.

**Test infrastructure that stops at the border.** Ranges, laboratories and exercise slots are national and access rules are not reciprocal. Without test environments there is no fast iteration, no realistic feedback, no robust qualification and no scaling.

**Export-control friction.** United States export-control rules under ITAR were repeatedly described as a structural constraint on European defence-industrial cooperation, which argues for designing bilateral systems with fewer ITAR touchpoints where feasible. The multilateral Agreement on Defence

Export Controls concluded with France and Spain provides a recent bilateral-plus mechanism to build on.

**Finance that does not cross.** ESG frameworks, dual-use ambiguity and compliance costs still deter institutional capital. Participants reported that dual-use startups in both countries have been denied ordinary banking services, and that automated compliance systems flag firms negatively on the mere appearance of the word “defence”. As one participant put it, there is one customer, and it is not buying. Capital is available at the top of the market and scarce in the middle, and no instrument follows a firm across the Channel. German venture investment overall runs at roughly 0.18 per cent of GDP against 0.65 per cent in the United States (Walther, 2025). State-backed risk-sharing can mobilise capital where conventional lenders remain unwilling to assume the exposure.

*Why the frictions persist.*

Across ministries, procurement agencies and finance, the procedural default is prohibition. Every approval must be earned and officials are rewarded for avoiding error rather than for fielding capability. The dialogue’s sharpest session returned repeatedly to the United States as the comparison, where the relevant difference is not only how much Washington spends but also how much failure it tolerates. The common mechanism is an asymmetry of consequence: an official faces visible consequences for accepting cross-border risk, and almost none for delay. The decisive interventions therefore change what the default answer is, who must justify it and by when, together with who carries the financial exposure when a firm does cross.

The founders agree with the practitioners. In the most recent German survey of defence and dual-use founders, 90 per cent called for accelerated, fast-track procurement and only one in two founders, 49 per cent, would pick Germany again (Bitkom, 2026). The survey covered 37 firms and was explicitly non-representative, which limits generalisation but is consistent with broader industry concern over procurement speed.

*What the evidence does and does not show.*

Contract-level data are consistent with this diagnosis but do not by themselves establish it. In a tracker of 736 publicly announced procurement orders, recorded 2025 order value was approximately €85 billion in Germany and €26 billion in the United Kingdom; within that dataset, Germany’s share of recorded order value classified as new-paradigm systems fell from about 21 per cent in 2020–21 to about 9 per cent in 2024–26, even as absolute expenditure in that category rose modestly (Wolff, Binder & Morgan, 2026). Because the classification is analytical and the tracker records announced orders rather than comprehensive procurement, we treat this as corroborating rather than probative. Composition is nonetheless a policy variable rather than a fixed constraint, and the declared timetable points the same way: the first military strategy of the Bundeswehr, published in April 2026, places technologically superior forces in a third phase running to 2039 and beyond, after a second phase of broad capability growth to 2035 (Bundesministerium der Verteidigung, 2026). The sequencing creates a risk that near-term replenishment crowds out investment in the technologies intended to underpin the later force.

Two further findings from the same source carry the same limitation but bear directly on the argument. Around 70 per cent of German orders in the tracker carry no final delivery date. And cross-border European procurement is close to absent: European but non-German suppliers accounted for 3 per cent of German orders of known origin, against 12 per cent for suppliers outside Europe. The 3 per cent finding is particularly relevant to this paper because, within the recorded dataset, it illustrates how limited the cross-border European procurement market remains. The bilateral market envisaged in this paper does not yet appear to function at meaningful scale.

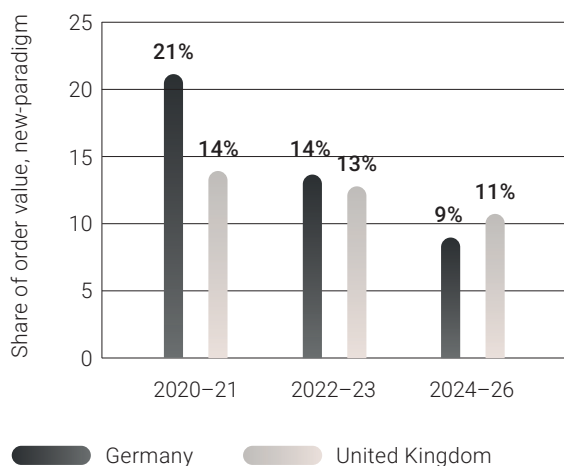


**Figure 4. Procurement composition did not follow the money: share of recorded order value classified as new-paradigm**

Source: Kiel Military Procurement Tracker. Shares are of procurement measured in monetary terms rather than of order counts, and rest on the authors' classification of new-paradigm items rather than an official taxonomy. Values checked against the source figure.

One point of scope follows from the limitation set out above. What follows is not a startup agenda. Accept-or-explain, mapped test access and cross-border finance reduce cost and cycle time for established primes at least as much as for new entrants.

### *Sovereignty.*

One strand of the dialogue reframed the question running beneath all six frictions: sovereignty does not emerge from parallel development in every country, but from selective, trust-based and resilient interdependence. This dissolves the apparent opposition between the sovereignty argument and the cooperation argument. If sovereignty is a matter of technological control rather than customs geography, the relevant questions become practical: what must remain national, what can be shared bilaterally, and where is dependence acceptable rather than strategically dangerous. Two middle powers cannot independently compete with the largest technological actors. Together, in selected technologies where British and German strengths are complementary, they can build resilient supply chains and selective advantage.

### 3. The Agenda: Seven Measures in Three Waves

The measures below are sequenced rather than listed. Each wave earns the next, not with money, but with evidence. Wave 1 costs almost no political authority, requires no new legal instrument, and produces the shared facts everything else depends on. Wave 2 opens the routes through which firms qualify, find partners and finance cross-border delivery, using the Wave 1 record as justification. Wave 3 changes the procedural default, which becomes negotiable only once the first two waves have shown what it would cost.

Every measure has been assessed against four criteria the dialogue set: speed over perfection, since a workable bilateral mechanism within eighteen months is worth more than a perfect one in five years; political durability, meaning it must survive a change of government in either capital; filling gaps rather than duplicating what NATO and the European Union already do; and NATO interoperability. Measures addressing national rather than cross-border problems have been deliberately excluded, together with three proposals raised in the dialogue that failed the tests. Both are recorded in the annex.

#### Wave 1 — Establish the architecture (months 0–6)

##### Measure 1. Joint capability gap map.

Within ninety days, ministries, military users, primes, SMEs and startups jointly identify five named UK–German capability gaps. Each is translated into a releasable industry challenge statement carrying an identifiable buyer, a funding route, a test pathway and a classification requirement. This is the prioritisation spine for everything that follows: without it there is no demand signal for the connector to match against, no domain for the accept-or-explain pilot, and no basis for allocating test slots. UKDI already publishes five core themes covering autonomy, decision advantage, logistics and support, effects and protection, against which German priorities can be mapped directly. Owners: MoD and

BMVg through MECC. Cost: existing staff time. Complete when five challenge statements are released to industry and three are selected as pilot areas.

##### Measure 2. UK–German Defence Innovation Interface.

A small standing joint secretariat, staffed from UKDI and InnoZBw, reporting to MECC and anchored to the Article 22 biennial Joint Cabinet review so that it inherits an existing ministerial cycle rather than inventing one. It owns the roadmap, the metrics and an annual joint challenge programme. Its function is not to make policy but to make delivery visible, and to be the body publicly accountable when a milestone slips. It also hosts a standing Ukraine assessment function with both armed forces, examining which lessons from Ukrainian procurement

and adaptation transfer to the bilateral pipeline and which do not: decentralised purchasing, fast proof-of-concept and tight user–developer feedback loops in particular, coordinated with NATO’s existing lessons machinery rather than duplicating it. It further runs a standing classification and export-control workstream, scoping an industry-level classification arrangement between named firms as the practical answer to the Five Eyes asymmetry. Resourcing: a small team funded from existing innovation budgets and staffed through reciprocal secondments from both ministries and procurement agencies, so that the working relationships on which delivery depends are built rather than assumed. Complete when the secretariat is stood up, the first challenge programme is launched and the first metrics report reaches MECC.

#### **Measure 3. Joint test and experimentation network.**

Map existing British and German test sites, agree mutual access rules, and open test windows inside already-scheduled bilateral exercises, with structured onboarding for SMEs and user feedback captured against each trial. Testing is a strategic bottleneck rather than a technical afterthought, and this measure requires no new legal instrument and no new estate, which makes it the most likely source of early, observable results. Owners: Dstl on the British side; on the German side the Bundeswehr Innovation Centre as coordinator with BAAINBw and the Wehrtechnische Dienststellen as delivery authorities for the physical test estate. Resourcing: existing resources. Complete when sites are mapped, mutual access rules are published and the first cross-border test window has run.

## **Wave 2 – Open the routes (months 6–18)**

#### **Measure 4. Thirty-day accept-or-explain pilot.**

A delimited pilot in one certification domain selected from the gap map. Where a system holds a valid British qualification, the responsible German authority has thirty days to accept the defined evidence package for the specified purpose or state a specific technical reason, and reciprocally for German qualifications in the United Kingdom. This is deliberately not mutual recognition and transfers no sovereign liability: it is a duty to answer within a fixed period, which converts silence from a costless outcome into a decision someone must justify. Full recognition, if it comes, follows from a record of such decisions rather than preceding it. The technical groundwork exists: the European Defence Agency’s Military Airworthiness Authorities work has developed common certification requirements over more than a decade, and the pilot should build on that body of work rather than begin afresh (European Defence Agency, no date). The pilot must specify the domain, the responsible authorities, the evidence currently duplicated, baseline time and cost, what may be relied upon, and which safety and liability decisions remain national. Owners: BAAINBw and DE&S with the relevant national certification authorities (for airworthiness, the Luftfahrtamt der Bundeswehr and the UK Military Aviation Authority). Resourcing: existing resources. Complete when the pilot has run twelve months and median decision time is published.

**Measure 5. Demand-led SME connector.**

Link BDSV/SVI Connect on the German side with ADS and Make UK Defence on the British into a single matching mechanism built around the named gaps, each match carrying a buyer, a test route and a contract template. This is not networking for its own sake; it exists to fix the finding that startups in the two countries do not know one another exist. It should be established as an operational extension of the UK–German Defence Industry Forum already agreed among the Lighthouse Projects, rather than as a new body. Owners: the industry associations, with the Interface as anchor and the annual challenge programme as the drumbeat. Resourcing: limited administrative funding, borne by the associations. Complete when the first cohort of matches has reached testing.

**Measure 6. Dual-use guarantee window.**

A joint guarantee window underwritten by KfW and the British Business Bank, covering working capital and scale-up finance for dual-use firms operating across both markets, paired with joint guidance giving banks and institutional investors dual-use clarity. This is an authors' proposal rather than a dialogue recommendation, and it is deliberately modest in form: a bilateral window under the KfW and UK public-finance cooperation already committed among the Lighthouse Projects, not a new institution. The demand signals from the Wave 1 gap map are what make the guarantees priceable. Because this asks two public banks to take on a new mandate, it should proceed in four steps rather than by assertion: a ninety-day feasibility and mandate assessment; agreement on eligibility, pricing, loss-sharing and additionality; a capped pilot window; and expansion only where additional private finance is demonstrably mobilised.

Resourcing: meaningful contingent public exposure, capped at the pilot stage. Owners: BMF and HM Treasury with KfW and the British Business Bank. Complete when the feasibility assessment reports and a capped pilot window is agreed.

**Wave 3 – Change the default (months 12–24)****Measure 7. Bilateral regulatory sandbox.**

The platform towards which the first two waves build, described in Section 4. It comes last by design, since asking legal services in both ministries to accept a deemed-authorisation regime is considerably easier in month eighteen against a published record than in month one against a promise. Within the twenty-four-month horizon of this agenda the deliverable is a sandbox established and operating under a named legal instrument at one site. Because the sunset runs eighteen months from launch, its evaluation falls at month thirty-six, beyond the agenda window. Waves 1 and 2 are fully evaluable within twenty-four months. The sandbox is the one measure whose verdict comes later. Resourcing: limited administrative funding for legal drafting and one designated site.

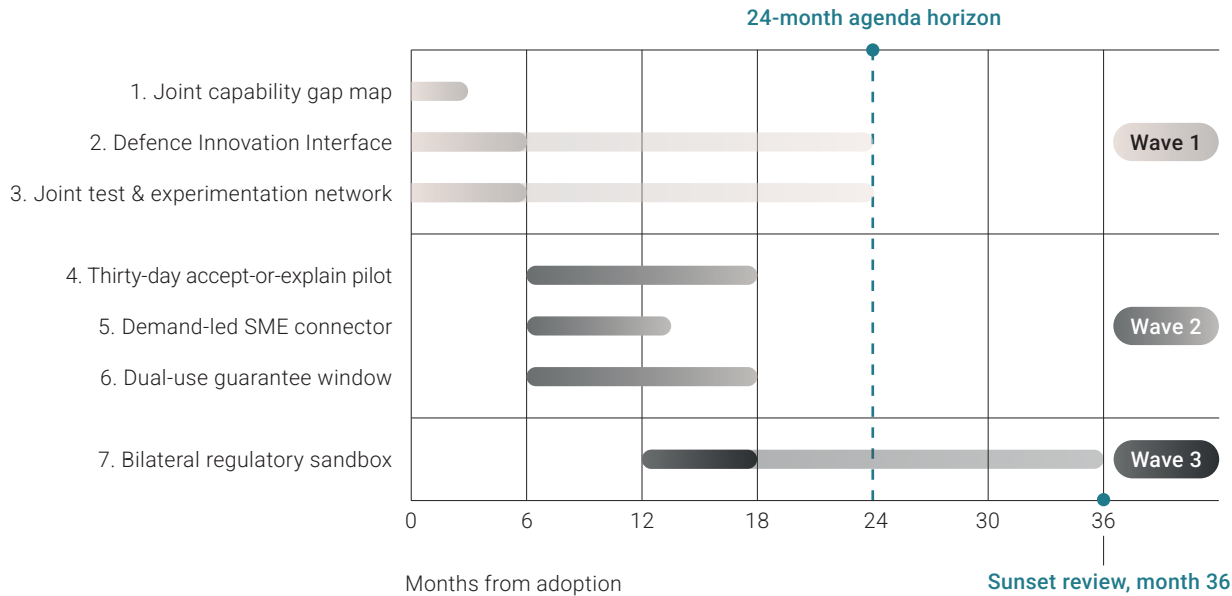


Figure 5. A 24-month delivery agenda, with sandbox review at month 36

Source: authors. Solid bars indicate establishment; shaded extensions indicate continuing operation. The sandbox is established within the agenda horizon; its sunset review falls at month thirty-six.

Three features of the schedule carry the argument. The waves overlap rather than queue, so sequencing means dependency rather than waiting. Most Wave 1 measures do not end: the Interface and the test network establish quickly and then operate continuously, which is what makes them infrastructure rather than projects. And the transitions matter specifically: Wave 1 hands Wave 2 the shared facts of named gaps and mapped sites, without which the accept-or-explain pilot has no domain and the guarantee window has no demand signal to price against. Wave 2 hands Wave 3 the published metrics without which no legal service in either ministry will accept a deemed-authorisation regime.

## 4. The Platform: A Bilateral Regulatory Sandbox

The first two waves remove friction. They do not change the culture that produces it. That requires a platform: a bounded UK–German defence-innovation zone in which the procedural default is a time-bound determination rather than indefinite inaction, outputs are aligned from the outset to specified NATO interoperability and data standards, and membership is open to allies. It attacks the asymmetry of consequence directly by creating a domain in which failure in testing is permitted, and it absorbs qualification, classification, test access and finance as features of one system rather than separate asks.

The underlying legal mechanisms are not novel. German administrative law has provided for deemed approval under § 42a VwVfG since 2008 where specifically authorised by law, and the federal Real-World Laboratories framework provides a template. Regulatory sandboxes are likewise established practice, notably through the UK Financial Conduct Authority since 2016. The proposed model transfers established instruments to a new sector rather than inventing them.

Its safety architecture is the design rather than an afterthought. Only procedural gateways to testing are accelerated. Deemed authorisation is an optional mechanism available only where expressly permitted by law, and never applies to operational fielding. Where risk is higher, silence does not approve but escalates to a named official who must decide within a fixed period. Sovereign authority over what is fielded, exported or classified remains untouched, as do export controls, the German

war-weapons law, EU dual-use rules and Article 36 weapons review. What changes is the burden of delay: unresolved inaction becomes the administration's responsibility rather than the innovator's. The specification must still settle which rule sets are in scope, the precise boundary of deemed authorisation, and the route for resolving disagreement over whether a case qualifies as low-risk.

Start small and prove it. One site, a bounded low-risk use case drawn from the gap map: counter-UAS sensing, undersea-infrastructure monitoring or secure logistics software. A named legal instrument agreed up front, a dedicated access pathway for SMEs, an eighteen-month sunset clause running from launch, and published metrics covering decision-days saved, duplicate qualifications avoided, SMEs admitted and contracts awarded. If the metrics disappoint, the sandbox closes, which is what the sunset is for. If they deliver, the model scales by technology class and by ally.

## 5. Governance, Political Economy and the Limits of Bilateral Action

*Why this is not more duplication.*

An agenda whose diagnosis is duplication owes an account of why new mechanisms are not more of the same. The record is instructive. The European Defence Agency has pursued mutual recognition of certification for over a decade with modest results, for structural rather than technical reasons: agreement among twenty-seven member states requires consensus, consensus produces framework arrangements rather than obligations, and no state faces a consequence for declining to recognise another's qualification. NATO's DIANA has succeeded in reaching non-traditional suppliers, but it is an accelerator rather than a procurement authority. Both create a venue for cooperation without altering the incentives of the officials who must act.

Three features distinguish what is proposed here. The first is arithmetic: a reply obligation is monitorable and politically enforceable between two procurement agencies in a way it is not across twenty-seven, because each side observes the other's compliance directly and each has a bilateral relationship to protect. The second is that this agenda attaches to existing governance rather than creating it. MECC already exists as the standing bilateral forum for equipment and capability cooperation; Article 22 already commits both governments to a Joint Cabinet review. Nothing here asks heads of government to invent a forum, which is the step at which comparable initiatives stall. Two measures are explicitly framed as

implementation content for commitments already agreed among the Lighthouse Projects. The third is institutional mortality: every pilot carries kill criteria, the sandbox carries an eighteen-month sunset, and the metrics are published. Of the seven measures, only one creates a standing body, hosted within existing organisations and staffed by secondment.

*The roadmap.*

A single roadmap to 2029/30 consolidates the measures, adopted through MECC and held by the Interface, with named owners, kill criteria for every pilot, and interoperability as a funding gate: no major bilateral project should receive funds without common data and software standards, NATO compatibility and defined interfaces from the outset.

Interoperability cannot be retrofitted, and making it a funding condition is what turns principle into practice. Delivery also requires dedicated capacity. Each side should name a single official with the time to pursue this agenda, rather than adding it to the duties of staff who already have full portfolios: work added to a standing to-do list is the first thing to slip, which is precisely the asymmetry this paper identifies. Kill criteria must be stated as thresholds rather than completion conditions: the accept-or-explain pilot closes if median decision time does not fall by a defined margin; the connector closes or is redesigned if fewer than a defined number of qualified matches reach testing; the sandbox

is not renewed unless defined thresholds for participating firms, trials and procurement decisions are met.

Political economy.

Governance on paper is not the binding constraint. Measure 4 asks BAAINBw and DE&S to accept a reply obligation constraining their discretion. Measure 6 asks BMF and HM Treasury to accept sector-specific contingent exposure at a time of fiscal pressure. The sandbox asks legal services in both defence ministries to accept deemed authorisation in any form. These are real concessions by identifiable institutions, and each needs a sponsor at ministerial level rather than an instruction at official level. The wave logic is designed for exactly this: the early measures cost little authority and generate the evidence that makes later asks defensible.

Political durability deserves particular attention, because it is the test most often asserted and least often designed for. Both governments face elections within the horizon of this agenda. Three design choices address it. Anchoring the Interface to the Article 22 Joint Cabinet review places the work inside a treaty-based cycle binding successor governments. Distributing ownership across ministries and two promotional banks means no single change of personnel halts the programme. And publishing metrics creates a public record a successor must actively repudiate rather than quietly abandon. None of this makes the agenda immune to a less supportive successor government; it raises the cost of reversal, which is the most institutional design can achieve.

|                      | Duplicated qualification | Classification asymmetry | Demand signals | Test infrastructure | Export-control friction | Finance that does not cross |
|----------------------|--------------------------|--------------------------|----------------|---------------------|-------------------------|-----------------------------|
| 1. Gap map           |                          |                          | ●              | ●                   |                         | ●                           |
| 2. Interface         | ●                        | ●                        | ●              | ●                   | ●                       |                             |
| 3. Test network      | ●                        |                          |                | ●                   |                         |                             |
| 4. Accept-or-explain | ●                        | ●                        |                |                     |                         |                             |
| 5. SME connector     |                          |                          | ●              |                     |                         | ●                           |
| 6. Guarantee window  |                          |                          |                |                     |                         | ●                           |
| 7. Sandbox           | ●                        | ●                        |                | ●                   | ●                       |                             |

● Primary    ● Supporting

Figure 6. What answers what: seven measures mapped against six interface frictions

Source: authors.

*Where bilateral is not enough.*

There are domains in which Germany and the United Kingdom cannot act alone, notably semiconductors, critical raw materials, space infrastructure and parts of the artificial intelligence and quantum supply chains. Coordinated engagement with European Union partners, the United States and selected allies remains essential, including France through the parallel Lancaster House track. Cooperation stays open to Ukraine, to third European partners, and to multilateralisation through NATO as the eventual destination. The timelines are calibrated to the NATO Rapid Adoption Action Plan agreed at the 2025 Hague Summit, under which allies committed to find, test and adopt new technologies within 24 months.

Finance illustrates the point. The bilateral guarantee window proposed here is deliberately narrow, and it is not an alternative to the multilateral Defence, Security and Resilience Bank now under discussion. The two are sequential rather than competing: a bilateral window tests demand, loss-sharing and pricing at manageable scale, and produces exactly the evidence a multilateral institution would need at launch. Bilateral action proves the instrument; multilateral action scales it.

The same logic applies more widely. A functioning UK–German accept-or-explain pilot would hand EDIS, EDIP and the NATO Rapid Adoption commitment the one thing European initiatives chronically lack: a working proof of concept between two major defence markets. Bilateral outputs should therefore be designed from the outset against existing NATO and European standards and definitions, so that what works can be adopted more widely rather than becoming a third national system.

The strategic logic for UK–German defence technology cooperation is unusually clean. The treaty floor is in place and the complementarity is genuine and asymmetric. The principal constraint is not a shortage of technology or aggregate capital, but the institutions through which technical, procedural and financial risk is allocated. The available evidence is consistent with what happens without an implementation architecture: spending at record levels, composition largely unchanged and delivery dates frequently unstated. The dialogue supplied the diagnosis and the framework; this paper supplies the architecture. What remains is delivery, and delivery is a choice two governments will either make or visibly decline within the next twenty-four months.

## Annex: All Measures at a Glance

All seven measures were assessed against the four tests set out in Section 3. Measures addressing national rather than cross-border problems were excluded, and three proposals raised in the dialogue failed the tests: bringing Germany into the Five Eyes arrangement, which depends on decisions taken in Washington and Canberra and cannot be delivered on this timeline; a single integrated UK–German defence market, which fails both speed and political durability; and a dedicated bilateral defence bank, because the gap is in guarantees rather than institutions. That verdict concerns a bilateral founding only and takes no position on the multilateral debate.

| Measure                                                 | Owners                                        | First delivery     | Friction addressed                                                                        | Kill criterion                                                                                                                                    |
|---------------------------------------------------------|-----------------------------------------------|--------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>WAVE 1 – Establish the architecture (months 0–6)</b> |                                               |                    |                                                                                           |                                                                                                                                                   |
| 1. Joint capability gap map                             | MoD / BMVg via MECC                           | 90 days            | Demand signals                                                                            | Discontinued if five releasable challenge statements are not issued within 120 days                                                               |
| 2. Defence Innovation Interface                         | UKDI / InnoZBw                                | 6 months           | Classification; export control                                                            | Not renewed at 24 months if a metrics report has not reached MECC in two successive cycles                                                        |
| 3. Joint test & experimentation network                 | Dstl / InnoZBw with BAAINBw–WTD               | 6 months           | Test infrastructure                                                                       | Closed if no cross-border test window has run within 9 months                                                                                     |
| <b>WAVE 2 – Open the routes (months 6–18)</b>           |                                               |                    |                                                                                           |                                                                                                                                                   |
| 4. Thirty-day accept-or-explain pilot                   | BAAINBw / DE&S with certification authorities | 12 months          | Duplicated qualification                                                                  | Closed if median decision time has not fallen against baseline by a margin set in the pilot mandate                                               |
| 5. Demand-led SME connector                             | BDSV / ADS / Make UK Defence                  | 6 months           | Demand signals                                                                            | Redesigned if the number of qualified matches reaching testing within 12 months falls below the level set at launch                               |
| 6. Dual-use guarantee window                            | BMF / HM Treasury; KfW / BBB                  | 90-day feasibility | Finance                                                                                   | Not expanded beyond the capped pilot unless the share of supported finance shown to be additional meets the threshold set in the facility mandate |
| <b>WAVE 3 – Change the default (months 12–24)</b>       |                                               |                    |                                                                                           |                                                                                                                                                   |
| 7. Bilateral regulatory sandbox                         | Both defence ministries                       | 18 months          | Cross-cutting procedural risk: qualification, classification, test access, export control | Not renewed at month 36 unless thresholds for participating firms, completed trials and procurement decisions are met                             |

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# UK–German defence technology cooperation has political momentum. What it needs now is delivery.

**Out of High-Speed Idle** sets out a practical 24-month agenda for UK–German defence technology cooperation. Drawing on a closed strategic dialogue with 33 participants from government, industry, finance and academia, it identifies six frictions at the interface between the two systems: duplicated qualification, classification asymmetry, weak demand signals, limited access to test infrastructure, export-control friction, and finance that does not cross the border.

Seven measures in three waves address them, from a joint capability gap map to a bilateral regulatory sandbox. Each has named owners, a first delivery date and a criterion for stopping it if it does not work. Success is measured in time saved, duplication avoided, firms entering each other's market and contracts signed.

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