

BREAKING
DEFENSE

E-BOOK:

2025

**Year in Review /
Look Ahead**

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Note from the editor:

Coming into 2025, the only certainty was uncertainty: Everyone expected the new Trump administration to shake things up, but no one was quite sure how.

Well, [things certainly shook](#). Defense Secretary Pete Hegseth fired generals by the handful. The Army secretary said he wants a [prime contractor](#) to die off. The Air Force [got a new fighter jet](#), but the Navy's version [is in limbo](#). The government operated under a [continuing resolution](#) all year, suffered the longest government shutdown in history, and still somehow increased defense spending, thanks to the dark magic of [reconciliation](#). (And we only got two days into the new year before the [Venezuela situation](#) exploded.)

The National Security Strategy, released in December, indicates even more changes to come, with an [unprecedented emphasis](#) on the Western Hemisphere and shots at Europe — at a time when Europe is seeing a [surge of localized defense spending](#) that could upend American manufacturers' business plans. And of course, no one is ever sure what is coming in the [Middle East](#) or [Asia](#), nor what the future of the Ukraine conflict will be.

To try and capture everything that happened in 2025, we asked our reporters for a pair of year-end pieces: a list of their five favorite stories they wrote this year, as well as an overview of what they'll keep eyes on in 2026.

You can see a selection of these below, but there are many more which can be read [by clicking here](#).

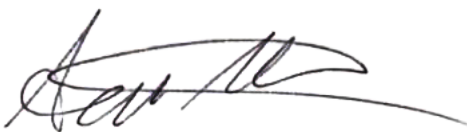
It's important to note that all this reporting comes as the Defense Department has [forced reporters out of the Pentagon](#) in an ill-advised attempt to have only hand-picked media cover the largest US government agency and the world's most powerful military.

It's important to note that the main reasons put forth by the department for new measures that ultimately forced us out of the building are spurious at best. I've [laid out the facts here](#), and that link also contains a podcast appearance where I discuss the issue. The bottom line: A free and open press remains vital to both the public and the military itself, and attempts to curtail that are fundamentally harmful to America and its interests.

I'm proud that the [major defense trade publications](#) came together to issue a joint statement that we will not be intimidated or stop covering key issues in defense simply because the current leadership at the Pentagon are scared of hard questions. In the meantime, our colleagues at the New York Times have [sued the Pentagon](#) over this issue, and I am optimistic that the courts will recognize our legal standing.

I look forward to the day when Breaking Defense, along with our colleagues, return to our desks in the Pentagon. In the meantime, we will continue to do our job — which, as the stories below show, combine deep insights into questions of policy and strategy, the best industry reporting available and, occasionally, falling down a rabbit hole of our own making for a deep dive on a subject no one was actually asking about.

Thanks for reading!



Aaron Mehta
Editor in Chief, Breaking Defense

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From Army contracting pause to Pentagon acquisition overhaul: 2025 review

In 2025, the Pentagon issued a series of directives giving the Army top cover to move out on a larger acquisition restructuring and host of program terminations.



Secretary of the Army Dan Driscoll and Chief of Staff of the Army Gen. Randy A. George join “Fox and Friends” to discuss the new Department of Defense memorandum on Army transformation and acquisition reform, at the Pentagon, Washington, D.C., May 1, 2025. (DoD/US Navy Petty Officer 1st Class Alexander Kubitza)

By [Ashley Roque](#) - December 22, 2025

After spending the bulk of the year straddling two beats — the US Army and broader Pentagon — I bid adieu to full-time service coverage, but not before digging into a host of contracting and acquisition changes flowing between the two.

With Defense Secretary Pete Hegseth taking the Pentagon’s helm this year, defense and industry sources were expecting changes related to not just instructional culture, but also how the services buy and field equipment. And Hegseth provided newly minted Army Secretary Dan Driscoll and Chief of Staff Gen. Randy George with the cover to move out with some changes in the works for some time.

Here are my five top Army and Pentagon stories from the past 12 months, ranging from a top-level acquisition revamp of the service to cutting red tape for soldiers to use small drones on the battlefield.

1. ‘What the f— is going on?’ Confusion, uncertainty in industry as Army contracts seemingly halted

Just days after President Donald Trump was sworn in to his second term in office, reports of confusion and panic started trickling in about concerns of an Army pause awarding new contracts, with one industry source asking Breaking Defense, “What the f— is going on?”

“It’s a bit of a pause and review, excluding things directly tied to readiness, modernization and people,” the Army source said, noting it “touches all aspects of the requirements and contracting process.” However, the source did not detail what sorts of programs would fall into the readiness category.

While the Pentagon later refuted a broad halt to contracts, it noted that it is possible some “activities may be paused.”

And thus kicked started a year chock-filled with acquisition news from the building.

2. Falling stars? Army weighing massive cut to generals, PEO offices and AFC power

While the Army’s top general has been working on a larger service revamp for some time with Driscoll at the civilian helm, the two began plotting course for a massive acquisition overhaul.

By late April, Breaking Defense first published that a tentative plan was circulating throughout industry cutting the number of four-star general officers, reducing the number of Program Executive Offices (PEOs) managing weapons programs, and merging Army Futures Command (AFC) with Army Training and Doctrine Command (TRADOC).

While some details about those plans emerged days and weeks later, it ultimately took another six months for the service to publicly detail the acquisition shakeup with the new Army Transformation and Training Command and the Assistant Secretary of the Army for Acquisition, Logistics and Technology, or ASA(ALT), at the top of the structure.

Under those two offices now lives six overarching Portfolio Acquisition Executives, or PAEs: Fires in Redstone Arsenal, Ala.; Command and Control (C2) and Counter C2 in Aberdeen Proving Ground, Md.; Maneuver Ground in Fort Benning, Ga.; Maneuver Air in Fort Rucker, Ala; Agile Sustainment and Ammunition in Picatinny, N.J.; and Layered Protection Plus Chemical, Biological, Radiological, and Nuclear in Fort Leonard Wood, Mo.

3. Hegseth orders ‘comprehensive transformation’ of US Army, merging offices and cutting weapons

Although it took time for the Army to unfurl its acquisition structure overhaul, at the start of May Hegseth signed an order for the “transformation” of the Army, including divesting certain formations, canceling procurement on legacy systems and merging several internal organizations.

The Army wasted no time in announcing that it would stop producing Humvees and Joint Light Tactical Vehicles, while General Dynamics Land Systems would be told to stop producing its brand-new light tank, the M10 Booker.

“The Booker is a classic example of sunk cost fallacy, and the Army doing something wrong,” Driscoll said at the time. “We wanted to develop a small tank that was agile and could be dropped into places our regular tanks can’t. We got a heavy tank.”

Also on the chopping block, is the “obsolete” Gray Eagle drone, produced by General Atomics, and an order to halt work on [its embattled](#) Robotic Combat Vehicle (RCV).

Instead, Hegseth told the service to focus on a few areas and programs, including:

- A future Precision Strike Missile (PrSM) variant with a seeker to hit moving targets on land and at sea, ready by 2027;
- Achieve electromagnetic and air-littoral dominance by 2027;
- Fielding new launched effects in every division by the end of 2026 for soldiers to use from the ground or air;
- Improve counter-UAS mobility and affordability, while also integrating those capabilities into maneuver platoons by 2026 and maneuver companies by 2027; and
- Extending advanced manufacturing, including 3D printing, to operational units by 2026.

4. EXCLUSIVE: Army taps Anduril-Meta team, plus new entrant Rivet, for IVAS recompetete

This year also saw headwinds on a new [Integrated Visual Augmentation System](#) (IVAS) hardware redo after years of questions about the fate of the troubled program.

The initial device — based off of Microsoft’s commercially available HoloLens 2 heads-up display — was plagued with soldier complaints ranging from cyber sickness symptoms like nausea and visual discomfort to software glitches.

Then after years of fits, starts and redesigns, the Army moved ahead with a plan to recompetete the hardware earlier this year and [officially asked](#) industry to submit viable options for the SBMC [competition](#).

By April, Anduril officially [assumed oversight](#) of the original multi-billion-dollar IVAS production deal which is expected to home in on the data architecture.

But the competition continued onward and in September, Breaking Defense first reported that startup firm [Rivet](#) had been selected to go head-to-head with [Anduril](#).

5. Pentagon's drone policy changes expected to help soldiers fly through red tape

For the past couple of years, Breaking Defense [has tracked](#) a central challenge of getting soldiers to use small drones — the red tape associated with losing them.

Every time a soldier loses or breaks a drone — regardless of its size or price tag — they are saddled with reporting paperwork, a mandatory investigation and possibly a loss of pay. That red tape has left soldiers hesitant to fly smaller drones and the service officials looking to reclassify ones tipping the scales below 55 pounds as expendable.

This year, [service officials said](#) they planned to clarify those Financial Liability Investigation of Property Loss (FLIPL) policies, ink a new All Army Activities memo and work with the Office of the Secretary of Defense to make changes.

Then in July, [Hegseth issued](#) the new “Unleashing US Military Drone Dominance,” directing every squad to be armed with small, one-way attack drones by the end of fiscal 2026, while also enabling troops to modify small drones as necessary in the field as part of a push to break through policy and acquisition barriers.

Those changes, one Army official explained, are expected to make soldiers less hesitant to use small UAVs.

“Army-wide fielding of advanced UAS technologies was hindered by slow bureaucratic processes, overly restrictive policies, risk averse acquisition oversight, and sluggish budget debates that stifled innovation,” Col. Nick Ryan, director of the Army Capability Manager for Unmanned Aircraft Systems, told Breaking Defense. “This new Secretary of Defense guidance cuts through that to expedite lethal UAS directly to our Soldiers.”

Next-gen air dominance and surprise new Air Force leadership: 2025 review

A look at some of the top stories that defined the air warfare beat this year.



Shown is a graphical artist rendering of the Next Generation Air Dominance (NGAD) Platform, dubbed the F-47. (U.S. Air Force graphic)

By [Michael Marrow](#) - December 22, 2025

This year had its fair share of developments in air warfare, both in the United States and abroad.

In the US, the Air Force notched a number of firsts, like the [flight of drone wingmen](#) and an award for a sixth-gen fighter. A funding boost provided by reconciliation was also critical for infusing cash into top priorities like [ramping up munitions production](#).

But other events were more turbulent. Before the calendar flipped to 2025, China revealed its own next-gen aircraft designs, kicking off a race that Beijing [could pull ahead in](#), as the Air Force's top acquisition executive warned Breaking Defense in January. Then over the course of the year, both of the service's top uniformed officials were ousted. Key venues like the AFA conference were [devoid of attendees](#) in the wake of DOGE executive orders. Programs like the Sentinel ICBM experienced unwelcome discoveries — perhaps supporting a case for a new official to [oversee some of the service's top efforts](#) — and others like the E-7 Wedgetail [faced the axe](#).

But even among all this disruption, there was a good deal of continuity. Unlike sister services in the Army and Navy, the Air Force didn't execute any sweeping overhauls. Instead, new service leadership in the Trump administration actually opted to [kill far-reaching reforms](#) initiated by Biden appointees. And after spending fights and program reviews, most of the service's top priorities emerged fairly unscathed — Wedgetail excluding, although Congress may still have something to say about that.

One program that perhaps exemplifies 2025 best is the F-35. Despite fears that figures like Elon Musk could [erode support](#) for procurement of the jet, the Pentagon held fast, though at a somewhat lower level in fiscal 2026. Facing geopolitical headwinds, customers like Denmark — whose territory of Greenland has been threatened with takeover by President Donald Trump — have [expanded their buys](#). And even in the face of [fresh setbacks](#) this year, service leaders have doubled down on the stealth fighter, describing it in a recent [report](#) as the “the foundation of the USAF fighter force structure.”

Now that we've reached the end of the year, it's worth looking back at some of the top stories that stood out in 2025. In semi-particular order, here are five of them.

1. Boeing wins Air Force contract for NGAD next-gen fighter, dubbed F-47

Hands-down the biggest air warfare story of the year was the award of the Air Force's Next Generation Air Dominance sixth-generation fighter, billed by the service as critical for countering new threats posed by China. Beyond fielding what officials say is a critical new capability, the Air Force's selection of Boeing to build what is now called the F-47 provided a crucial jolt to the planemaker's beleaguered defense business. (A special thanks to Valerie Insinna for getting this story across the finish line, since I was on a plane over the Pacific without Wi-Fi when Boeing was announced as the winner.)

The contract award also ended uncertainty introduced during the Biden administration, where officials paused the program to gather more analysis. As was [first reported](#) by Breaking Defense, that process ultimately supported the fighter's requirements, likely strengthening the case to award its contract.

But the priority on the Air Force fighter — featuring a splashy Oval Office ceremony with timeless quotes from Trump himself — may be to the detriment of its Navy counterpart. Over the objections of the Navy and Congress, Trump appointees are holding up the F/A-XX program, which Breaking Defense [reported](#) is now a dogfight between Boeing and Northrop Grumman. The main objection? Pushing F/A-XX forward, the White House has said, would put F-47 at risk.

2. Wilsbach, former ACC commander, in running to be next service chief, sources say

The ousting of former Chief of Staff Gen. David Allvin caught many in the Air Force world by surprise, particularly after he survived a [slew of firings](#) of top officials in February that included the service's No. 2 officer. But grumblings within the Air Force about a sweeping overhaul headed by Allvin [reportedly](#) helped drum the chief out of the building.

Speculation abounded about who might replace Allvin, and a seemingly unlikely candidate quickly emerged in Gen. Kenneth Wilsbach — reported here with a byline trio including Valerie Insinna and Aaron Mehta — who had until then planned to retire after leading Air Combat Command. His nomination [then appeared stalled](#) after a strange and unprecedented social media campaign boosted Global Strike chief Gen. Thomas Bussiere instead. But Wilsbach eventually broke through and was confirmed in October, leaving the service to once again be helmed by a fighter pilot.



US Air Force artist's rendering of the Sentinel in flight. (Credit: US Air Force)

3. Air Force takes first Minuteman III silo offline, in milestone towards Sentinel

The Air Force's troubled Sentinel program has led many critics to wonder whether prolonging the service's Minuteman III nuclear ICBM fleet was feasible after all, particularly after a watchdog report found the existing missiles [could be extended](#) to 2050. Nevertheless, the Air Force is moving ahead with closing Minuteman silos to hasten the Sentinel's transition, which Breaking Defense first reported in this story based on comments made at a local town hall.

The Air Force moved ahead with the closure, located at a base in Wyoming, despite major disruptions in the Sentinel plan like the need to [dig hundreds of new silos](#). To the Sentinel program's critics, shuttering the silo was a surprising move that raised questions about the Air Force's overall strategy. As the Federation of American Scientists' Jon Wolfsthal told Breaking Defense, "No one seems to have a sense of what the full plan is."

4. Mining for DOGE: Defense budget docs show \$11B in 'efficiencies,' but what are they?

OK, so this story is not really about air warfare, but it's going on my list anyway.

Many officials make different claims about what DOGE, the initiative to slash federal spending previously led by Elon Musk, actually managed to save taxpayers. That's why Breaking Defense and the American Enterprise Institute teamed up to analyze the Pentagon's FY26 budget documents to find savings spelled out in black-and-white. The documents, for their part, show \$11.1 billion in savings, largely stemming from moves like cutting consultants and travel.

But it's an open question whether all that money — potentially totaling up to \$30 billion that the Pentagon says was "realigned" — reshuffled by DOGE will actually result in greater efficiency. Experts warn that a chaotic campaign to shrink the government, featuring a steep reduction in staffing levels composed of some of the federal government's most seasoned workers, could render many of those savings illusory.

5. Eyeing risk of radar 'delays,' Lockheed proposes new F-35 fuselage design

Sometimes schedule slips for key new weapon systems are publicly broadcast in watchdog reports by the Government Accountability Office. But other times, issues with top projects like the F-35 are kept largely under wraps, making the letter from Lockheed Martin CEO Jim Taiclet, reported in this story by Valerie Insinna and myself, a rare insight into programmatic woes.

It's still not clear what exactly the status is of a radar upgrade for the F-35. But the plane has more immediate problems: despite a claim from company officials over the summer that a [critical upgrade has been completed](#), the Pentagon has still not cleared newly manufactured fighters for combat.

Artificial intelligence is everywhere: 2025 review

From the skies over Ukraine, to Chinese cyber attacks, to bureaucratic battlefields inside the Pentagon, artificial intelligence has grown from an experiment or niche product to an increasingly routine tool of military organizations.



A military command center closely monitoring radar data and intelligence feeds to track and analyze enemy troop movements across a vast desert battlefield.

By [Sydney J. Freedberg Jr.](#) on December 24, 2025

Just three years after [OpenAI's launch of ChatGPT](#) put a new form of artificial intelligence at everyone's fingertips, AI has raced through the hype cycle from obscurity to commonplace, from novelty toy to workaday tool. That's now true even for soldiers, military planners, and state-sponsored hackers around the world.

In the process, AI has become not only routinized but institutionalized. In January, newly inaugurated President Trump hosted [OpenAI and partners](#) in the Oval Office to announce what they called [Stargate](#), a plan to invest \$500 billion in new data centers, with the US military as a [major potential customer](#). By August, the Pentagon's independent Chief Digital & AI Office, [had been absorbed into the traditional Research & Engineering undersecretariat](#).

And in December, Secretary Pete Hegseth and R&E under secretary Emil Michael [announced a new website, GenAI.mil](#), to make commercial Large Language Model tools available to all three million military and civilian Defense Department personnel.

It's not just chatbots, either. The US military is testing [AI for airspace management](#) over battlefields abuzz with drones, for automated recognition of [targets like hostile tanks](#), even for [streamlining production of nuclear-powered submarines](#). Many of these tools rely on other forms of machine learning than the Large Language Models underlying ChatGPT and other generative AIs; others yoke GenAI to other, more traditional forms of software, constraining its tendency towards hallucinatory flights of fancy.

Amidst all these dizzying developments, five stories we covered this year stand out as especially significant — or ominous.

1. [Trained on classified battlefield data, AI multiplies effectiveness of Ukraine's drones: Report](#)

In March, former Ukrainian defense official [Kateryna Bondar](#) shared her latest study with Breaking Defense, a report on how her home country had harnessed AI to improve the lethal efficiency of its attack drones.

Ukraine's desperately innovative defense sector wasn't just cramming slimmed-down AI algorithms into the relatively tiny brains of the drones themselves, helping guide them the last few hundred meters to human-designated targets. It was also using widely available open-source AI models to train the targeting algorithms, crunching vast amounts of data ingested by frontline sensors.

This kind of algorithmic one-two punch — big models crunching big data on the back end back at headquarters, streamlined mini-models running on limited computer power on the front line — is increasingly the model the US military is exploring too.

2. ['No human hands': NGA circulates AI-generated intel, director says](#)

The National Geospatial-Imagery Agency (NGA) has been in the vanguard of large-scale adoption of AI. It has [too much data](#) — including imagery of almost every inch of the earth's surface — not to embrace such a powerful tool for taming it.

Even as OpenAI was rolling out ChatGPT in late 2022, NGA [was quietly taking](#) over the geospatial side of the Pentagon's pioneering Project Maven, a very different kind of AI developed to detect potential targets in surveillance video. "NGA Maven" soon became one of the agency's [most popular products](#), to the point that demand [was straining the agency's computing resources](#).

As NGA sought to streamline its provision of intelligence and unburden its human workforce, it experimented with using AI not just to analyze data, but to generate reports. By June of this year, this automated process was so far along and so normalized that the agency's director publicly declared NGA was using a new standardized report template to distinguish purely AI-generated products from human-made ones. "No human hands actually participate in that particular template and that particular dissemination," Vice Adm. Frank Whitworth said. "That's new and different."

3. [Joint Fires Network will complete transition from R&D to acquisition program Oct. 1](#)

Sometimes big news comes, not in a bang from the battlefield, but from the slowly grinding gears of the bureaucracy.

At the annual Air Force Association conference in September, the Air Force acquisition chief for Command, Control, Communications, & Battle Management (C3BM), Maj. Gen. [Luke Cropsey](#), told reporters that he was formally taking over something called the [Joint Fires Network](#). That seemingly banal move meant that the roughly [three-year-old JFN](#), until then an experimental effort, was now deemed mature and mainstream enough to become a traditional joint acquisition program.

That's a remarkable milestone for JFN, which uses AI to assign enemy targets to US weapons on a massive scale, not just across on a single battlefield but potentially across the entire Pacific theater in a future war with China. While the JFN algorithm doesn't pull the trigger, it aims to streamline the complex, laborious planning process of figuring out, across hundreds of different weapons and targets, "[who should shoot who?](#)" A military that can automate this kind of life-or-death grunt work could get more warheads on more targets more quickly with fewer inefficiencies or errors. That's a potentially war-winning advantage — if you can actually trust the AI's plans.

4. [Air Force AI writes battle plans faster than humans can — but some of them are wrong](#)

Another story from the same Air Force Association conference, however, shows the disturbing underbelly of AI-assisted war planning. The US military has been experimenting with using AI to crunch military intelligence into recommended "courses of action" (COAs), and it's found the algorithms can dramatically speed up the work compared to human staff officers using traditional software tools. In one exercise called [DASH-2](#), said Maj. Gen. [Robert Claude](#) (no relation to the Anthropic chatbot), humans generated three COAs in 16 minutes, while the AI generated 10 in "roughly eight seconds."

That averages out to the AI being 400 times faster. But the problem, Claude continued, is some of the AI plans weren't just bad, they were unworkable: They ignored some crucial nuance, like what sensors worked in what kinds of weather, that ensured the mission would fail. This is a subtler kind of problem than the [blatant hallucinations](#) of civilian chatbots, but with much higher stakes. The question for the US military is whether they can root out such errors before the shooting starts.

5. Chinese use of Claude AI for hacking will drive demand for AI cyber defense, say experts

Democratic nations like the US and Ukraine aren't the only ones innovating in AI, and in contrast to the West, authoritarian states have a higher tolerance for [collateral damage](#), physical or digital, as long as they get what they want. So it's really not surprising that a Beijing-backed hacker group is the first organization — that we know of — to use generative AI to conduct cyber attacks. As alleged by Anthropic, the hackers effectively gaslit Anthropic's [Claude Code](#) into thinking they were legitimate cybersecurity researchers and getting it to hack about 30 government agencies and private companies.

This isn't the first time that AI has been used to hack a network. What's new and unnerving here is that the AI wasn't just a tool in human hands, but the agent actually conducting the hack itself, or at least 80 percent of the individual actions required for the cyber attack. (Part of the gaslighting process was breaking up the hacks into so many small, individually innocuous actions that Claude didn't realize the nefarious nature of the overall campaign.)

What's more, this wasn't some bespoke [tailored access tool](#) developed by highly skilled government operatives inside some secret agency: It was an off-the-shelf commercial AI available to anyone with an internet connection and a credit card. Like car bombs and semi-automatic rifles, AI is now easily available everywhere.

Industry chaos, congressional clampdowns and secret CCA contracts: 2025 review

I didn't include Taylor Swift song recommendations this time, but if you're asking me my favorite tune off "The Life of A Showgirl," it's "Ruin the Friendship."



Secretary of War Pete Hegseth delivers remarks at the National War College at Fort McNair, Washington, D.C., Nov. 7, 2025. (DoW photo by U.S. Navy Petty Officer 1st Class Alexander Kubitza)

By [Valerie Insinna](#) on December 26, 2025

2025 sure was a year that occurred, huh?

Look, I'm exhausted, and so are you. In this single year, we've all lived decades. President Donald Trump was inaugurated in January, Pete Hegseth was [confirmed](#) as defense secretary just days later after a contentious nomination process, and then the news just kept coming.

Industry executives fell over themselves to position their companies for Golden Dome and to ingratiate themselves with the new administration. Congress passed a reconciliation bill with \$150 billion for defense but failed to approve a defense appropriations bill for fiscal 2025 (or 2026, for that matter).

The Army [killed](#) a bunch of its programs and the Navy [curtailed](#) the Constellation-class frigate program. The Air Force [awarded](#) its sixth-generation fighter contract, and the Navy thought about it (and didn't), and then [thought about it again](#) (but didn't, again). Taylor Swift put out maybe her worst-received album ever (and she's getting married).

Through all this craziness, we here at Breaking Defense tried to do journalism. These are some of the stories I wrote that I think were particularly good.

Readers, you've survived. I hope you and your loved ones are well.

1. ['What the f— is going on?' Confusion, uncertainty in industry as Army contracts seemingly halted](#)

A collaboration between Breaking Defense Pentagon Correspondent Ashley Roque, Editor-in-Chief Aaron Mehta and myself that saw us working deep into the night trying to substantiate rumors that the Army had shut off funding for all contracts while it conducted a review just days after the new administration took over.

We spoke to industry officials that shared emailed guidance from the department, Army officials that confirmed a review was in process, and viewed solicitations on SAM.gov that were updated to state contracting had been paused.

In the end, the Army appeared to put its foot on the brakes, taking down the language on SAM.gov referring to the pause and clarifying that the review was only targeting financial assistance related initiatives. However, the story was emblematic of the chaos that pervaded the earliest days of Hegseth's Pentagon, with both industry and those inside the Pentagon confused as to what was supposed to be happening. In the end, the quote that we featured as the story's headline said it all.

2. DEI, DOA: How the defense industry is racing to bury its diversity efforts

The workforce of the defense industry isn't one that gets a lot of attention paid to its culture, but it takes (very smart, very skilled) people to design and build sophisticated weaponry, and defense contractors must compete for that talent with more lucrative (and trendy) tech firms.

For at least the past decade — even during the first Trump administration — appealing to a diverse range of young scientists, engineers and software coders was considered de rigueur for defense companies. That changed after Trump issued an executive order forbidding government contractors from engaging in diversity, equity and inclusion efforts.

We heard about boardroom confusion about compliance, and we heard from industry officials with concerns that rolling back DEI initiatives could hurt recruitment or encourage harassment of minorities. Of course, that didn't stop defense companies from wiping all trace of DEI from their corporate websites or recruitment materials.

The impact from these changes on the make up of the defense industry might not be fully understood for years, but we tried our best to paint a portrait of the moment when the changes hit and the scramble from industry to take down websites and change documents as quickly as possible.

3. EXCLUSIVE: Navy taps four aerospace primes to design autonomous drone wingmen

It's always fun getting to break a story about cool technology. The Navy has been incredibly tight-lipped about its collaborative combat aircraft development efforts, to the point where the last time a service official made public statements about a potential CCA program was in 2024!

So imagine my surprise when I learned that the Navy was further along than it had previously described, and had recently secretly awarded preliminary design contracts to Boeing, Northrop Grumman, Anduril and General Atomics. Maybe 2026 will bring more details or even some concept art! A girl can dream.

4. 'Clean those bastards out': Small business fund used by DoD teeters on the edge

My favorite documentary of all time is "King of Kong: A Fistful of Quarters," a 90-minute film about a man trying to set the world record for the original Donkey Kong arcade game. It's also a parable about a quirky family man/former Boeing engineer turned high school teacher/down-trodden hero putting in the work to — finally — become the best at something against all odds, while battling a despicable tyrant and his cronies.

My point here is that I love media that dives deep into a niche subculture or topic while at the same time exploring things that are universal, and that's, I think, the appeal of this story.

Most people don't know or care much about the Small Innovation Research Program fund — it's wonky and small potatoes compared to the large defense programs I love covering. But the conflict between the small business who support Sen. Joni Ernst's proposed reforms and firms who contend those changes would irreversibly harm the SBIR program is chock full of drama, passion and interesting characters.

5. EXCLUSIVE: Pentagon clamps down on military interactions with Congress

Just a couple days after Defense Department leaders [ejected the Pentagon press corps](#), I got my hands on a memo by Hegseth ordering all communications with Congress to be routed through the department's legislative affairs office.

To me, this is exactly why it was so important for Pentagon reporters to reject the department's demand that we sign away our ability to report on sensitive, controlled unclassified or even classified information. Sometimes, information that the government doesn't want you to have is in the public interest.

Our reporting on this subject was picked up and reported by mainstream publications like the Associated Press and CNN. Lawmakers like Rep. Adam Smith, the top Democrat on the House Armed Services Committee, issued statements raising concerns about introducing another hurdle to communication when Congress is already frustrated with the slow trickle of information from the Pentagon.

Hopefully, next year, we'll bring more meaningful reporting like this. Happy holidays!

Middle East missiles, large contracts and space ambitions: 2025 review

There was no shortage of news in the Middle East in 2025.



A Tulpar tank, made by Turkey's Otakar, on display on Feb. 18, 2025 at IDEX 2025. (Breaking Defense)

By [Agnes Helou](#) on December 24, 2025

The last 12 months have been as busy as ever in the Middle East. Throughout the year, strikes were traded between several countries: [Israel](#) and Iran, the [US](#) and [Iran](#), Iran and Qatar, and Israel and [Qatar](#), to name a few.

And despite a ceasefire signed in [late 2024](#), tensions [between Israel and Lebanon](#) have remained fragile. While 2025 saw the first talks between the neighboring rivals in 40 years, the peacekeeper mission on the borders was renewed for a final time, with the mandate to end by [2027](#).

Early in the year, Iran inked a [Comprehensive Strategic Partnership](#) with Russia, securing their cooperation in defense, counter-terrorism and more. Then, when Israel and Iran began trading blows, [experts began to wonder](#) how the strikes could impact Iran's support to Russia in the Russia-Ukraine war.

As for me, this year saw the debut of the [Middle East Defense Digest](#), a monthly video show that I host that dives into strategic shifts in the region.

Trust me when I say this region is full of surprises, and that's just the beginning. Here are my top five stories from the region in 2025.

1. [Turkey's \\$1.5B Steel Dome hub envisioned as Europe's largest air defense facility](#)

With increased interest from the Middle East and specifically Gulf states in air and missile defense systems, Turkey is highlighting its indigenous platform "Steel Dome" with a \$1.5 billion investment expected to be the single largest defense industry investment.

Celik Kubbe, the Turkish name for Steel Dome, is a layered, integrated, interconnected radar and air defense system, which Turkey plans to use not only to protect its own airspace but to also export to the Middle East and Europe.

The air defense system secured its first deal worth \$1.9 billion with the [Turkish](#) armed forces, and the deliveries are expected to take place between 2027 and 2032.

2. Saudis could buy up to 200 CCA drones, in addition to MQ-9s, GA's Alexander says

In an exclusive on-camera interview, General Atomics Aeronautical Systems President David Alexander told Breaking Defense in November that the company could soon ink its biggest export potential deal with the Kingdom of Saudi Arabia, including up to 200 collaborative combat aircraft (CCA) and 130 MQ-9Bs.

As per the agreement under discussion, Saudi Arabia will localize production of CCA subsystems in the Kingdom. If both deals of CCA and the F-35 are fulfilled and KSA receives both systems, the Kingdom's air force will be highly equipped with fifth-generation manned and unmanned combat aircraft for manned-unmanned teaming.

Other than the potential deal with Saudi Arabia, Alexander said the long-paused offer for MQ-9Bs for the United Arab Emirates is still on the table and some hurdles to completing it have been removed, though he didn't give a timeline for any future signing.

3. In a first, Egypt conducts military drills with China, signaling closer ties

Egypt's defense procurement from Russia has always been intriguing, but recently the ties are warming up with China too. In [April](#) Cairo and Beijing launched the first military drills between their air forces dubbed as "Eagles of Civilization 2025" in Egypt's airspace.

The exercise featured a number of Egyptian and Chinese fighter jets flying alongside the pyramids and sharing combat concepts in practical scenes.

Additionally, in Egypt's defense expo late this year Chinese firms inked a number of agreements for defense coproduction with Egypt, including an agreement with state-owned [Norinco](#) to localize unmanned aerial vehicle production in Egypt.

4. Emirati consortium to launch first satellite of Sirb constellation by late 2026, early 2027: Exec

The United Arab Emirates' ambitions go beyond dominating the air and out into space. Led by UAE's space agency, Emirati firms are collaborating to launch a satellite constellation dubbed Sirb to be the first nationally built program, according to a senior industry official who spoke to Breaking Defense in March.

The companies include: FADA, an EDGE Group subsidiary, Singapore's ST Engineering, Italy's Metasensing and UAE's TII (Technology Innovation Institute), and Emirati Space 42.

The project is expected to eventually put three UAE-made synthetic aperture radar (SAR) satellites into low Earth orbit for data collection and analysis.

5. Middle East defense industry flexes its muscles with nine firms in SIPRI's Top 100

As conflicts in the Middle East prove disastrous for some countries, on the defense technology and production side, the calculations are different. In 2025, the highest-ever number of nine regional firms were listed in the Stockholm International Peace Research Institute top 100 arms producers list.

The nine firms are spread between Turkey (five firms), Israel (three) and the United Arab Emirates (one) for a total of approximately \$31 billion in revenue for fiscal year 2024.

For the first time the Turkish firms had five entries in the list, marking the intense focus on defense production and boosting the firms capabilities to fulfill not only Ankara's needs, but also the appetite of export customers around the world.

The drone wingman race kicks into high(er) gear: 2026 preview

Sometime in 2026, the Air Force will make a decision about what designs to produce for the first round of its drone wingmen program. The service is also expected to home in on what it wants next.



A full-sized model of General Atomics's Collaborative Combat Aircraft (top) and Anduril's (bottom) on display at AFA 2024 on Sept. 20, 2024. (Breaking Defense photos)

By [Michael Marrow](#) on December 30, 2025

Amid a global race to augment military forces with unmanned systems, the Air Force this year [notched first flights](#) for prototype drone wingmen, a step lauded by officials as a key milestone for a top service priority.

But uncertainty remains for the future of the [Collaborative Combat Aircraft](#) program, and two critical questions are poised to be answered in the next year. The first: What will the Air Force decide to build? And second, what comes next?

Drawing from years of prior research in the technology, the Air Force unveiled the CCA program in 2023 and subsequently awarded defense tech startup Anduril and longtime dronemaker General Atomics [deals to build prototypes](#). A parallel effort to develop the drones' autonomy has continued largely in secret, where contracts have been [issued to RTX and Shield AI](#).

Officials have said the first CCA will likely serve as missile trucks, lugging along extra munitions for fighters like the F-22 Raptor and F-35 Joint Strike Fighter. The unmanned wingmen are further meant to act as a force multiplier in the form of "affordable mass," which would help offset a shrinking inventory of manned fighters. Other roles like electronic warfare or surveillance could also be on the table.

During the competition between Anduril and General Atomics, officials have said a production decision is on track for next year. The Air Force maintains that one or more vendors could be carried into production, including a dark horse candidate not currently on contract. On Dec. 22 the Air Force [announced](#) that Northrop Grumman's Talon UAS received an official designation as YFQ-48A and was considered a "strong contender in the CCA program."

It's not clear how officials plan to move ahead with the parallel autonomy effort. Much testing and experimentation for how to employ the drones remains, but greenlighting production could pave the way for CCA to become operational by the end of the decade.

Nevertheless, there's no guarantee these drones will enjoy a long-term franchise. Looking ahead, officials have expressed mixed opinions about future iterations of CCA, with one Air Force officer [opining](#) in April that future drones will come in on the "low end," meaning cheaper, more attritable designs.

A recent set of contract awards leaves open a range of possibilities. For the CCA program's second round, or "increment," the Air Force awarded nine companies early design contracts that encompass a variety of concepts, from low-end to exquisite, [Breaking Defense reported](#) Dec. 19. The service will then winnow that pool down to a smaller set of designs to carry into prototyping, though it's not clear whether different classes of drones could advance.

Industry investment hangs on what the service decides. And several firms already appear to have made informed bets, though most stress their offerings could compete for a variety of domestic and international needs. For example, [Lockheed Martin](#) and [Shield AI](#) have unveiled stealthy and more exquisite potential drone candidates. General Atomics has also separately said its LongShot drone under development with DARPA could play a role in Increment 2.

Airframers aren't the only ones eager for an answer. Industry interest has [surged in the realm of lower-end engines](#), which could power a range of weapons from munitions to CCA. Still, these companies are waiting to hear whether they can count on Air Force investment in lower-end systems that would require less powerful propulsion, a significant factor that could shape the size of the market.

Although much work lies ahead, the future does not appear that far off. In November, Lockheed announced an F-22 pilot [successfully controlled a General Atomics drone from the cockpit](#) using a tablet as an interface. Weeks later, the Royal Australian Air Force announced a [successful trial](#) where a "fighter-class target drone" was downed using an AIM-120 AMRAAM fired from a Boeing-made Ghost Bat drone.

"The future is here and the future is right now in Australia with Aussie-made, world-leading capabilities like the Ghost Bat," said Pat Conroy, Australia's Minister for Defence Industry.

More turmoil in Congress? Probably: 2026 preview

As Stanley Tucci famously quipped in *The Devil Wears Prada*: “All right, people, gird your loins!”



WASHINGTON, DC - APRIL 28: Military personal and Capitol Hill Police department stage outside the US Capitol before U.S. President Joe Biden will address a joint session of Congress in the House chamber of the U.S. Capitol April 28, 2021 in Washington, DC. On the eve of his 100th day in office, Biden spoke about his plan to revive America's economy and health as it continues to recover from a devastating pandemic. He delivered his speech before 200 invited lawmakers and other government officials instead of the normal 1600 guests because of the ongoing COVID-19 pandemic. (Photo by Tasos Katopodis/ Getty Images)

By [Valerie Insinna](#) on January 02, 2026

Author's note: My editors vetoed my first pitch (which was to basically post [the meme from “The Babadook”](#) in which a frustrated mom asks, “Why can't you just be normal?” and [her young son shrieks in response](#)). This reporter regrets that she was blocked from making congressional reporting fun again.

With midterm elections on the horizon, 2026 may be the Trump administration's last chance to enact their agenda without facing Democratic opposition that, in 2027, could be coupled with control of the House.

Midterms are typically bad for the party who holds the White House and 2026 appears to be moving that direction. Democrats swept (an albeit small number of) gubernatorial and state elections in 2025, and a Nov. 19 [Marist poll](#) of 1,443 individuals found that 55 percent would vote for Democrats in the midterms.

It appears that Office of Management and Budget director [Russ Vought](#) is already considering the administration's next moves.

During a keynote speech at the Reagan National Defense Forum in December, Vought lauded Republicans' use of budget reconciliation as a “paradigm shift” allowing the administration to garner funding for Trump budget priorities — including an additional \$150 billion for defense — without any of the messy compromise that could result in tit-for-tat increases for Democrat priorities.

He also left the idea of a second reconciliation bill on the table, [saying](#), “Have we made another decision yet on another reconciliation bill? No, we have not.”

But Democrats are already warning Republicans that further gains in 2027 could be difficult unless they are ready to compromise.

“Do you think they’ll get reconciliation again next year? They sure as hell won’t get it after the midterms,” Delaware Sen. Chris Coons, the top Democrat on the Senate Appropriations defense subcommittee, told reporters later during the Reagan Forum.

“This has happened to several presidents,” he added. “You get to the midterms, you lose one of the chambers, you go, ‘Oh my God, we need the other party.’ Surprise!”

And while defense spending is typically an issue that Republicans and Democrats can unite on, the bad blood between political parties and general level of chaos prompts another huge question: Are we ever going to have a regular defense budget ever again? And can we expect defense spending to continue to grow?

The first test for this will be the expiration of the current continuing resolution at the end of Jan. 30. It’s still completely up in the air whether Congress will be able to successfully broker an omnibus spending agreement, or whether another continuing resolution or government shutdown is on the horizon.

If (and it’s a big “if”) Congress is able to come to pass a defense appropriations bill for FY26, lawmakers will have to resolve whether to move forward with the House’s topline — which, like the president’s budget request keeps the discretionary defense spending flat — or go with a higher amount like the Senate bill, which added another \$22 billion.

And what might that FY27 budget topline look like? Your guess is as good as mine, as the Pentagon failed to put out a five-year spending plan with its FY26 request.

In a note to investors on the 2026 outlook, Byron Callan of Capital Alpha Partners says the Wall Street consensus is that the FY27 defense budget could grow “slightly” from FY26, but it’s unclear by how much.

He notes that only \$37 billion remains for defense from this year’s reconciliation bill. If added to another flat \$848 billion topline, that would bump spending about 4 percent compared to FY25.

So far, defense executives are putting on a happy face despite the looming budget questions. Earlier this month, Lockheed Martin Chief Financial Officer Evan Scott acknowledged that the situation is “still very fluid” but noted positive signs for industry.

“What I’ve seen is, first of all, strong demand picture domestically in terms of the products that we provide and others in our industry do, as well as good alignment between our direct customer in Congress with a priority of making sure our war fighters have everything they need to perform their missions and to keep them safe,” he said at an investors conference. “So that alignment gives me makes me more bullish than bearish in terms of how this process would play out.”

Israeli defense industry looks to capitalize on hard-won combat lessons: 2026 preview

Officials in European capitals have said they need to procure systems quickly that have relevance on the modern battlefield, and Israel is well-placed to provide solutions that are often proven because Israel has used them in its multi-front wars.



The handover ceremony of Arrow 3 in Germany on December 3, 2025. (Israel Ministry of Defense)

By [Seth J. Frantzman](#) on January 02, 2026

In October a US-backed ceasefire came into place for Israel and Hamas, ending two years of grueling war in Gaza, a so-far tenuous ending to what has been a mixed blessing for Israel's defense industry. The ramifications of the war will continue to reverberate in 2026 — for better or worse.

On the one hand, Israeli military equipment saw combat experience, including in the largely successful air defense mission, helping to prompt sales to reach [record](#) levels in 2024, according to Israel's Ministry of Defense. It's plausible that sales will continue to have performed well in 2025, especially as Israel has shown it can [deliver](#) systems such as Arrow 3 to Germany on time during the conflict.

On the other hand, Israel's conduct during operations in Gaza also prompted a [furious international backlash](#), including from otherwise potential export customers in Europe.

The European experience is relevant because the 2024 numbers showed that 54 percent of exports went to Europe. Europe is a growing market in part because of the Ukraine war.

Officials in European capitals have said they need to procure systems quickly that have relevance on the modern battlefield, and Israel is well-placed to provide solutions that are often proven because Israel has used them in its multi-front wars.

For instance Israel's Arrow air defense system, the highest level of its multi-layered defenses, was viewed as performing well not only against drones and missiles launched by the Houthis in Yemen, but against [two large Iranian barrages](#).

In addition its use of new technology, such as AI, and ecosystem of small defense start-ups will fill a number of defense needs locally and abroad. This will be boosted by Israel's increasing defense budget aimed at strengthening local self-sufficiency.

Looking to potential deals in 2026, air defenses are one place Israel will be looking to increase its footprint abroad in 2026. Reports [suggest](#) Greece is looking at a number of Israeli systems, including Rafael Advanced Defense Systems Spyder and the Barak MX system which was recently sold to Thailand. Greece wants an integrated multi-layered air defense system and other countries are following suit.

Israel has already seen radar exports to central European countries, including the similar IAI MMR radars, which are used with Iron Dome in Israel. Existing customers include the Czech Republic and Slovakia.

Meanwhile, Israel will face opportunities and challenges in defense ties with the US in 2026. A 10-year memorandum of understanding with the US, which brought Israel \$38 billion in military aid, ends in 2028. Movement toward cementing a new deal will increase in 2026, as will discussions about maintaining Israel's Qualitative Military Edge amid talk of US sales of [F-35s to Saudi Arabia](#) or Turkey.

Current discussions with the Trump administration may seek to change some aspects of the MOU, [focusing](#) on joint research and development of systems and emphasizing how Israeli defense technology and systems are increasingly playing a role in the US.

For instance, Iron Dome interceptors are being made in Arkansas as part of a joint venture between Rafael and Raytheon. The R2S joint venture facility opened in November, 2025. Another [example](#) is the sale of UVision's loitering munitions to the US army via a contract with US-based Mistral.

The US military is rushing to expand its use of smaller unmanned aerial systems and also efforts to counter them. Israel's experience using systems such as the Spike FireFly, a short range loitering munition, or countering them with rifle-mounted systems made by SmartShooter, are all technologies that plug-in well to critical rapid deployment needs for the US military and its defense industry ecosystem.

For Israel and its big three defence companies – Elbit Systems, Rafael and Israel Aerospace Industries – the third frontier after Europe and the US is the Asian market. This includes several key areas, including Israeli joint ventures with Indian firms, as well as increasing sales and ties to countries such as Singapore, South Korea, Thailand, the Philippines and Vietnam.

A third circle in Asia are the Israel-Australian ties. In Australia Israeli systems will continue to see relevance and opportunities, from air defenses to systems like Smartshooter's counter-drone technology which received a contract for technology evaluation, the company said on December 11.

The result of the two-year, multi-front war Israel fought from 2023-2025 is that it may have been controversial globally in terms of the fighting in Gaza, but for military defense and technology, Israel's systems all performed well and Israel continued to push forward new technology, such as artificial intelligence and robotics.

As such Israel's 2026 outlook will focus on its multi-layered approach to creating advanced systems. Expensive and complex air defenses, radars and active protection systems will be a mainstay for Israel. In addition, smaller or tailored systems that fit a specific task, such as counter-drone technology, robotics and loitering munitions, or various types of missiles, will continue to define Israel's global footprint.

What's next for Army's ambitious Next Gen C2 effort: 2026 preview

One of the Army's goals for 2026 is to test an NGC2 prototype against "enemy" sensor capabilities.



Solider monitors air and ground position location information (PLI) on the Windows Tactical Assault Kit (WINTAK) and Android Tactical Assault Kit (ATAK) to get a common operating picture that enhances situational awareness and data sharing. (U.S. Army photo by Justine Ruggio/Released)

By [Mark Pomerleau](#) on December 31, 2025

One major Army initiative that's expected to pick up speed in 2026 is its Next Generation Command and Control (NGC2) effort, specifically through a series of experiments designed to slowly expand the scope of the new tech before a single culminating exercise.

Two of the goals for 2026: kick off smaller-scale experiments for one NGC2 prototype, and expand experiments of another prototype to test it with an entire division in 2026, since going forward the division will be the unit of action for the Army.

Described as a clean-slate approach, for NGC2 the service wants to essentially start from scratch and develop a holistic architecture for how soldiers and commanders ingest, visualize and share battlefield information, all with the goal of providing decision advantage and being faster than the adversary on a dynamic battlefield.

This year the Army awarded separate contracts to Anduril and Lockheed Martin, both with a team of other vendors, to further develop prototypes and scale them.

Team Anduril and the Army's 4th Infantry Division have been testing capabilities through a series of events called the [Ivy Sting series](#), a set of serialized events approximately every six weeks where the division will incrementally add new capabilities.

With three Ivy Stings in the books, 4th ID will look toward three more events next year leading to a division-wide event called Ivy Mass that will transition into the service-wide high-tech sandbox that is [Project Convergence](#).

One of the big tests for the series and the NGC2 architecture next year will be seeing how it does in a contested environment. While the 1s and 0s were stressed during a risk reduction event in 2024, the NGC2 architecture has not been stressed in an electromagnetic environment with soldier maneuvering in a scenario-based event to date.

“In [Ivy Sting] 3 and [Ivy Sting] 4, we’re going to bring red teams in to contest us, to check our electromagnetic signatures, to test us on the spectrum, to see how we’re performing and see if we’re targetable, not targetable and so that we can make those adjustments to ensure the survivability of not just this division,” 4th ID Commander Maj. Gen. Patrick Ellis told reporters in November.

Meanwhile, a parallel effort is occurring at 25th Infantry Division in which the Lockheed Martin-led team will provide an integrated data layer. Their serialized series is called [Lightning Strike](#) and is slated to kick off early 2026.

The Army has maintained it wants to inject a diverse set of capabilities and vendors to prototype and inform what the eventual NGC2 ecosystem will look like.

Brig. Gen. Shane Taylor, capability program executive (formerly program executive officer) for command, control, communications and networks told Breaking Defense at the annual AUSA conference in October that the Army will likely make purchasing decisions on the architecture prior to Project Convergence based on the experimentation.

However, while Project Convergence is the culminating event, Army officials said they don’t want to wait if they feel confident about a particular technology or capability.

The ultimate goal is to provide baseline capabilities for division commanders to choose what works best for them based on their formations and how they fight.

“What do we learn out of PCC6, we will come out of PCC6 with, like, a system of systems architecture of what that division wants to look like and how they want to fight and I would say we would use that architecture to inform the follow on divisions and use that information to baseline them. But again, each division is going to be different,” Taylor said. “We’ll have that baseline architecture that we’ll manage, our engineering team will manage the uniqueness is we’ll go as a starting point with that next one and then iterate with them based off what we learned both from 25th and 4th and then what that division commander, whoever that is, how they want to fight, what lessons that we learned from 4ID and 25th ID that we can share and then use that to develop really what their density and distribution of capabilities will be.”

Europe's time to shine in space? 2026 preview

Germany is sprinting to pump up its military space systems, perhaps changing the balance of power in setting European-wide priorities.



European flag.(Photo by Pier Marco Tacca/Getty Images)

By [Theresa Hitchens](#) on December 31, 2025

While the US Space Force is the biggest global military space player and will remain so for some time to come, sharp eyes should be focused on Europe in 2026, as the region's individual and collective governments ramp up serious space spending plans aimed at freeing themselves from reliance on US capabilities.

Perhaps just as interesting will be watching for weight-class shifts among European capitals in driving regional space priorities via spending — with Germany sprinting to [catch up](#) and perhaps overtake [France](#) as the dominant player, Spain throwing down significant sums for ESA's new [dual-use initiative](#), and [Poland](#) emerging as a newcomer on the block.

EU Makes Space Defense A 'Flagship' Effort

The European Union in 2026 will commence creation of a "Space Shield" as one of four "flagship" initiatives approved by the bloc's ruling Council of Ministers in October under a new ["readiness roadmap"](#) [PDF]. While the details about what exactly that Space Shield program will involve and how much it will cost are hazy, the post-meeting [press release](#) said the effort is designed to "ensure the protection and resilience of space assets and services." The concept is designed to build upon the current collective EU programs such as the Galileo positioning, navigation and timing (PNT) constellation, as well as help support its 27 member states build new, interoperable capabilities such as systems to counter adversary jamming.

The €7.3 billion (\$8.5 billion) [European Defense Fund](#) for 2021-2027, which funds basic defense research and new capabilities for collective EU use, includes two new space programs in its annual [workplan for 2025](#): a feasibility study for on-orbit servicing, budgeted at €49 million and prototype development of a new small satellite constellation in low Earth orbit (LEO) for [intelligence, surveillance and reconnaissance \(ISR\)](#), budgeted at €66 million. Proposals from interested vendors were due on Oct. 16, and winners are expected to be announced [in April 2026](#).

The space-based ISR constellation in particular is squarely aimed at creating European “strategic autonomy” in space — reducing reliance on the US Intelligence Community for spy satellite data. At the moment, only a handful of EU countries (notably France, Germany, Italy and Spain) operate their own military satellites for remote sensing, and the EU’s collective Copernicus network is aimed at civil uses rather than military.

The European Defense Fund program is related to another initiative being proposed by the European Commission (the EU’s executive branch) for the next EU budget covering 2028-2034, called the [Earth Observation Governmental Service \(EOGS\)](#). The concept, which would provide all EU members with remote sensing data as a service, was first laid out by the commission [in 2024](#) with the launch of two year-long feasibility studies and a pilot project.

“[W]e intend to set up an Earth observation governmental service [providing] space based geo-intelligence adapted for the military and for civil security use. Allowing almost real time surveillance in rain or shine, night and day for different types of use, it will be an absolute game changer for our defense,” Andrius Kubilius, EU commissioner for defense and space, said in an Oct. 27, 2025 speech.

The commission’s goal is to start the service [in 2028](#). Details of how EOGS might work and which EU countries will participate by providing data, however, are still under debate by the European Council of Ministers. Further, the 2028-2034 proposed budget remains in negotiation with the European Parliament, which much approve it.

ESA Takes A Step Toward The Dark Side

That said, the European Space Agency (ESA) in its next [three-year budget](#) cycle intends to fund the development of space-based ISR technologies and capabilities, directly in support of the EOGS concept. The move, approved by the ESA Council of Ministers on Nov. 27, marked the first time the agency has explicitly agreed to finance projects designed to bolster European defense-related space capabilities.

ESA is independent from the 27-member EU; not all 23 members of ESA are members of the EU and vice versa.

The new ESA European Resilience from Space (ERS) effort is funded at €1.35 billion, and will focus on development of dual-use technologies to underpin EOGS. The ESA Council of Ministers gave member countries a year, however, to decide on national contributions to the program.

The initial tranche of ERS funds also will finance a new program to provide “navigation services” from LEO satellites.

ESA back in 2022 approved a pathfinder program for a 10 satellite PNT constellation in LEO. The agency [now plans](#) to launch two birds, one built by Spain’s GMV and the other by French giant Thales Alenia Space, by the end of the year on a Rocket Lab Electron medium launch vehicle from its facility in New Zealand.

Germany, Spain And Poland Up Their Space Games

German Defense Minister Boris Pistorius in [September](#) announced that MoD intends to invest €35 billion between 2026 and 2030 on space security, “including new satellite constellations for early warning, reconnaissance, and communications.”

On [Nov. 19](#), Germany published its first-ever [national security space strategy](#), which envisions a plethora of new military capabilities to boost Berlin’s capacity to act independently to protect and defend its space assets — as well as play a stronger role in influencing European and global security policymaking. German Space Command chief Maj. Gen. Michael Traut told the Berlin Security Conference the same day that the strategy includes procuring new synthetic aperture radar satellites [to replace](#) its current SAR-Lupe constellation, and perhaps even new optical imagery and signals intelligence birds.

Berlin followed up at the ESA Council of Ministers, pledging a [whopping €5.4 billion](#) for 2026-2028, according to a German space agency fact sheet. This sum includes a first time contribution from MoD of approximately €292 million, “supporting in particular launch vehicle development for future launch capacity and activities in space safety and security.” This makes Germany the largest contributor to ESA, accounting for 23 percent of the total budget.

Berlin's military space budget sprint put it in a pole position to overtake France as Europe's premier milspace player — although at the moment France still operates more defense-dedicated satellites and ground-based space systems such as missile defense and space surveillance radars.

French President Emmanuel Macron on Nov. 12 [announced](#) a planned increase of €4.2 billion in military space spending between 2026 and 2030. France's current budget for 2024-2030 included some €6 billion for milspace.

Paris also pledged nearly €3.6 billion to ESA for the next budget round, equaling about 16.4 percent of the total agency funding, according to an [ESA fact sheet](#).

Spain stood out at the ESA Council of Minister's budget meeting for being the largest contributor to the ERS effort, pledging €325 million out of its total ESA contribution of €1.8 billion, according to a [Nov. 27](#) article in Space Intel Report.

Further, the Spanish Defense Ministry [in October](#) launched its second new SpainSat NG-II secure communications satellite, built by Airbus and operated by Spanish firm Hisdesat. Madrid intends to contribute bandwidth from the new constellation to the European Commission's proposed [GOVSATCOM](#) service for both military and civil uses.

“[T]he GOVSATCOM system will be based on the aggregation of the demand from the different satcom user communities and on the pooling and sharing of the existing satcom offer. Its services will be accessible through GOVSATCOM Hubs, which will connect users with providers, optimising the available resources and guaranteeing access, even in unpredictable situations,” according to a commission [fact sheet](#).

While Poland's €731 million contribution to the latest ESA budget is considerably smaller than that of Germany, France and Spain, according to [an agency fact sheet](#), Warsaw “has increased its financial contribution to ESA ten-fold over the past three years.”

Poland now comes in as the 7th biggest contributor to ESA percentage wise — behind Germany, France, Italy, Spain, the United Kingdom and Switzerland, in that order.

Poland's ESA contribution includes an unspecified amount pledged to the ERS program.

Poland's Defense Ministry in May awarded a €200 million contract to Finnish synthetic aperture radar provider ICEYE for three satellites, with an option to purchase three more satellites and additional ground segment capabilities through May 2026, the company said in a [press release](#).

The MikroSAR program is a first for the Polish military; although back [in 2022](#) it purchased two optical Earth-observation satellites from Airbus that are expected to be launched in 2027.

“This is a great day for the Polish Armed Forces and Poland, because they are gaining full independence in radar reconnaissance and imaging,” Władysław Kosiniak-Kamysz, who is double-hatted as Polish deputy prime minister and defense minister, said in the May 14 ICEYE release.

Poland and ESA further are in discussions about opening a security-focused center in Poland, the fact sheet added.

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