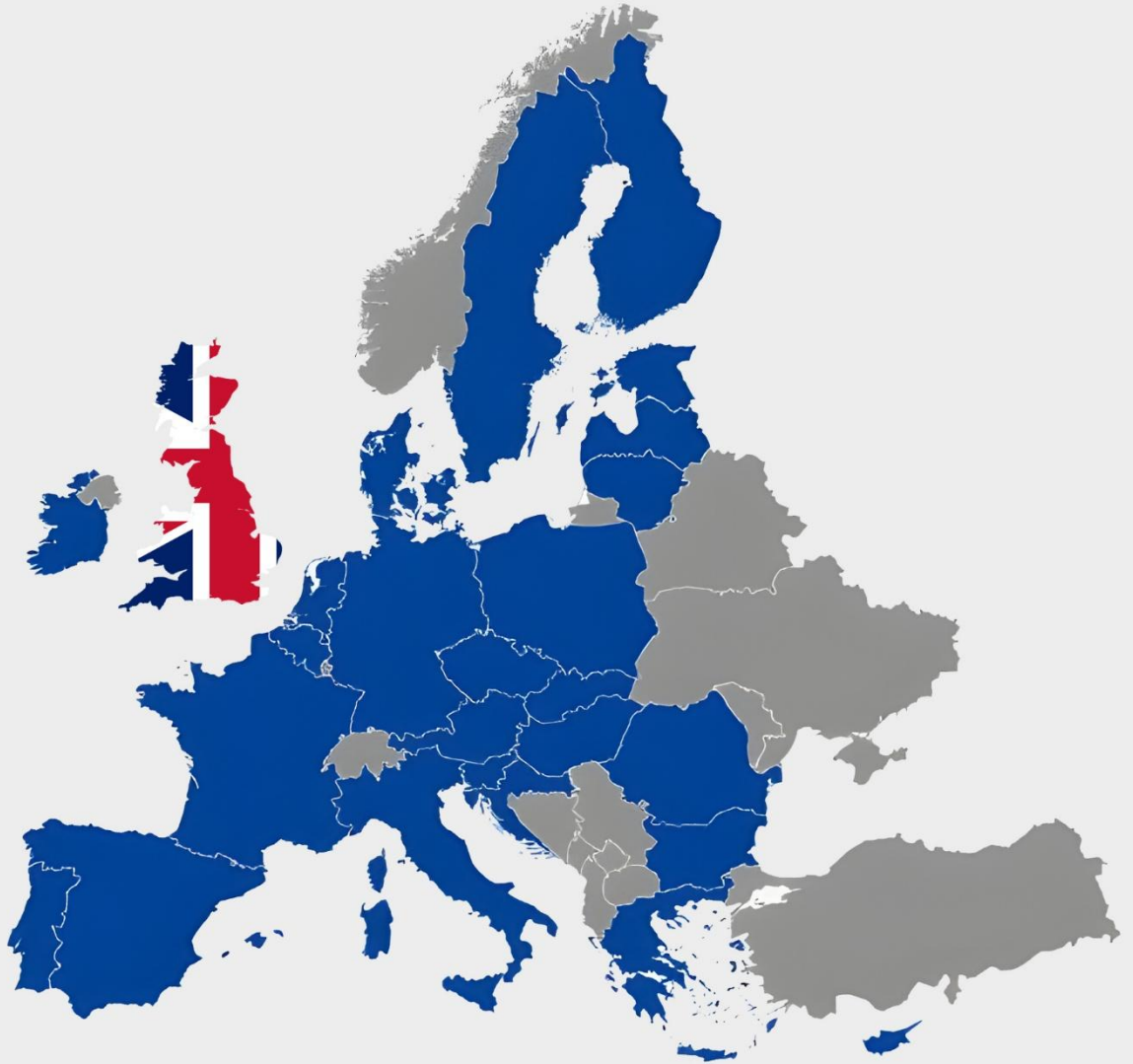


# CLAWS Newsletter



Europe in Focus | Volume I | Issue No. 01

by Khushboo Sen Dhuruv

## **Europe in Focus: May 2026- Democracy, Defence and Diplomacy Under Pressure**

May 2026 proved a defining month for Europe's major democracies. From Paris to Rome, Berlin to London, governments navigated the twin shocks of the Iran war's energy crisis and shifting transatlantic alliances under an unpredictable Trump administration.

In France, the 2027 presidential race crystallised with Mélenchon, Attal, and Philippe entering the field, even as GDP flatlined and the IMF urged urgent fiscal reform. Germany confronted a surging AfD, now polling at 29% nationally, while Chancellor Merz pushed bold EU budget and NATO reforms. Italy's Meloni walked a diplomatic tightrope, balancing energy relief demands against EU fiscal rules, nuclear revival ambitions, and escalating tensions with Israel over Gaza flotilla activists. The UK saw Labour haemorrhage support to Reform, Brexit re-emerge as a fault line, and Starmer sign a landmark Gulf trade deal while pushing a post-Brexit EU reset.

Across the continent, shared themes dominated: energy vulnerability, defence investment, democratic resilience, and the search for strategic autonomy as American reliability came into question. Europe's response, deeper integration, new partnerships, and assertive diplomacy, will shape the continent's trajectory into the coming years.



**FRANCE**

**Internal Affairs**

**4 May (The Local): Mélenchon makes Fourth Presidential Bid for French Presidency.** Hard-left La France Insoumise leader Jean-Luc Mélenchon, 74, has confirmed he will contest France's 2027 presidential election for a fourth time. Warning of spreading war, climate crisis, and economic turmoil, he called for a Franco-Spanish front against US-Israeli Middle East policy, predicting his bloc would defeat the far-right Rassemblement National "hands down".

**8 May (The Local): France Moves to Repair Fractured Algeria Ties With Ambassador's Return.** France is returning its ambassador to Algeria and sending a senior defence envoy to ceremonies marking a 1945 colonial-era massacre, signalling President Macron's bid to restore dialogue. Relations soured in 2024 after Paris backed Moroccan sovereignty over Western

Sahara, a position opposed by Algiers. The move aims to rebuild “effective dialogue” between the two nations.

**19 May ([Elysee](#)): France Hosts 8th Choose France Summit at Versailles.** President Macron's annual Versailles investment summit secured over €87.8 billion and 163,000 jobs since 2018. France was ranked Europe's most attractive investment destination for the sixth consecutive year, per EY. This year’s theme, “France: A Land of Creativity”, highlighted cultural milestones including the Paris Olympics and Notre-Dame's reopening.

**22 May ([The Local](#)): Attal, 37, Joins Race to Succeed Macron as French President.** Former Prime Minister Gabriel Attal, France's youngest-ever premier, has announced his 2027 presidential bid, becoming the second centrist challenger after Édouard Philippe. The openly gay Renaissance party leader vowed to reverse France’s “managed decline” and restore it as Europe's leading power. Opinion polls currently favour Philippe in a potential far-right runoff.

**23 May ([BBC](#)): Ex, PM Édouard Philippe Emerges as Early Frontrunner in France’s Presidential Race.** With a year until France’s presidential election, Édouard Philippe is viewed as the strongest centrist candidate capable of defeating far-right rivals Marine Le Pen or Jordan Bardella. However, political uncertainty, divisions among moderates, corruption allegations, and growing support for populist parties on both the far right and far left threaten his path to victory.

### **Economy, Finance, Trade & Commerce**

**30 April ([Euronews](#)): French Economy Stalls as Iran War Energy Shock Bites.** France's GDP flatlined in the first quarter of 2026, down from 0.2% growth in Q4 2025, as soaring energy costs from the Iran war squeezed households and businesses. Consumer spending fell 0.1%, exports slumped 3.8%, and inflation climbed to 2.2%. Germany halved its 2026 growth forecast to 0.5%, raising fears of broader European stagflation.

**4 May ([France Diplomatie](#)): G7 Trade Ministers, Boosting the resilience and fairness of global trade.** G7 Trade Ministers from Canada, France, Germany, Italy, Japan, the UK and the US will meet in Paris (5–6 May) ahead of the Évian Summit to strengthen coordination on global trade challenges. Amid supply chain strain and geopolitical tensions, they aim to promote fair, rules-based trade, address market distortions, improve supply chain resilience, and advance WTO and e-commerce reforms.

**8 May ([Le monde](#)): France to Boost Economic Aid as Middle East Conflict Pushes Oil Prices Higher.** French Prime Minister Sébastien Lecornu pledged to significantly scale up economic support measures as sustained oil price rises from the Middle East conflict weigh on growth. With France recording zero GDP growth in the first quarter of 2026, the government acknowledged the need to change scale despite an already strained national budget.

**21 May ([France Diplomatie](#)): France Tops Europe for Foreign Investment Seventh Year Running.** France retained its position as Europe's leading foreign direct investment destination in 2026, attracting 852 projects and nearly 28,000 jobs in 2025, per EY's annual survey. AI-related investments surged 26%, while France led Europe in industrial projects. Four French regions rank among Europe's fifteen most attractive investment destinations, ahead of the UK and Germany.

**21 May ([IMF](#)): International Monetary Fund Warns France to Accelerate Fiscal Consolidation Amid Middle East Headwinds.** The IMF's 2026 Article IV mission projected France's GDP growth slowing to 0.7% in 2026, weighed down by Middle East conflict spillovers raising inflation and dampening demand. It urged Paris to frontload fiscal reforms of 0.8% of GDP annually through 2029, rationalise public spending, the eurozone's highest at 57.5% of GDP, and advance structural reforms ahead of the 2027 presidential elections.

**External Affairs & Diplomacy**

**8 May ([The Local](#)): Macron Courts Africa With Kenya Summit in Final Year of Presidency.** With one year left in office, President Macron travelled to Kenya, Egypt, and Ethiopia seeking to rebuild France's damaged African ties. The "Africa Forward" summit focused on economic development and investment, marking France's first such forum in an English-speaking country. Critics remain sceptical, citing anti-French sentiment, colonial baggage, and growing Russian and Chinese influence across the continent.

**10 May ([The Local](#)): France and Algeria Restore Ties With Security and Defence Pact.** France and Algeria have ended a two-year diplomatic rift, agreeing to intensify cooperation on security, defence, migration, and drug trafficking following a meeting between Algerian President Tebboune and French Armed Forces Minister Alice Rufo. France's ambassador returned to Algiers after being recalled a year ago, with the dispute having originated over France's 2024 support for Moroccan sovereignty over Western Sahara.

**12 May ([France 24](#)) : Macron pitches new French partnership model with Africa.** At the Africa Forward Summit in Kenya on 11 and 12 May President Emmanuel Macron promoted a new French partnership model to improve African access to credit and unlock investment-led growth. African leaders called for reforms to lower borrowing costs, arguing unfair risk perceptions in global finance. Macron also backed a first-loss guarantee mechanism and will raise the proposal at the G7 summit.

**May 21 ([France Diplomatie](#)): India and France Deepen Maritime Security Partnership at Paris Dialogue.** The 8th India-France Maritime Cooperation Dialogue convened in Paris on 20 May 2026, focusing on countering piracy, drug trafficking, maritime terrorism, and illegal fishing. Both nations reaffirmed their commitment to a free, open Indo-Pacific and agreed to consolidate their Special Global Strategic Partnership, building on leadership-level meetings held earlier in 2026.

**22 May ([Reuters](#)): France prepares a new UN resolution on the Strait of Hormuz Amid delays over a separate US proposal.** France has drafted a United Nations Security Council resolution proposing an international mission to restore navigation in the Strait of Hormuz amid the ongoing United States-Iran conflict. The move comes as a U.S. Bahrain resolution faces delays and possible vetoes from Russia and China over concerns it unfairly targets Tehran.

### Science and Technology

**7 May ([newsonair.gov](#)): India and France Deepen Science, Technology and Space Collaboration.** India and France reviewed expanding bilateral cooperation in science, technology, and space during a virtual ministerial meeting. Both sides highlighted ISRO-CNES joint missions, NavIC ground station development in France, and support for India's Gaganyaan mission. With 2026 declared the Indo-French Year of Innovation, France invited India to participate in the Paris International Space Summit in September.

**8 May ([IBEF](#)): Year of Innovation, India- France expanded Cooperation in Science, Technology and Space.** Jitendra Singh and Philippe Baptiste reviewed expanding India-France collaboration in AI, advanced materials, ocean sciences and space technology during a virtual meeting. Both nations reaffirmed strong cooperation between Indian Space Research Organisation and National Centre for Space Studies, highlighting joint satellite missions, human spaceflight and support for India's Gaganyaan programme.

**22 May (Reuters): France Unveils €1.55 Billion Push for Quantum Computing and Microchips.** Emmanuel Macron announced €1.55 billion in new funding to boost France's quantum computing and microelectronics sectors amid intensifying global tech competition. The package includes €1 billion for quantum strategy and €550 million for semiconductors. Alice & Bob will receive support alongside investment from Nvidia's venture arm to develop more reliable quantum hardware.

## GERMANY

### Internal Affairs

**1 May (The Local): Germany Says It Is Prepared for Potential US Troop Reduction.** Germany declared itself prepared for a possible US troop reduction after Trump threatened redeployment amid a spat with Chancellor Merz over Iran. Foreign Minister Waidepohl insisted key bases like Ramstein were "not up for discussion". while Trump publicly attacked Merz on Truth Social, accusing him of "interfering" on Iran and being "totally ineffective" on Ukraine.

**11 May (The Local): AfD Wins First Ever Mayoral Election in Brandenburg With 58% Vote Share.** The far-right Alternative for Germany party claimed its first directly elected mayoralty in Brandenburg, with René Stadtkewitz winning Zehdenick's mayoral race with 58.4% of votes, more than double his nearest rival. The AfD state chairman described the result as an "unmistakable signal" of future local electoral gains, deepening concerns about the party's grassroots political momentum across eastern Germany.

**19 May (Euractiv): German Intelligence Warns of Iranian Terror Threat to Europe After War.** Germany's domestic intelligence agency BfV warned Iran could intensify operations targeting Jewish institutions, Israeli interests, and regime opponents across Europe once the conflict subsides. Officials flagged dozens of Germany-based individuals travelling to Iran for military training. A low-cost recruitment network, HAYI, has already conducted 17 European attacks using disposable local recruits contacted via Snapchat and Telegram.

**20 May (Reuters): AfD Surges to 29% Nationally as Far-Right Eyes First State Premiership.** As Chancellor Merz's approval ratings plunge to 16%, Germany's far-right AfD polls at 29% nationally and 41% in Saxony-Anhalt, where candidate Ulrich Siegmund hopes to become Germany's first AfD state premier in September elections. Fuelled by energy price

rises, economic stagnation, and immigration concerns, the AfD's rise mirrors Reform UK's gains, alarming mainstream parties across Europe.

**23 May, ([Deutsche Welle](#)): Constitution Day, Calls for Democratic Renewal Through Active Citizenship.** Marking Germany's Basic Law anniversary, President Steinmeier urged citizens to actively defend democracy through civic engagement and voluntary work. "Democracy needs arms and legs, people who get involved" he said, declaring the occasion an "Ehrentag" or Day of Honour. Steinmeier led by example, joining gardening and aged-care activities to demonstrate personal commitment to democratic participation.

### **Economy, Finance, Trade & Commerce**

**8 May ([Deutsche Welle](#)): German Exports Edge Up But US Shipments Slump Amid Iran War Uncertainty.** German exports rose 0.5% month-on-month in March, though shipments to the US plunged 21.4% year-on-year amid Trump tariff threats. Exports shifted toward the EU and UK as Iran war-driven energy costs weighed on recovery. Germany halved its 2026 growth forecast to 0.5%, with the Chamber of Industry now expecting exports to stagnate rather than grow.

**12 May ([Deutsche Welle](#)): Merz Booed as He Urges Economic Reform.** Chancellor Friedrich Merz said Germany must urgently address years of economic stagnation, warning of structural weaknesses and global instability. Speaking to trade unionists, he noted industrial job losses of over 100,000 annually. He also pointed to rising inflation, which reached 2.9% in April, driven by a 10.1% surge in energy prices.

**14 May ([Deutsche Welle](#)): Merz Demands EU Budget Overhaul, Criticising Subsidies Over Investment.** Chancellor Merz urged sweeping EU budget reforms at the Charlemagne Prize ceremony in Aachen, criticising the bloc for directing over two-thirds of funds toward redistribution and subsidies. Declaring "we cannot meet 21st-century challenges with a 20th-century budget", he called for increased defence investment while opposing Draghi's joint borrowing proposal, warning excessive debt "threatens sovereignty and limits capacity to act".

## **External Affairs and Diplomacy**

**24 April (Bundesregierung Deutschland): Press conference by Chancellor Merz after the European Council in Cyprus: Closer ties between Ukraine and the EU.** At an informal EU Council in Cyprus, Chancellor Friedrich Merz outlined key priorities including continued support for Ukraine, Middle East stability amid rising energy costs, and negotiations on the EU's next long-term budget. He backed further Ukraine aid and sanctions on Russia, proposed a pre-accession pathway for Ukraine, urged stronger pressure on Iran, and opposed a larger EU budget, new EU debt, and corporate levies.

**4 May (Deutschland): Germany Presses Iran on Nuclear Renunciation During Greece Diplomatic Push.** German Foreign Minister Wadephul visited Athens urging Iran to fully and verifiably renounce nuclear weapons and immediately reopen the Strait of Hormuz. Describing Greece as a “strategic anchor” in south-eastern Europe, he held talks on eastern Mediterranean security and defence cooperation, including a visit to the Skaramangas shipyard where ThyssenKrupp is modernising Greek submarines.

**6 May (Deutschland): Steinmeier Visits Sweden and Finland to Bolster Nordic Security Ties.** German President Steinmeier travelled to Stockholm and Helsinki to reinforce security cooperation with NATO's newest Nordic members amid growing Russian threats. Meetings with Swedish and Finnish leaders focused on defence capabilities and internal cohesion. Visits to Stockholm's Muskö naval base and Helsinki's Merihaka civil defence shelter underscored Germany's commitment to strengthening NATO's Baltic flank.

**7 May (Deutschland): Wadephul Presents Six-Point Plan for EU Reforms in Focus on Foreign and Security.** German Foreign Minister Johann Wadephul has called for major EU reforms to improve decision-making in foreign and security policy. He proposed replacing unanimity with qualified majority voting, enabling faster action, and allowing smaller groups of states to cooperate when full consensus is not possible. He also supported gradual EU enlargement to make the bloc more effective and responsive

**8 May (Deutschland): German Foreign Minister strongly rejects Moscow's indirect threat against Kyiv.** German Foreign Minister Johann Wadephul condemned Russia's threats against Kyiv during World War II victory commemorations, calling them unacceptable and reaffirming Germany's support for Ukraine. Russia announced a temporary ceasefire for May 8-9 but warned of retaliation if attacked. Chancellor Friedrich Merz marked May 8 as a day of liberation and a reminder to defend democracy and European unity.

**12 May ([Deutschland](#)): Germany's Long Term Defence Industry Partnership with Ukraine.** German Defence Minister Boris Pistorius said in Kyiv that Germany and Ukraine are strengthening their defence partnership, focusing on joint development of advanced unmanned weapons systems. President Volodymyr Zelensky confirmed six ongoing joint armaments projects, with more expected. Germany also pledged over €10 million to an EU initiative to build military training centres in Ukraine.

**19 May ([Deutschland](#)): Germany and Turkey Unite Behind Diplomatic Resolution of Iran War.** Despite Trump's threats to resume strikes, Germany and Turkey jointly advocated for a diplomatic solution to the Iran war. Foreign Minister Waidephul told Turkish counterpart Fidan that a military solution "would lead nowhere", adding Iran's nuclear enrichment abandonment could provide "a basis for negotiations". Waidephul also reaffirmed German support for Turkey's closer rapprochement with the European Union.

**21 May ([France 24](#)): Merz Proposes Ukraine as EU 'Associate Member' Without Voting Rights.** German Chancellor Friedrich Merz has proposed granting Ukraine "associate member" status in the EU, allowing Kyiv representation at summits, the European Commission, and Parliament, but without voting powers. The plan, outlined in a letter to EU chiefs, aims to bring Ukraine closer to the bloc while full accession negotiations continue amid political and ratification complexities.

**22 May ([Deutschland](#)): New NATO Burden-Sharing Ahead of Helsingborg Meeting.** German Foreign Minister declared Germany ready to assume greater NATO leadership, committing to reach the alliance's five-percent spending goal as quickly as possible. Ahead of the Helsingborg foreign ministers' meeting, he called for redistributing NATO tasks as European capabilities grow, particularly anticipating a possible reduction in US troops, while pledging stronger support for Ukraine's defence industry.

### **Science and Technology**

**4 May ([Berlin.de](#)): District Heating From Surplus Electricity-BEW Builds New Plant.** A 120 MW power-to-heat plant is being built in Berlin by BEW Berliner Energie und Wärme, 50Hertz, and Stromnetz Berlin, due to start operation by 2028. It will convert surplus wind and solar power into district heating, reducing renewable curtailment and cutting CO<sub>2</sub> emissions by about 76,000 tons annually while supplying thousands of households.

**10 May ([The Munich Eye](#)): Germany's Digital Minister Champions European AI Sovereignty.** Germany's Digital Minister Karsten Wildberger outlined a firm European stance on artificial intelligence, emphasising robust regulatory frameworks over mere digital taxation. Stressing that core European values, data privacy, user rights, and market fairness, are non-negotiable in international negotiations, Wildberger positioned Europe as a standard-bearer for responsible AI governance amid intensifying global competition from US and Chinese technology giants.

**20 May ([Reuters](#)): Germany Plans Major Reform of Defence Procurement System.** Boris Pistorius announced reforms to make Germany's defence procurement agency faster and more flexible amid rising military spending. The overhaul will strengthen cooperation with research institutions, improve supply-chain management and expand innovation hubs in Erding, Kiel, Bremen and Dresden, focusing on drones, naval electronics, IT and space technologies within the Bundeswehr.

**21 May ([CGTN](#)): Germany Unveils High-Tech Roadmaps to Boost Global Competitiveness.** Germany released detailed technology roadmaps under its "High-Tech Agenda Germany" to strengthen competitiveness in AI, quantum technology, microelectronics, biotechnology, fusion energy and climate-neutral mobility. The strategy aims to commercialise research faster, support startups and reduce bureaucracy, with goals including two error-corrected quantum computers by 2030 and personalised mRNA cancer therapies by 2028.

## ITALY

### Internal Affairs

**4 May ([Arab News](#)): Italy and Azerbaijan Deepen Energy and Defence Ties Amid Global Supply Pressures.** Italian PM Meloni visited Baku to strengthen energy and defence ties with Azerbaijan, a crucial supplier providing 16% of Italy's gas imports via the Trans Adriatic Pipeline. With European nations seeking alternatives to Russian and Iranian energy, both sides agreed to expand pipeline capacity and establish permanent political coordination. Defence cooperation was also identified as a key growth area.

**7 May ([POLITICO](#)): Meloni Pushes Nuclear Revival But Italy's Anti-Nuclear History Looms Large.** PM Meloni pledged a legal framework for nuclear power by summer 2026, focusing on small modular reactors to reduce Italy's energy dependence amid soaring prices. However, experts warn operational reactors remain 12-15 years away, a referendum is likely, and local opposition could derail projects. Italy paradoxically imports French nuclear-generated electricity while maintaining a domestic ban since 1987.

**20 May ([POLITICO](#)): Meloni Demands Apology After Israeli Minister Taunts Detained Italian Activists.** Italy summoned Israel's ambassador after far-right National Security Minister Ben-Gvir posted a video mocking detained Gaza flotilla activists, including Italian MP Dario Carotenuto, shown kneeling with hands tied. PM Meloni called the behaviour "unacceptable", demanding the release of 29 Italian citizens. France and Germany joined condemnation, while Netanyahu distanced himself from Ben-Gvir's actions.

**22 May ([POLITICO](#)): Venice Mayoral Election Tests Meloni's Right-Wing Cultural Agenda.** Venice's mayoral election on 24-25 May has become a national bellwether for Meloni's coalition following its March referendum defeat on justice reform. The centre-left holds an eight-point polling lead, buoyed by controversies over right-wing appointments at La Fenice opera house and the Venice Biennale. Voters, however, appear more focused on overtourism, housing costs, and immigration than cultural politics.

**23 May ([Agenzia Nova](#)): Tajani: Italy a Friend of Israel But "There's a Limit Beyond Which We Cannot Go".** Italian Foreign Minister Tajani reaffirmed Italy's friendship with Israel while warning Tel Aviv that settlement expansion and Palestinian territory occupation undermine the two-state solution. Tajani also stressed Europe must present itself as a "loyal, credible and strong" NATO partner rather than merely following US decisions, and welcomed the EU-US trade agreement while urging continued protection of Italy's vital steel sector.

### **Economy, Finance, Trade & Commerce**

**18 May ([Reuters](#)): Italy Calls EU SAFE Defence Fund Essential Amid Budget Pressures.** European Commission rejected Italy's call to extend defence spending budget flexibility to cover energy crisis costs triggered by the Iran war. PM Meloni warned Brussels that without such leeway, Italy may withdraw from the EU's SAFE defence borrowing scheme. The

Commission insisted member states use existing tools, leaving Rome facing difficult choices between energy relief and deficit reduction commitments.

**21 May (Reuters): Italy Urged to Follow Spain's Growth Model as Economy Stagnates.**

Italy's national statistics bureau ISTAT warned the economy will grow below 1% for a fourth consecutive year, having expanded just 2.3% since 2023 compared to Spain's 9%. Key weaknesses include the EU's lowest labour market participation rate at 66.7%, underinvestment in technology, and a deepening demographic crisis. ISTAT recommended Spain's immigration-driven workforce expansion as a model worth emulating.

**22 May (Bloomberg): Italy Extends Fuel Aid as Iran War Drives Up Energy Costs.**

Italy is prolonging fuel relief measures as the Iran war continues pushing up energy prices for households and businesses. Industry Minister Urso confirmed the extension ahead of a cabinet meeting, noting the measures have cost around €1 billion since March. The new decree will include targeted support for the trucking sector, which has threatened a nationwide strike from 25-29 May over soaring wholesale fuel costs.

**23 May (Agenzia Nova): Italy Pledges Port Modernisation to Cement Mediterranean Logistics Hub Status.**

Industry Minister Urso committed to modernising Italy's port system through regulatory simplification and clearer governance, as geopolitical tensions reshape global trade routes. With Italian ports handling approximately 500 million tonnes of goods annually, Urso highlighted plans to establish Europe's first strategic warehouse at Porto Marghera, positioning Italy as a leading European hub for logistics, energy, and strategic raw materials.

### **External Relations and Diplomacy**

**May 7 (POLITICO) Meloni and Magyar Pledge Strong Italy-Hungary Ties in Post-Orbán Era.**

Italian PM Meloni welcomed Hungary's incoming PM Péter Magyar to Rome, vowing to strengthen bilateral ties following Viktor Orbán's electoral defeat. Magyar confirmed the two leaders were "closely aligned on many issues". Unlike Orbán, Magyar has already dropped Hungary's opposition to the EU's €90 billion Ukraine loan and visited Brussels seeking release of withheld post-pandemic recovery funds.

**8 May (POLITICO): Rubio Backs NATO in Rome Amid US-Italy Tensions Over Iran and Tariffs.**

US Secretary of State Rubio declared himself "a strong NATO supporter" after

“frank” talks with PM Meloni, amid tensions over Trump's tariff threats and hints of withdrawing US forces from European bases. Italy pledged naval support for a Strait of Hormuz mission once a ceasefire is secured, while Meloni balanced preserving Washington ties against growing domestic opposition to the Iran war.

**19 May (Reuters): Italy and India Elevate Relations to Special Strategic Partnership During Modi's Rome Visit.** During PM Modi's first bilateral visit to Italy, Meloni and Modi upgraded ties to a special strategic partnership, targeting €20 billion in bilateral trade by 2029. Key agreements covered maritime transport, critical minerals, agriculture, and higher education. Both leaders also discussed advancing the India-Middle East-Europe Economic Corridor, positioning the partnership within broader geopolitical realignment amid global instability.

**22 May (Ansa English): Meloni Urges EU to Extend Fiscal Flexibility to Cover Energy Crisis Costs.** Italian Prime Minister Meloni called on the EU to extend budget flexibility beyond defence spending to cover energy crisis measures triggered by the Iran war. “It is not a matter of taking on more debt, but allocating resources better”, she said after meeting Irish Taoiseach Martin. Meloni also joined UK, France, and Germany in demanding Israel halt settlement activities.

### Science and Technology

**4 May (Reuters): STMicroelectronics Targets \$3 Billion in Space Chip Revenue by 2028.** Franco-Italian chipmaker STMicroelectronics is targeting over \$3 billion in cumulative space semiconductor revenue from 2026-2028, driven by surging demand for low-Earth orbit satellite networks. With space revenue approaching \$1 billion in 2026 and a near-90% market share in LEO chips through its Starlink partnership, STMicro sees China as a significant user terminal opportunity, though export controls limit satellite technology access.

**20 May (Economic Times): Special Strategic Partnership with Focus on Defence and Trade.** Narendra Modi and Giorgia Meloni upgraded bilateral ties to a Special Strategic Partnership, marking a major expansion in cooperation across defence, trade, technology, and maritime security. The agreement includes a roadmap for co-production in defence, deeper industrial collaboration, and a trade target of around €20 billion by 2029, reflecting growing strategic alignment between Europe and India.

## UNITED KINGDOM

### Internal Affairs

**7-8 May (BBC): Labour Routed in Local Elections as Reform Surges.** Labour suffered major losses in local and regional elections across Britain, prompting multiple calls for PM Starmer to resign. By mid-May, over 95 Labour MPs had called on Starmer to resign or set a departure timetable, and one cabinet minister, Health Secretary Wes Streeting, along with four junior ministers resigned in protest. Starmer defied calls to quit, vowing to “face up to the big challenges”.

**13 May (The Guardian): King’s Speech Sets Out Starmer's Second-Term Agenda.** The King's Speech on 13 May 2026 opened with a warning that an increasingly dangerous and volatile world, including the Middle East conflict, threatens the UK's energy, defence, and economic security. Key bills announced include the Clean Water Bill, Railways and Passenger Benefits Bill, Regulating for Growth Bill, and the European Partnership Bill. The speech signalled a busy second parliamentary session with sweeping reform across infrastructure, digital regulation, and justice

**16 May (Express): Independent Nuclear Strength Credibility to Defend Without US in Nuclear Crisis.** A Britain should strengthen its nuclear deterrent and assume greater NATO leadership, a Policy Exchange report argues. With US commitment uncertain, the UK must signal readiness to act independently. Recommendations include senior minister nuclear exercises, airfield upgrades, and potentially a sovereign mid-range nuclear system. The government cites £15 billion warhead investment and expanded submarine fleet as evidence of commitment.

**17 May (BBC): Brexit Returns to Centre Stage Amid Labour Leadership Battle.** Former Health Secretary Wes Streeting, having resigned from cabinet, declared Brexit a “catastrophic mistake” and announced a leadership challenge against Sir Keir Starmer. With Andy Burnham eyeing a by-election route to the leadership, both men's pro-EU positions are energising Reform UK and Conservatives, reigniting Brexit as Britain's defining political fault line.

**22 May (Express): Defence chiefs enquiry, the plan Fortitude for WWII ‘mass mobilisation’ of civilians.** United Kingdom is developing “Fortitude,” a wartime strategy involving large-scale civilian mobilisation to support the military during major conflict scenarios, including potential war with Russia. Defence officials told Parliament the plan

would strengthen protection of critical infrastructure and expand reserve forces. The UK will also join NATO's Steadfast Defender exercise, described as the biggest mobilisation drill since the Cold War.

### **Economy, Finance, Trade & Commerce**

**1 May (ONS): UK Trade Deficit Widens Amid Import Surge.** The UK trade deficit with all countries reached £13.7 billion in the three months to March 2026, compared with £11.5 billion in the previous quarter, as exports grew 1.6% while imports rose 2.4%. Net trade continued to drag on GDP growth amid lingering US tariff pressures on UK goods exports.

**19 May (GME): UK–EU Sanitary Agreement Eases Post-Brexit Trade Friction.** On 19 May, the UK and EU announced a new sanitary and phytosanitary standards agreement that will significantly reduce paperwork for goods exporters and border checks. The deal complements the earlier UK–US Economic Prosperity Deal signed in May 2025 and signals momentum in the UK's broader trade reset strategy.

### **External Affairs and Diplomacy**

**4 May (The Guardian): Starmer Backs £78 billion EU Ukraine Loan Amid Trump Tensions.** At the European Political Community summit in Armenia, Prime Minister Starmer began negotiations to join the EU's £78 billion Ukraine recovery loan scheme, saying benefits "outweigh the cost". Amid growing transatlantic tensions over Trump's wavering Ukraine commitment, Starmer pushed for deeper EU integration on defence, energy, and trade, acknowledging Brexit had "damaged" Britain's economy.

**18 May (The Guardian): EU Brexit officials, warns UK: No Special Treatment if It Seeks to Rejoin Bloc.** Former EU Brexit officials say Britain would face a "warm but hard-headed" welcome if it sought re-entry, with no opt-outs, rebates, or tailor-made deals. As Labour leadership contenders Wes Streeting and Andy Burnham openly discuss rejoining, EU veterans stress full membership terms, including the euro and Schengen, would apply to any application.

**21 May (BBC): Landmark UK-Gulf Trade Deal Signed.** The UK has signed a £3.7 billion trade deal with the Gulf Cooperation Council, removing £580 million annually in tariffs on British exports including cheese, butter, and chocolate. The first G7-GCC agreement, it is Starmer's third trade deal after India and South Korea. While business groups welcomed it,

rights organisations criticised the lack of human rights and labour protections for partnering with “repressive governments”.

**23 May (BBC): Establishing of Single Market for goods trade with the EU, next phase of post- Brexit reset of relations.** United Kingdom officials proposed a single market for goods with the European Union as part of a broader Brexit reset, but faced scepticism over unresolved issues like freedom of movement. Current talks centre on food, farming, energy, and emissions trading. Rachel Reeves and Keir Starmer seek closer economic ties, with a July summit and proposed European Partnership Bill supporting future UK-EU legal alignment.

### **Science & Technology**

**22 April (Gov.UK): UK Pledges £90 million for Cyber Defence, Calls on AI Firms to Join National Shield.** The UK Government announced a £90 million cybersecurity investment over three years alongside a new Cyber Resilience Pledge and major reforms under the forthcoming Cyber Security and Resilience Bill, in response to escalating AI-driven cyber threats. The investment is aimed at providing practical, targeted support to small and medium-sized businesses, distributed through schemes run by the Department for Science, Innovation and Technology and the NCSC

**22 May (ANSA): EU Agrees to Sanction Israeli Minister Ben Gvir Over Flotilla Activists' Humiliation.** The EU has agreed to Italy's request to sanction Israeli National Security Minister Itamar Ben Gvir after he publicly humiliated detained Gaza flotilla activists, filming them kneeling, blindfolded, and handcuffed at Ashdod port. EU foreign policy chief Kaja Kallas backed Italy's request, with sanctions to be formally discussed at the Foreign Affairs Council on 15 June.

**22 May (ANSA) Italy, UK, France and Germany Jointly Demand Israel Halt West Bank Settlements.** The leaders of Italy, France, Germany, and Britain issued a joint statement demanding Israel end its illegal West Bank settlement expansion, warning the E1 area project would divide the West Bank and constitute a serious breach of international law. Describing settler violence as “unprecedented” the four leaders reaffirmed commitment to a negotiated two-state solution and called for Palestinian economic restrictions to be lifted.

## About the Author

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