



Mercedes-Benz Looks to Defense: Strategic Shift for the Stuttgart Giant

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In an increasingly unstable world, the boundaries between the civilian automotive industry and the defense sector are rapidly narrowing. The latest strong signal comes from **Mercedes-Benz**: CEO **Ola Källenius** has stated that the German manufacturer is ready to enter the defense sector, provided the operation meets economic sustainability criteria.

"The world has become a more unpredictable place and it is absolutely clear that Europe must increase its defensive profile", Källenius said in an interview with The Wall Street Journal. "If we can play a positive role in this regard, we are willing to do so".

Key Points of Mercedes' Strategy

- **Large-scale production:** Leveraging the ability to build precise, high-quality machines in large volumes.

- **A profitable niche:** Although it will remain a minority share compared to the core business of cars and vans, defense is seen as a rapidly growing niche capable of boosting the company's finances.
- **The military background:** Mercedes is not starting from scratch; it holds the majority share of the truck division (spun off in 2021) that produces heavy vehicles for military purposes, and has long marketed variants of its famous **G-Class** for global armed forces.

The Context: The Conversion of German Industry

Källenius' words come at a delicate time for the German economy. With a manufacturing sector stagnant for years, large companies are seeking to reposition themselves as pillars of the Western arsenal.

Mercedes-Benz, in particular, is facing a period of strong financial pressure: **the company's profit has almost halved in the last year, falling to \$1.2 billion**. Weighing on the balance sheet are the increase in U.S. trade tariffs, the reduction in production capacity, and the fierce competition from tech rivals in China, the brand's main market.

The German industrial landscape is rapidly moving in this new direction. **Volkswagen**, for example, is in advanced talks with Israeli companies to start producing, by 2027, key components for the **Iron Dome** missile defense system, thus leveraging the production capabilities of its currently idle plants.

At the same time, defense giants are joining forces with other strategic sectors. This is the case of **Rheinmetall**, Germany's largest arms manufacturer, which has initiated two major cooperations: the first with a Dutch tech company to start cruise missile production this year; the second with **Deutsche Telekom**, aimed at developing an anti-drone shield to protect critical German infrastructure from potential acts of sabotage.

The U.S. Also Mobilizes Auto Giants

The phenomenon also crosses the Atlantic. In the United States, senior defense officials from the Trump administration have already initiated preliminary talks with **General Motors** and **Ford Motor**. The White House's goal is clear: to leverage the workforce and assembly lines of the Detroit giants to **replenish ammunition stocks**, heavily depleted by ongoing conflicts in Ukraine and Iran.

For Mercedes-Benz and the entire automotive sector, defense is no longer just a matter of geopolitical duty, but a concrete opportunity for industrial diversification in times of crisis. As pragmatically concluded by Källenius himself: "*We shall see*".