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A reappraisal of EU Capabilities

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What and what for: there is wide agreement that the EU needs more capabilities. There is less agreement, however, on what those capabilities should be. Some analysts even warn that the EU should not rush ahead with acquiring more capabilities before it knows clearly what capabilities it already has and how it can use them more effectively. A major reason for this concern is that new capabilities take a very long time to develop, are costly to field and, once in place, are to be around for decades. Any new capabilities developed must therefore be adaptable to various types of future scenarios. Some capabilities, such as air-to-air refuelling and strategic transport, are generic capabilities necessary for almost any future scenario – while others are not. For example, the Russian intervention in Ukraine was not so much a question of the Russians using new technologies or capabilities but rather employing current technologies and capabilities in new and innovative ways.

Nevertheless, new technologies and capabilities tend to be game changers. As one of the historically leading regions of capability development, Europe is used to seeing technological change as an advantage. However, the spread of technological know-how and aggressive efforts by other countries to catch-up in the fields of natural sciences and engineering means that Europe may soon face technologically equal (if not superior) competitors and opponents. Meanwhile, Europe's closest ally and partner, the US, is consistently outspending Europe in the fields of research, technology and development (RTD) – meaning that transatlantic security and defence cooperation will become increasingly difficult in the near future.

Money, money, money: In 2010, the 26 member states of the European Defence Agency (EDA) spent a total of €194 billion on defence while the US alone spent some €520 billion. Over the past ten years, the aggregate defence expenditures of the EDA-26 has been about half of the US total. In GDP terms, this translates to a 1.6% of GPD spent on defence in the EU and 4.8% in the US. There is also a significant difference in how money is allocated. In the EU, the share of the defence budget allocated to investments for the future has consistently been lower than in the US. While EU member states spend about 20% of their defence budgets on investments, the US allocates some 30%. The difference is even more pronounced when it comes to research and development (R&D): in 2010, EU governments spent a total of €9 billion on defence R&D while the US spent €58 billion. The difference between Europe and the US is not only in money spent but also on how to approach future technological uncertainties.

The US' policy is that it should retain its lead in defence technology. To ensure that the US stays ahead in the technology game even in times of budgetary constraints, the Pentagon is now shifting more money to basic research and early stage developments. It is here that new technology breakthroughs take place and where concepts are turned into prototypes. The trade-off is that the budget for system development and demonstration is being cut, meaning that many promising new technologies may never reach production. To ensure that the US military keeps its edge until the truly new breakthrough technology still on the drawing board can be fielded, the US will continue producing systems of incrementally improved levels of technology.

Here the issue of dual-use is important, especially to the EU, as many of the current and future technologies and capabilities are (or will be) developed in the civilian sector. The relationship between high-tech, civil security and military defence have become increasingly blurred. Funding is a perennial problem but the EU – and especially the Commission – has undertaken several new initiatives regarding funding for dual-use research and possible future ownership of joint capabilities that will contribute to improving the funding situation in Europe.

One for all and all for one: Capability development requires solidarity. If more money is to be spent on developing and fielding joint capabilities, there must be an underlying level of solidarity between the participating member states. It is therefore of concern that some analysts argue that solidarity across the Atlantic and within Europe is weakening. An indication of this is said to be that NATO's Article 5 may be under review and is becoming conditional, depending on whether an attack on a member state is considered provoked or unprovoked. While this may not be a widely shared understanding, the simple fact that Article 5 is being discussed at all demonstrates that solidarity across the Atlantic and within Europe itself is under strain.

That Washington is increasingly frustrated by what it perceives to be European unwillingness to provide enough military capabilities is well known – and has long been a sore point of contention across the Atlantic. What is perhaps less well understood is that intra-European solidarity is under strain too. Some analysts hold that the political fallout from the financial crisis in Europe over the past few years have caused real damage to intra-European solidarity. In this narrative, the countries in southern Europe feel that they have been abandoned by the richer northern European countries during the past years of economic hardship and deep crisis. This sense of a lack of economic solidarity within the EU may now threaten to come back to hurt Article 5 security solidarity within NATO.

Back to the future: The EU and its member states would gain much by better using their existing capabilities in a systematic manner and should be careful about rushing headlong into uncoordinated capabilities development and procurement. However, there is also real concern that Europe may be too much focused on today's (or even yesterday's) technologies and capabilities at the expense of thinking creatively about future capability needs. As always, both need to be done.