



Securing the future of European defence

by Anna Barcikowska

Faced with growing global volatility, strategic shifts, daunting fiscal realities and declining defence capabilities, Europeans must rethink the political, operational and economic facets of their security and defence commitments. The Communication 'Towards a more competitive and efficient defence and security sector', adopted by the European Commission on 24 July, provides an important contribution ahead of the European Council meeting in December which will discuss concrete proposals to bolster the Common Security and Defence Policy.

Maintaining and developing military capabilities commensurate with Europe's level of ambition and responsibilities as well as with global challenges requires a renewed commitment to investing in defence and security. While emerging powers in Asia and elsewhere have been making unparalleled investments (with China doubling military expenditure every five years, India increasing defence spending by 14 percent in 2013, and Russia vowing to raise the defence budget to 6 percent of GDP), EU defence spending has shrunk from €251 billion to €194 billion in the past decade.

The European defence technological and industrial base – vital for developing and sustaining defence capabilities – bears the brunt of this downturn. Among the most unfortunate consequences of defence budget cuts in Europe are unprecedented reductions in defence R&D investments, crucial for ensuring the ability to understand, counter and protect against future threats. Between 2005 and 2010 European R&D budgets fell to €9 billion, yielding an unbalanced scenario in which the US alone spends seven times more than all 28 EU member states together. Combined with the continu-

ing fragmentation of European supply and demand, the short-sightedness of such an approach puts at risk not only Europe's militaries but also the sustainability of its strategic industrial assets.

Challenges and solutions

Acknowledging that defence is at the heart of national sovereignty and ultimately the prerogative of member states, the Commission outlines a number of steps to help tackle major challenges facing the European defence sector. It highlights industry and markets, R&T, capabilities, space and energy as the areas where concerted efforts are urgently needed to safeguard its future. These are also the areas where the Commission's funding and instruments can support EU endeavours to facilitate defence cooperation. The proposed actions are summarised below.

Strengthening the internal market: An open and competitive defence market encouraging innovation, diversity of suppliers, new entrants, and inward investment is key to providing European militaries with cutting edge equipment. Following up on the Defence and Security Procurement Directive, the Commission intends to ensure market efficiency and tackle persistent market distortions through monitoring defence procurement, clarifying the limits of certain exclusions (government-to-government sales and international agreements) and addressing offsets and state aid measures. It is also reflecting on the need to enhance security of supply, a key prerequisite for cooperation and operational autonomy. Working with the European Defence Agency, which has already made important inroads in this area, the Commission proposes to explore mutual assurance of



security of supply, optimise the defence transfer regime and consult the stakeholders on the control of defence and sensitive security industrial capabilities.

Promoting a more competitive industry: To withstand the current defence drawdown and at the same time be able to respond effectively to future capability requirements and succeed in the global marketplace, Europe's defence sector needs a comprehensive industrial policy facilitating more cooperation, regional specialisation and civil-military synergies. In order to address some of the most pressing hurdles that affect the competitiveness of the European defence industry, the Commission highlights the importance of standardisation and a common approach to certification; tackling the supply risks associated with raw materials; supporting defence SMEs; and promoting skills essential to the future of the defence industry.

Exploiting dual-use potential and reinforcing innovation: Defence R&T, increasingly based on 'dual-use' requirements, is a critical enabler for both capability development and the competitiveness of the defence industry. As greater utilisation of innovation and technology enhances the operational availability of military capabilities, fully exploring civil-military synergies and developing cost-effective cooperation between civilian security and defence research activities is necessary. Concrete steps in this area include launching a pre-commercial procurement scheme for prototypes of certain technologies – chemical, biological, radiological and nuclear (CBRN) detection, Remotely-Piloted Aircraft Systems (RPAS) and communication equipment – and considering a Preparatory Action for CSDP research where EU defence capabilities would be most needed.

Developing capabilities: Building on its work on non-military capability requirements for civil protection, crisis management, protection of external borders and maritime surveillance, the Commission wants to ensure that Europe disposes of the full range of security capabilities it needs. Consequently, it will enhance further interoperability of information service sharing between civilian and defence users following the success of the Maritime Surveillance project, and consider the establishment of a civil-military cooperation group in the areas of detection technologies, methods to counter improvised explosive devices, man-portable air defence systems (MANPADS) and other relevant threats. In addition it will assess, together with the EEAS, dual-use capability needs for EU security and defence policies to determine the possibility of fulfilling them with assets directly purchased, owned and operated by the Union.

Connecting space and defence: The lack of structural links between civil and military space activities often results in economic and political costs to the users, further exacerbated by technological dependence on third country suppliers. To counter this, the Commission aims at act-

ing to protect space infrastructure, improving efficiencies in satellite communications, and intends to explore building an EU satellite high resolution capability.

Applying EU energy policies and support instruments: While energy costs represent a considerable drain on defence budgets, armed forces' dependence on fossil fuels has an impact on operational and logistical effectiveness. Consequently, reducing the energy footprint is a priority, one that is only reinforced by environmental considerations. In this area, the Commission intends to set up a consultation mechanism with defence sector experts on renewables and energy efficiency and support the European armed forces' GO GREEN demonstration project on photovoltaic energy.

Strengthening the international dimension: At a time when defence budgets in Europe are increasingly constrained, defence companies have to be able to successfully compete in the global markets. However, access to third markets, particularly in the United States, is often hindered by political and regulatory barriers. To remedy this, the Commission emphasises the necessity to explore various ways to support European industries' access to third markets and outline a long-term vision for EU strategic export controls and policy initiatives, including a coherent approach to the monitoring of incoming foreign investment.

The bigger picture

The political dynamics of defence cooperation cannot be separated from their operational, fiscal and industrial underpinnings. While Europe must position itself more competitively with respect to the defence technological and industrial base – and the Commission's recommendations certainly entail ambitious steps in this direction – defence cooperation cannot be achieved without the strong backing of member states. Developing a framework for a vibrant, diverse and innovative defence sector requires maximising cooperative efforts at European level, driven by concrete capability considerations and the involvement of all stakeholders, including the defence industry.

However, increased defence cooperation cannot be seen as a way to compensate for defence budget cuts. With the European Council in December poised to provide a desperately needed impetus to CSDP – with concrete proposals being developed by the High Representative of the Union for Foreign Affairs and Security Policy as well as by the Commission – European leaders have a chance to solidify and restore their commitment to investing in defence. If they fail to do so, Europe will continue to punch below its weight as a military player.

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