

## European Defence: Time to Act

by Alessandro Azzoni

The Russian invasion of Ukraine on 24 February 2022 has renewed momentum on the long-standing debate on EU defence, convincing many that the time for concrete steps to meet this ambition – the building of a united European defence grounded in its own strategic and technological autonomy – has finally come.

Talks have been ongoing for some 68 years – that is, since the French parliament sunk the European Defence Community project back in 1954. The manifest broadening of public consensus for the idea of European defence is not enough. Thorough technical assessments will be needed to identify priorities and strike an acceptable balance between reducing duplications, optimising expenses and the inevitable transfer of some elements of strategic and operational “sovereignty” in the military domain.

Before compiling to-do lists, we should first overcome a basic

misunderstanding: a European army is not a necessity. It would not be a bad thing, at least theoretically, to be able to count on some rapid deployment forces, under a unified military command, should the need arise. Nevertheless, given the limited availability of armed forces which are both fully operational and ready to interact with others, a European army would, in fact, create more problems than it could resolve. The chain of command would need to be built from scratch; personnel and assets selected and properly trained; logistics coordinated and so on.

A bottom-up approach would instead be preferable. Identifying concrete problems and working to resolve them through specific projects would gradually diminish economic and technological difficulties, thus facilitating the emergence of economies of scale and greater levels of defence integration among those countries willing to do so. This will not be a quick process, but it should not

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take centuries either, once we realise that no unanimity on these issues is possible, and therefore the road to integration passes through decisions taken by a limited group of driving countries. When it comes to defence, EU countries are not even theoretically equal.

Money is never enough but increasing defence spending is not a key factor at least in the short and medium term. In 2020, the 27 EU member states collectively spent more than 220 billion euro on defence, compared to 700 billion euro spent by the US in 2021. With the equivalent of 32 per cent of US expenditures, the EU should be a military giant but it is not, as the military capabilities of the 27 can be generously quantified at 10 per cent of those of the US.

This suggests how much EU member states have wasted in financial resources for their individual defence. A detailed study by the European Parliament quantified the savings that could be gained by improving EU coordination in the deployment of assets and procurement in the defence sector at 45 billion euro per year.<sup>1</sup> These resources could be allocated for a radical modernisation and operational improvement of integrated European armed forces, instead of being misused every year on often obsolete assets: a

<sup>1</sup> Daniel Fiott, "The Scrutiny of the European Defence Fund by the European Parliament and National Parliaments", in *EPRS Studies*, April 2019, <https://op.europa.eu/s/wxSm>. Also see, Cemal Karakas, "Defence Industry Cooperation in the European Union. Rationale, Initiatives, Achievements, Challenges", in *EPRS In-Depth Analysis*, May 2021, <https://op.europa.eu/s/wxSp>.

foreseeable outcome of massive, multi-year national defence expenditures.

The key point is to improve the integration and specialisation of the 27-armed forces, putting an end to the countless duplications and incompatibilities and filling the capability gaps that have made (and still make) it impossible for EU countries to undertake autonomous military operations, in any multilateral context, without the support of the US.

Today, with 150 different types of military equipment – compared to 30 in the US – EU armies share little more than fuel and ammunition, and their level of interoperability is only guaranteed by NATO.

The way out is not that difficult. As Draghi said to the European Parliament, we need to "build an efficient coordination of defence systems" and "streamline and optimise our investments in military spending".<sup>2</sup>

Both concepts have already been expressed for some time but have remained mostly on paper. This is partly due to the reluctance of the 27 to sacrifice national sovereignty over issues of security and defence and partially as a result of a traditional US reluctance to back stronger coordination on EU defence outside the NATO framework. A line which should be updated quickly, particularly after 24 February 2022, as correctly pointed out in a recent study by the Center for

<sup>2</sup> Italian Government, *Prime Minister Mario Draghi's Address to the European Parliament*, 3 May 2022, <https://www.governo.it/en/node/19748>.

American Progress.<sup>3</sup>

Other concepts related to EU defence which have been circulating for quite some time include the so-called “pooling and sharing” (P&S) notion, first developed between 2010–2013 in the context of NATO’s “smart defence”. In sum, it provides the joint use of existing equipment and surplus capacity, transferred or exchanged between the EU member states; the setting up of common logistics, maintenance and training centres and the combined purchase of off-the-shelf assets.

In this regard, it is fair to say that member states have slowly and in a rather disorganised way resorted to the P&S, with some initiatives under the aegis of the European Defence Agency (EDA), in areas ranging from satellite communications to maritime surveillance and from flight refuelling to military field hospitals.

That said, real economies of scale could be developed not merely from pooling and sharing but from the concrete implementation of a truly “communitarian” approach to military procurement. This objective has been established – at least on paper – for years, by two European directives (No. 43 and 81) of 2009, respectively on “simplifying terms and conditions of transfers of defence-related products within the Community” and on the “coordination of procedures for the award of certain works contracts,

<sup>3</sup> See Max Bergmann, James Lamond and Siena Cicarelli, “The Case for EU Defense. A New Way Forward for Trans-Atlantic Security”, in *Center for American Progress Reports*, June 2021, <https://www.americanprogress.org/?p=45847>.

supply contracts and service contracts by contracting authorities or entities in the fields of defence and security”.<sup>4</sup>

Yet, even a limited application of pooling and sharing could generate good economies of scale and some smart steps towards interoperability in key sectors such as transport and logistics, ammunition, individual equipment, communications, vehicles and training. The EU Commission recently reiterated its willingness to seek new ways to incentivise joint procurement, including through VAT exemptions, new financing instruments and a revision of the bonus mechanisms of the European Defence Fund.

A third line would include the promotion of a European defence technological and industrial base (EDTIB), which could exceed the 27 national technologies (in reality, just a handful of EU countries have autonomous technological defence capabilities) and achieve the self-sufficiency of supply. Although this is a 15 years old concept, the creation of a true EDTIB remains a chimera, caught in the crossfire between traditional national playgrounds, diverging interests of suppliers and suspicion both within the EU and between the EU and the US.

Without forgetting all of the unexplored possibilities guaranteed by existing EU treaties and institutions, and above all the hitherto limited role of the

<sup>4</sup> European Parliament and Council of the European Union, *Directive 2009/43/EC of 6 May 2009*, <http://data.europa.eu/eli/dir/2009/43/oj>; *Directive 2009/81/EC of 13 July 2009*, <http://data.europa.eu/eli/dir/2009/81/oj>.

European Defence Agency, it would again be appropriate to start from the bottom.

Using the EDA as a clearing house, European member states could identify projects of common interest that are too technologically demanding and/or expensive to be addressed individually even by the best equipped and wealthiest members.

The recent EU “Strategic Compass” clearly recognises the need to strengthen the Union’s military capabilities and identifies priority areas for cooperation (strategic transport, satellite communications, cyber security, intelligence, surveillance and reconnaissance). But the issue remains the same: how to include EU initiatives in national planning, thus encouraging member states to cooperate.

Among the Compass’s proposals, there is also the creation of rapid reaction teams to respond to hybrid threats, disinformation and political interference, and – by 2025 – of a 5,000 strong Rapid Reaction Capacity, a sort of heir to those EU Battlegroups planned and discussed for 15 years but never used. To make this capability operational and achieve it on schedule, however, Europe does not only need those structures that are lacking today but also the long-awaited deep revision of the EU’s decision-making processes.

On 15 February 2022, that is nine days before the Russian invasion of Ukraine, the Commission took its cue from the Compass and presented a new contribution on how to strengthen European defence. This identifies

initiatives in crucial sectors and a roadmap on critical technologies and capabilities for security and defence (key strategic capabilities and critical enablers), hoping for a change of pace towards a more integrated, cooperative and globally competitive EU defence market.

In summary, by the end of 2022, the European Defence Fund (8 billion euro between 2021 and 2027) will invest 1.9 billion euro in defence capability research and development projects, with the idea of launching joint projects and stimulate national investments by member states in technological innovation aimed at reducing strategic dependence.

In addition to this, the Commission assigned new and (at least theoretically) crucial tasks to the Observatory of Critical Technologies, which will identify, monitor and evaluate technologies for space and defence, any technological gaps and the causes of strategic dependence and vulnerability; as well as strengthen the synergies between EU programmes and instruments in the field of research and innovation (including the so-called dual use, civilian and military); push member states to develop coordinated technology approaches and establish an EU Defence Innovation Scheme that brings all these efforts together under a single umbrella.

The renewed commitment by the Commission is positive but the ball has never truly been in the turf of EU institutions. In this field more than anywhere else, everything starts from a critical acceleration by member states.

Sharing military capabilities with other nations, albeit solidly allied, is an understandable source of doubt in the individual national decision-making apparatuses. Yet, it is equally true that Russia's aggression against Ukraine and the Western response are giving rise to a favourable historical moment to finally advance towards a truly integrated European defence.

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