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Samuel B. H. Faure and Dimitri Zurstrassen

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The EU Defence Industrial Strategy: the "Colbertist revolution" will have to wait

**Samuel B. H. Faure (Sciences-Po Saint-Germain-en-Laye)
& Dimitri Zurstrassen (LUHNIP)**

Executive Summary:

- On 5 March 2024, the European Commission and the European External Action Service (EEAS) presented the first-ever EU Defence Industrial Strategy (EDIS) and the European Defence Programme (EDIP).
- These initiatives aim to increase EU defence production capacity, cooperation between the Member States on armaments programmes and reduce foreign dependency in the context of the war in Ukraine, the increase in general worldwide national defence capabilities and a possible US disengagement from Europe in 2025.
- Although it sets out clear political objectives, the content of the Communications does not signify a break with the Commission's initiatives in the field of the defence industrial policy that has been implemented since the 1990s.
- The interventionist instruments proposed in these texts lack the financial resources and political incentives to achieve the objectives set.
- Despite the Commission's ambitions, the intergovernmental paradigm remains unchanged. As a result, there has been no "Colbertist revolution" in Brussels.

Introduction

On Tuesday, 5 March 2024, Commissioners Thierry Breton and Margrethe Vestager and the High Representative of the Union for Foreign Affairs and Security Policy, Josep Borrell, presented the first "European Defence Industrial Strategy" (EDIS, 32 pages, hereinafter the Strategy¹). The Strategy was supplemented by the "European Defence Industrial Programme" (EDIP, 94 pages, hereinafter the Programme).²³ These are two texts jointly drafted by the European Commission and the European External Action Service (EEAS).

However, while the Strategy sets out a clear political and industrial agenda, the instruments presented in the Programme will not enable the objectives formulated to be achieved. Two years after the start of the war in Ukraine and just a few months before the European elections, there has been no "Colbertist revolution" in Brussels. The interventionist instruments proposed by the Commission in its defence industrial strategy lack the financial resources and political incentives to achieve the objectives set. The intergovernmental paradigm that marked the previous initiatives in the field of European defence industrial policy therefore remains unchanged.

Historical background

While Article 223 of the EEC Treaty (1957) established that national defence is an area in which the sovereignty of the Member States remained unaffected, as they "may take such measures as they consider necessary for the protection of the essential interests of their security which are connected with the production of and trade in arms, munitions and war material," it also stated that "such measures shall not adversely affect the conditions of competition in the common market regarding products which are not intended for specifically military purposes."⁴ The aim was to support cutting-edge sectors and dual technologies (civil and military) to boost the competitiveness of European industry. The action plan for European aeronautics, promoted in 1975 by Italian Commissioner Altiero Spinelli, proposed the creation of a "Joint Military Aeronautics Procurement Agency" for the joint development and procurement of aeronautical equipment.⁵ The argument was that at the time the military market accounted for 62% of the European industry's sales and that, in the context of the Cold War, it was necessary to coordinate the actions of the Member States to avoid duplication of investment in this field, as well as excessive diversity in European military equipment.⁶ These proposals led to the creation in November 1975 of the IEPG (Independent European Programme Group), an intergovernmental body

¹ https://defence-industry-space.ec.europa.eu/eu-defence-industry/edis-our-common-defence-strategy_en

² https://defence-industry-space.ec.europa.eu/eu-defence-industry/edip-future-defence_en

³ <https://legrandcontinent.eu/fr/2024/03/05/la-commission-presente-sa-strategie-pour-lindustrie-de-defense/>

⁴ EEC Treaty.

⁵ Historical Archives of the European Commission, COM(75) 475, Action programme for European aeronautics, 1 October 1975.

⁶ *Ibid.*

regrouping all European arms producers, and responsible for strengthening their coordination on arms procurement.⁷ However, various political actors quickly considered this structure to be insufficient to pursue an active industrial policy in the sector.⁸

Against this backdrop of difficulties in organising European cooperation on armaments procurement and to avoid that its competence in this area was challenged by the Member States, from the second half of the 1970's onwards, the Commission decided to concentrate its proposals on the strengthening of the development of dual strategic technologies, as well as the achievement of the single market to avoid duplication of R&D projects, military production and increase its standardisation.⁹ The Commission was, indeed, worried by the growing technological gap for high-tech products with Japan and the United States.¹⁰ In the military sector, for example, the gap between the US and the European Communities in weapons systems was 10 to 1 in 1977, while the trade deficit with the US in the computer and business machines area was of 1.7 billion dollars in 1980.¹¹ Several initiatives were then proposed by the Commission in the late 1970s and the 1980s to strengthen Community research to develop technologies with an impact on the defence industry and to open national public procurement, without touching the sensitive issue of European military supplies.¹²

This drive to integrate the European defence sector through the common/single market continued in the 1990's when the Commission proposed non-binding norms (soft law) in various communications and green papers.¹³ This strategy had the advantage of reassuring the Member States and allowing them to remain within the scope of technical negotiations.¹⁴ The aim was to improve coordination of national defence procurement to facilitate the restructuring of the European armaments industry in the context of the vast restructuring of the US defence industry.¹⁵ In the 2000's, the European Commission put forward various proposals to build an internal market for defence. The objectives were to deregulate the intra-European transfer of defence-related products or to simplify the rules for defence procurement,

⁷ The Economist, European Community. Rushing to Europe's defence, 12 January 1980.

⁸ HAEC, INV 15/2019 415, Note from Pierre Champinois (Belgian Ministry of Foreign Affairs) to Hugo Paemen (Head of Cabinet of Etienne Davignon), 14 March 1978. ; European Parliament's Resolution on European Arms Procurement Cooperation, June 1978; HAEC, Note from Raoul Schoumaker (Belgian Ambassador) to Henri Simonet (Belgian Minister of Foreign Affairs), 27 November 1979. L'évolution de la coopération européenne d'armements. Bilan des efforts entrepris au GEIP, 27 November 1979.

⁹ HAEC, INV 14 2019/256, Note from DG III. Dossier de background sur l'industrie d'armements, 23 June 1978.

¹⁰ HAEC, INV 14 2019/256, Résumé du discours d'Etienne Davignon à l'Assemblée de l'UEO à l'occasion d'un Symposium sur "La Politique européenne des armements". Palais des Congrès, Bruxelles, 16 October 1979.

¹¹ HAEC, INV 14 2019/256, Communication from Etienne Davignon to the European Parliament, December 1980.

¹² Among others: HAEC, COM(79) 650, European society and the new information technologies. Towards a Community response, 9 November 1979; HAEC, COM(81) 639, Mandate of 30 May 1980: A Community Strategy to Develop Europe's industry, 23 October 1981; HAEC, COM(85) 350 final, Towards a Technology Community, 25 June 1985.

¹³ European Commission, Defence industries in the European Community. Towards structural adjustments, 1992; European Commission, The challenges for Europe-defence related industries-Contribution for action in at European level, 1996; European Commission, Public procurement in the European Union: Exploring the way forward, 1996.

¹⁴ Samuel Faure, "EU defence industrial policy: from market-making to market-correcting" in Jean-Christophe Defraigne et.al., *EU Industrial Policy in the Multipolar Economy*. Edward Elgar Publishing, 2022, p. 389.

¹⁵ *Ibid.*, pp. 390-391.

with the idea that the arms market within the EU was ultimately not so different from the civil/commercial market, but also to limit the fragmentation of supply.¹⁶

The 2010's saw the emergence and institutionalisation of a defence industrial policy within the EU.¹⁷ The Commission decided to take on the role of "political entrepreneur" to create government mechanisms at EU level. The aim was no longer simply to create a market, but to elaborate concrete policies.¹⁸ This movement was taking place against a backdrop of instability: Russia's annexation of Crimea (2014), jihadist attacks on European soil, but also Brexit and the Trump administration's protectionist policies. In 2016, the European Defence Fund (EDF) was created,¹⁹ providing the European Security and Defence Policy with a financial instrument to support research and development activities in the sector, as well as to develop and purchase military equipment. The Permanent Structured Cooperation (PESCO) in security and defence established in 2017, for its part, allowed the Member States to have a legal framework to jointly plan, develop and invest in share capability projects.²⁰

As part of the general drive to strengthen the European Union's strategic autonomy, the Von der Leyen Commission launched new initiatives to reinforce EU Defence Industrial Policy. At the institutional level, a Directorate-General for Defence Industry and Space (DEFIS) was established in 2021. New instruments were also created such as the "European Peace Facility" (EPF) in 2021 and the "Strategic Compass for Security and Defence" in the beginning of 2022.²¹ The first one is an off-budget instrument aimed at financing actions that have military or defence implications, while the "Strategic Compass for Security and Defence" enables the Commission to provide long-term indications of the policies to be implemented in this area. Russia's invasion of Ukraine obliged the European Commission to elaborate new instruments to provide military assistance to the latter. The European Defence Industry Reinforcement through common Procurement Act (EDIRPA), proposed by the Commission in July 2022, allows the Member States to get a partial reimbursement from the EU budget where joint purchases involve at least three countries.²² The Act in Support of Ammunition Production (ASAP) adopted in 2023 aimed, for its part, at stimulating the increase of ammunition production capacity in the EU.²³

¹⁶ *Ibid*, pp. 391-392.

¹⁷ Daniel Fiott, "From Liberalisation to Industrial Policy: Towards a Goeconomic Turn in the European Defence Market", *Journal of Common Market Studies*, 2024, pp. 2-4.

¹⁸ Frédéric Mérand, « Bricolage : A Sociological Approach to the Making of CSDP ». In Kurowska, Xymena, Breuer, Fabian eds. *Explaining the EU's Common Security and Defence Policy: Theory of Action*. Houndmills, Palgrave Macmillan, 2012.

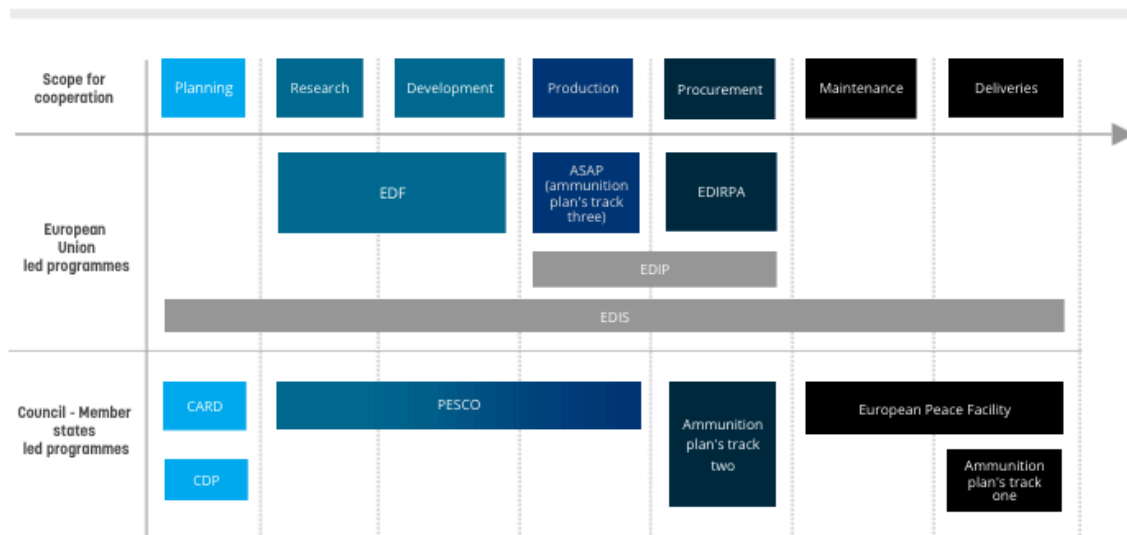
¹⁹ COM(2022) 349 final, proposal for a Regulation of the European Parliament and of the Council on establishing the European defence industry Reinforcement through common Procurement Act

²⁰ Council Decision (CFSP) 2017/2315 of 11 December 2017 establishing permanent structured cooperation (PESCO) and determining the list of participating Member States, 14 December 2017; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017D2315>

²¹ OJ L 102, Council Decision (CFSP) 2021/509 of 22 March establishing a European Peace Facility, 24 March 2021; <https://www.consilium.europa.eu/en/press/press-releases/2022/03/21/a-strategic-compass-for-a-stronger-eu-security-and-defence-in-the-next-decade/>

²² COM(2022) 349 final, Proposal for a regulation of the European Parliament and of the Council on establishing the European defence industry Reinforcement through common Procurement Act, 19 July 2022.

²³ https://defence-industry-space.ec.europa.eu/eu-defence-industry/asap-boosting-defence-production_en



Source: <https://www.euractiv.com/section/defence-and-security/news/explainer-how-to-make-sense-of-the-eus-defence-funds-and-programmes/>

Context of the current Commission's proposals

The publication of the European Defence Industrial Strategy (EDIS) and the European Defence Industry Programme (EDIP) is taking place against the backdrop of the war in Ukraine unleashed by Vladimir Putin's Russia on 24 February 2022, the worldwide increase in national defence capabilities and the possible disengagement of the United States from Europe if Donald Trump wins the US presidential elections in November 2024. It also comes a few months before the end of the mandates of the leaders of the EU institutions, with the European elections taking place in June 2024. The publication of this strategy was announced during the State of the Union address²⁴ given in September 2023 by the President of the European Commission, Ursula Von der Leyen, and follows from the commitments made by the Heads of State and Government at the last European Council on 14 and 15 December 2023.²⁵ At that time, the Strategy was presented as an extension of two legislative initiatives passed in the summer of 2023 by the Council and Parliament on a proposal from the Commission, the first on arms production (ASAP) and the second on arms procurement (EDIRPA).

On the one hand, a budget of €500 million was created by the production support action regulation (ASAP²⁶) to increase the production of munitions and missiles. The aim was to give European companies

²⁴ https://ec.europa.eu/commission/presscorner/detail/en/speech_23_4426

²⁵ <https://www.consilium.europa.eu/fr/press/press-releases/2023/12/15/european-council-conclusions-14-and-15-december-2023/>

²⁶ https://defence-industry-space.ec.europa.eu/eu-defence-industry/asap-boosting-defence-production_en

the capacity to export military equipment as a matter of urgency to support the Ukrainian armed forces. The ASAP regulation was also designed as an instrument to enable EU Member States to replenish their stocks. In addition, a budget of €300 million was created by the regulation on the strengthening of the European defence industry through joint procurement (EDIRPA)²⁷ to promote emergency arms purchases for EU Member States.

Initially scheduled for presentation in November 2023 and February 2024, the strategy required several months of work. During the autumn of 2023 and the winter of 2024, the Commission and the EEAS organised twelve workshops and drew on 270 written contributions from 90 stakeholders in the European defence industrial sector.²⁸ The introduction to the Strategy also states that the Commission and the EEAS drew on some of the proposals put forward by citizens at the Conference on the Future of Europe.

Challenges

Against the backdrop of the deadliest war Europe has seen since the end of the Second World War, the Strategy opens with a triple challenge corresponding to three structural weaknesses encountered by European political and industrial players in dealing with it:

1. *Insufficient production capacity*: The companies that produce military technologies in Europe - which make up the European Defence Technological Industrial Base (EDTIB) - have insufficient production capacity to meet the increased wartime demand for support for Ukraine and the defence of Europe;
2. *Lack of coordination*: European States cooperate little and insufficiently to acquire armaments in common: between 2021 and 2022, only 18% of their purchases came from programmes carried out in European cooperation;
3. *Foreign dependencies*: One of the consequences of these two practices is that European states are heavily dependent on non-European companies, particularly US companies, for their military technology supplies, and even more so since the start of the war in Ukraine. In 2022, almost 80% of the weapons purchased by European states were imported from countries outside the EU's borders, including almost two-thirds (63%) from the United States.

²⁷ <https://www.consilium.europa.eu/en/press/press-releases/2023/10/09/edirpa-council-greenlights-the-new-rules-to-boost-common-procurement-in-the-eu-defence-industry/>

²⁸ https://defence-industry-space.ec.europa.eu/eu-defence-industry/edis-our-common-defence-strategy_en

Objectives

In response to these three political and industrial weaknesses, the Commission and the EEAS have formulated three objectives which corroborate the Strategy's punchline: *"investing more, better, together, European."*

1. *Increasing the 'competitiveness' of the defence industry:* since the start of the war, the DTIB-E has increased its artillery ammunition production capacity by 50%. It is already capable of producing one million artillery shells a year and should reach a capacity of more than 1.4 million by the end of 2024 and 2 million by the end of 2025 (p. 6 of the communication);
2. *Strengthening European cooperation:* 40% of defence equipment acquired by EU Member States should result from collaborative armaments programmes by 2030, i.e. be *"Made in Europe"*. In addition, the Strategy estimates that the value of intra-EU defence trade should be 35% of the value of the EU defence market by including Ukrainian companies in this scheme;
3. *Accelerating Europe's strategic industrial and technological autonomy:* 50% of Member States' military procurement should come from the European defence industry by 2030, and 60% by 2035.

In so doing, the Strategy's overarching objective is to give the EU the means to organise its intervention arrangements so as not only to respond to the crisis (*"emergency response"*) but also to work towards the availability of the EU's strategic capabilities in the medium term (*"EU Defence readiness"*). The Strategy is subtitled *"Achieving EU readiness through a responsive and resilient European Defence Industry"*. Thus, the Commission and the EEAS intend to maintain *"the security of its citizens, the integrity of its territory and critical infrastructure or assets, as well as its fundamental democratic values and processes"* (page 2).

Instruments

To guarantee the availability and supply of military equipment to EU Member States, the Strategy reiterates the value of existing instruments:

- *European level:* the coordinated annual defence review (CARD), which aims to monitor the national defence plans, help coordinate spending and identify possible collaborative projects, as well as a permanent structured cooperation (PESCO);²⁹

²⁹ <https://www.euractiv.com/section/defence-and-security/news/explainer-how-to-make-sense-of-the-eus-defence-funds-and-programmes/>

- *National level*: budgetary investment commensurate with current strategic challenges (2% of GDP);
- *Transatlantic level*: the strategic commitment of European States - generally referred to as the "European pillar" - within NATO and the strengthening of EU-NATO cooperation.

The Strategy is innovative in that it proposes to include Ukrainian companies in EU initiatives to promote the defence industry and European cooperation. It is therefore a sort of 'opt-in' by the market: allowing industrial players from a third country, in this case Ukraine, to benefit from the incentives, including budgetary ones, provided for in the Strategy. This ingenious institutional innovation has been advocated for several months by French political scientist Pierre Haroche.³⁰ The EU's ambition is to open an "innovation office" in Kiev in order to "connect EU start-ups and innovators with Ukrainian industry and armed forces" (p. 23 of the Communication). The Strategy also announces the organisation of an "EU-Ukraine Defence Industry Forum" in 2024.

In addition to the Strategy (EDIS), the Commission and the EEAS have presented a proposal for a regulation for a "European Defence Industry Programme" (EDIP). This programme is conceived as a budgetary and regulatory instrument.

On the financial side, the programme provides for a budget of €1.5 billion from the EU budget. This budget would be used both as a financial extension of the ASAP and EDIRPA regulations and to feed the "Fund for the Acceleration of the Transformation of the Defence Supply Chain" (FAST) created by the Strategy (p. 18). FAST is an instrument designed to facilitate access to debt and/or equity financing for small and medium-sized enterprises (SMEs). It is also specified that the Programme's budget will be used to strengthen industrial cooperation between Ukraine and the EU.

On the regulatory side, the Programme envisages four instruments:

1. The *Structure for European Armament Programme* (SEAP) is designed to encourage European cooperation between Member States. The SEAP is presented as:

"The new legal framework[...] provides a means of underpinning and strengthening defence cooperation, including in the context of PESCO, if Member States so agree.[...] Subject to specific conditions, Member States will be able to benefit from an increased rate of funding under EDIP as well as simplified and harmonised procurement procedures. Where Member States are joint owners of equipment purchased through SEAP (acting as an international organisation), they will be eligible for VAT exemption" (p. 12 of the Communication).

³⁰ <https://euobserver.com/opinion/157628>

2. The aim of the European Military Sales Mechanism (EMSM) is to promote the availability of EU equipment over time and in volume (p. 13 of the Communication). The Commission proposes to test this mechanism through a pilot project implemented with the Member States and industrial players.
3. The Programme proposes the creation of a *Defence Industrial Readiness Board* (DIRB) which would bring together the Member States, the High Representative and the Commission to oversee the EU's joint programming and procurement missions. The Board's other task would be to monitor the implementation of the Programme (p. 8 of the Communication).
4. The Programme provides for the launch of European defence projects "of common interest" with the aim of concentrating EU efforts and funding programmes (p. 16 of the Communication). Projects of common interest would be defined and selected by the Committee and would be linked to existing instruments including CARD and PESCO.

Commentary

The publication of the Strategy (EDIS) and the Programme (EDIP) leads us to seven observations.

1- *An ordinary working method for the Commission*

The Strategy is a communication (*soft law*) and the Programme is a proposal for a regulation (*hard law*). This is the Commission's normal way of working: publishing a non-binding text in order to adopt a position and make proposals, inviting the Council, and therefore the Member States and Parliament, to give their opinion. In this respect, the context of the war in Ukraine has not changed this way of working. The only change, highlighted in the communication from the EU institutions, is that this work has been carried out jointly by the Commission and the EEAS.

It should also be emphasised that the publication of EDIS and EDIP confirms that the Commission and the EEAS are taking a political (*market-correcting*) rather than an economic (*market-making*) approach to European public action in the defence industrial sector. This political change would have been hard to imagine just ten years ago and should not be underestimated. The "defence package" adopted in 2009 followed this *market-driven* logic.³¹ In the 2020s, Europe's defence industry is not just an issue linked to the creation of an internal market and one driven by the economic objective of "*best value for*

³¹ <https://www.e-elgar.com/shop/usd/eu-industrial-policy-in-the-multipolar-economy-9781800372627.html>

money", as it was from the 1990s to the early 2010s, but it is also seen as an instrument serving political objectives.

2- *The Commission in the role of broker rather than political entrepreneur*

The publication of these two documents places the Commission in the role of intermediary or political broker, supporting the action taken by the Member States, which remain the masters of the game.³² Responding to a journalist during an interview on French television channel France Info on 4 March 2024, Thierry Breton stated that "Defence should remain the responsibility of the States."³³ This statement echoes one made by Josep Borrell during a debate held on 18 February 2024, when he recalled that "One thing is the defence industry, another is defence[...] Defence is a competence of the EU Member States."³⁴

This political line, aimed at maintaining the institutional *status quo in* order to keep the Commission in the role of political broker, has prevailed over those in favour of more structural political changes corresponding to a role of political entrepreneur. The President of the European Commission, Ursula Von der Leyen, for example, has in recent months defended the proposal for a Commissioner for Defence and not just for the defence industry.³⁵ This proposal was not taken up or discussed during the presentation of EDIS and EDIP on 5 March 2024, which is also the case for another proposal, this one being financial.

3- *Interventionist instruments without the capacity to intervene*

Indeed, when the Strategy and Programme were being drawn up, Thierry Breton proposed the creation of a €100 billion fund. The Commissioner for the Internal Market, Defence Industry and Space said at the time:

"If we are serious and the Member States believe that developing our defence is one of the priorities for the years to come, we need to give ourselves the means to achieve these

³² On the role of the Commission as a political broker in the field of EU industrial policy, see Donato Di Carlo and Luuk Schmidt, Europe first? The rise of EU industrial policy promoting and promoting the single market, *Journal of European Public Policy*, 2023. Available here: www.tandfonline.com/doi/full/10.1080/13501763.2023.2202684

³³ <https://twitter.com/franceinfo/status/1764539817268809806>.

³⁴ <https://www.euractiv.com/section/defence-and-security/news/eu-defence-commissioner-proposal-gains-traction/>

³⁵ <https://www.politico.eu/article/von-der-leyen-plans-new-defense-commissioner-post/>

ambitions[...]I believe that the 100 billion euros are necessary to significantly increase our defence base, but also to develop common security infrastructures.³⁶

However, neither EDIS nor EDIP makes any mention of such a fund. The only additional budget line that has been announced is the €1.5 billion budget earmarked for implementing the EDIP regulation - a budget identical to that granted to the European Defence Fund (EDF) at the European Council last December.³⁷ This budgetary envelope, which is intended to ensure the long-term viability of the financial resources of the ASAP and EDIRPA regulations, is not annual but could be used over the period 2025-2027. In short, the level of the EU's budgetary commitment has not changed significantly since the start of the war in Ukraine. By comparison, France's military budget alone will amount to 43.9 billion euros in 2023, more than ten times as much as all the EU's budgetary instruments combined. At the same time as announcing the creation of these EU budget instruments, German Chancellor Olaf Scholz announced the creation of a special €100 billion fund to be added to the annual national defence budget.³⁸

The level of EU budgetary resources in the field of security and defence has changed so little that what we wrote on the day after the European Council held in Versailles in March 2022, as part of the French Presidency of the Council of the EU (FPEU), is confirmed:

"On the supply side, there is no trace in the Versailles declaration of the creation of a €200 billion "investment fund", an idea that has been circulating in informed circles of late.[...] The EU's level of annual investment []remains that of millions of euros rather than billions of euros in defence. It will take economic incentives of a different kind to generate structural change.³⁹

The discrepancy between financial resources and political ambitions persists, leading us to wonder who really killed the €100 billion fund that Thierry Breton was defending two months ago. This raises the question of which political or industrial players drew the red lines, or even blocked the more ambitious initiatives during the negotiations in autumn 2023 and winter 2024, and whether there is a correlation between this "political caution" and the current election campaign.

More political, budgetary and institutional efforts will be needed to ensure that the geo-economic turnaround of the European defence market, from its liberalisation to the institutionalisation of an industrial policy, is taken,⁴⁰ i.e. that the interventionist instruments have a serious capacity to intervene.

³⁶ https://www.lemonde.fr/international/article/2024/01/12/ue-thierry-breton-propose-un-fonds-de-100-milliards-d-euros-pour-developper-la-defense-europeenne_6210438_3210.html

³⁷ The EDF initially had a budget of €8 billion from the EU's multiannual budget (2021-2027), to which this €1.5 billion has been added since December 2023, giving a total of €10.5 billion: <https://www.consilium.europa.eu/fr/meetings/european-council/2023/12/14-15/>

³⁸ On this topic see Samuel Faure, Réarmer l'Europe? Ce que la guerre en Ukraine n'a pas changé. Revue Esprit, January 2024. <https://esprit.presse.fr/actualites/samuel-b-h-faure/rearmer-l-europe-45080>.

³⁹ <https://legrandcontinent.eu/fr/2022/03/14/une-politique-du-gentle-reminder-le-bilan-de-versailles-en-10-points/>

⁴⁰ <https://onlinelibrary.wiley.com/doi/abs/10.1111/jcms.13600>.

The budgetary issue is *de facto* postponed until the negotiations on the EU's next multiannual budget (2028-2034), which will be at the heart of the political work of the next term of office of the European Council, Parliament and Commission (2024-2029).

4- *Insufficient political incentives to achieve the stated objectives*

One of the likely effects of a limited budgetary commitment is that the incentives are insufficient to create the conditions needed to drive political and industrial change. Let's take an example: one of the objectives clearly formulated by the Strategy is that, by 2030, EU Member States should acquire 40% of their defence equipment through European cooperation. This objective is not so far removed from the 35% previously defined by the CARD. However, at present, EU Member States cooperate at European level in only 18% of cases.⁴¹

It is therefore an ambitious objective to seek to double the volume of "*Made in Europe*" arms acquisitions, and to do so over a short period of time. As mentioned above, the Commission's strategy indicates that US arms imports have doubled since 2022, and EU Member States continue to prefer to spend more than half of their military procurement budgets on national programmes (52%). At the end of November 2023, the annual report of the European Defence Agency (EDA) shared this data, which confirmed the low level of inter-state "strategic intimacy" in Europe: in 2022, 70% of EU Member States - i.e. 19 out of 27 - did not wish to inform the EU of the proportion of their national budgets committed to European cooperation armaments programmes.

So, without strong political incentives, it is not very risky to say that the 40% target will not be reached, and over such a short timescale, it is not unreasonable to consider it as *wishful thinking*.

5- *Avoiding political conflict at the risk of bureaucratic opposition*

The many acronyms created within the framework of the Strategy and the Programme, which we have tried to render intelligible, are not convincing in terms of their institutional "integration" into the existing system.

By playing the "political caution" card, the Commission and the EEAS have avoided an outcry from certain powerful players - large States or *prime contractors*. Indeed, since the presentation of the Strategy and the Programme, there have been no strong political reactions from the opposition at

⁴¹ European Defence Agency, *2022 coordinated annual review on defence (CARD) report*, 2022, p. 6.

national or European level. However, the successful distancing of political conflicts has perhaps complicated the bureaucratic implementation of the Strategy by increasing the complexity of the system and the potential conflicts between departments within the Commission, with the EEAS and the EDA.

To put it simply, it is not a question of asserting that the new instruments will complement the previous ones, and that all the parties involved will work in harmony to ensure that this is the case. To do so would be to underestimate the bureaucratic logic specific to an institution, a department, a service or a programme, and to the players who make them work or set them up to fail. Here, we would assume that even the agents concerned in DG DEFIS and DG COMP at the Commission, but also in the EEAS and the EDA, have, at best, an impressionistic idea of how, for example, the institutional instruments SEAP and DIRB will fit in with PESCO and CARD.

6- *An EU policy in favour of political unity rather than institutional integration*

Since the start of the war in Ukraine, there has been a scientific controversy in European studies between those who argue that a high-intensity conflict at the EU's borders can be a sufficient condition for the integration of a 'core state power' such as armaments⁴² and those who, on the contrary, consider that the war has strengthened political unity between the twenty-seven EU Member States without, however, having integrated the mechanisms of European government.⁴³ The publication of EDIS and EDIP may be seen as vindicating the latter by reinforcing the EU's role as a "regulatory state", without creating a "supranational security state". The intergovernmental paradigm "by and for the States"⁴⁴ remains unchanged.

7- *Third countries: an "enlargement" to include Ukraine, but no United Kingdom*

As has already been said, the most innovative proposals in the Strategy and the Programme are those relating to the integration of Ukrainian industrial players within the EU. It will be interesting to see in the coming months which players - national, European, Ukrainian; political, institutional, industrial - take up these instruments, to make what political use of them and with what effect.

⁴² MCNAMARA, Kathleen R., KELEMEN, Daniel R., Seeing Europe like a state. *Journal of European Public Policy*. 2022, vol. 29, no 12, p. 1916-1927.

⁴³ GENSCHER, Philipp, SCHIMMELFENNIG, Frank. War, political development, and European integration: a debate on Kelemen and McNamara's 'State-building and the European Union.' *Journal of European Public Policy*. 2022, vol. 29, no. 12, pp. 1867-1870.

⁴⁴ <https://lerubicon.org/la-relance-de-la-defense-europeenne-par-les-etats-pour-les-etats/>

Furthermore, the attentive reader will have noticed that we have not once referred to the United Kingdom, a major political, military and industrial player in Europe with the largest company in the European defence industry being the British *BAe Systems*. Indeed, we did not find a single mention of the United Kingdom in either the Strategy or the Programme. Eight years after the Brexit referendum and four years after the UK's definitive exit from the EU, the political relationship between the EU, its Member States and the UK requires work on, among other things, the aspect of strategic industrial autonomy.⁴⁵

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Ultimately, the future will tell whether the publication of EDIS and EDIP was a missed opportunity to institutionalise defence industrial policy and move beyond the Commission's role as broker of national interests, or whether these two documents represented a further "small step" on the road to a "Colbertist revolution" more in line with the stated objectives of a war economy, strategic autonomy and a geopolitical Europe.

The gap between the formulation of objectives and the proposal of instruments remains abysmal, and it is therefore worrying two years after the start of the war in Ukraine. The European states intend to retain their prerogatives in terms of defence policy, so it is up to them to demonstrate that intergovernmental governance is appropriate to Europe's security architecture and to the strengthening of its industry.

⁴⁵ <https://www.cairn.info/revue-les-champs-de-mars-2021-2-page-121.htm>.