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NATIONAL EXPECTATIONS REGARDING THE EUROPEAN DEFENCE FUND: The Italian Perspective

By

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Comment

ABSTRACT

Italy's expectations on EDF are deeply-rooted in the institutional, military and industrial establishment, and are enhanced by the fact the pro-EU Partito Democratico has replaced sovereignist Lega within the renewed Italian government led by Giuseppe Conte. In particular, EDF is expected to drive more joint procurement among a large pool of member states, to enhance European defence industry's competitiveness and EU strategic autonomy. The Fund's governance should take into account the intergovernmental nature of defence domain, and thus involve the EU Military Committee and EDA, connect with PESCO, and be coherent with NATO Defence Planning Process. Because of Italy's defence industrial cooperation with both France and UK, EDF is expected to be open to London despite of Brexit. Finally, the work programme priorities should prioritize the satisfaction of armed forces' needs, particularly on components and technologies for major systems not affordable on a national basis.

Keywords: *Italy, EU, European Defence Fund, PeSCo, NATO, Conte government, European Defence Technological and Industrial Base, DG Defence, Brexit.*

INTRODUCTION TO ITALIAN EXPECTATIONS

The country's expectations from the EDF are deeply rooted in the establishment, and the unexpected change of Italian government which occurred in 2019 is likely to further enhance them. In August, Deputy Prime Minister Matteo Salvini withdrew the support of its sovereigntist party, the Lega, to the coalition executive formed in 2018 with the Movimento 5 Stelle (M5S) and chaired by Giuseppe Conte. As a result, a new government has been established by M5S and the progressive, pro-EU Partito Democratico (PD), still with Conte as Prime Minister. From the Partito Democratico, the new team features Lorenzo Guerini as Defence Minister, and former chair of the European Parliament's economic affairs committee Roberto Gualtieri as Minister of the Economy, in charge – among other things – of appointing the CEOs of major Italian companies such as Leonardo and Fincantieri. Because of the Lega-PD swap, the renewed Conte government has a much stronger pro-European attitude than its predecessor. That means in the near future more commitment to European defence cooperation and integration, and less tensions on other issues – i.e. migration or fiscal policies – which had negatively interfered with defence policy under the previous M5S-Lega government. On 19 September, Italy's decision to join the Paris-led European Intervention Initiative confirmed this trend, as well as a rapprochement with France.

Such a pro-European shift is fully coherent with a quite stable set of expectations from the EDF, shared by institutional, military and industrial actors. First, the EDF is expected to enhance the competitiveness of the European Defence Technological Industrial Base (EDTIB), primarily in terms of technological innovation. The second well-recognised goal to achieve is a greater degree of strategic autonomy within the EU, although defence industrial cooperation with both the US and the UK is still much valued, particularly in the aeronautic sector with the F-35 and the Tempest. Notably, on 10 September 2019, Italy has joined the Tempest programme with the full support of Minister Guerini. Broadly speaking, the UK is one of the two major European partners for Italy when it comes to defence industry, along with France particularly in the space and naval sectors. Therefore, Rome expects to maintain these partnerships despite Brexit, including through the EDF openness to European third parties which bring substantial economic, defence and technological resources like the UK. Italy supported the EDF regulation already adopted and will call for its application in good faith towards the British. Also, the EDF is perceived as a driver for joint procurement by Member States. Here in particular the expectation is about robust and quite inclusive programmes with the buy-in of both large and middle Member States, according with, and beyond, the eligibility criteria of three entities from three Member States.

Last but not least, the EDF should satisfy the need of European armed forces, hence the Italian demand that the military requirements outlined through the EU Military Committee and the European Defence Agency (EDA) will be duly taken into account in the work programme as well as in the projects' evaluation. Accordingly, the EDF should be strongly connected with PESCO, where groups of Ministries of Defence agree on cooperative projects mostly aimed towards capability development.

In terms of budget, the first expectation is to implement the EU plans to spend EUR 13 billion over the 2021-2027 horizon. Secondly, the Fund is expected to recognise Italy's technological and industrial capacities, as well as the fact that Rome is among the major financial contributors to the Fund itself. A Franco-German driver for industrial cooperation within the EDF is not a problem for Italy only if it is really open to other countries' participation already in the early phases, and generally speaking if an adequate degree of openness and competition is maintained within the Union. Finally, there is a great interest in Italy for EDF-related technological and industrial dynamics, and they will likely influence not only the private sector planning but also the Ministry of Defence procurement policy, including research and development activities.

ON THE EDF GOVERNANCE

Although the EDF formally falls within the community method and under the Commission's responsibility, the intergovernmental nature of the defence sector should be taken into account by the Fund. The armed forces' needs are inherently different from other public administration procurement, not least because of adversaries to fight through the use of force. Hence, security of supply and sensitiveness on operational and technological sovereignty inform Member States' preferences on procurement, and these preferences are crucial for the marketability of EDF output.

Such a reality should be somehow reflected in the Fund governance, via a formal link with the EU Military Committee and the EDA, as the first represents the apex of national militaries and the second, through the Capability Development Plan and the Defence Ministers' presence in its Steering Board, is the best available liaison with national interlocutors. In particular, both EDA and EUMC should participate as members in the committee tasked with the definition of the work programme (and not just as observer as it is currently the case for the Agency), in order to channel the synthesis of armed forces' needs into the EDF topics and call. Also, when reporting to this committee on the awards of projects, the Commission should take into account feedbacks for future selections, i.e. regarding the match between selected projects and both the work programme and the CDP.

PREFERRED WORKING PROGRAMMES

The definition of the EDF work programme needs an in-depth and careful assessment of both military and techno-industrial aspects. On the one hand, the need to ensure the marketability of EDF output calls the Fund to follow the procurement priorities agreed by Member States through the CDP, i.e. regarding the 11 priority categories and the 35 High Impact Capability Goals. This way, it should be coherent also with the NATO Defence Planning Process. In particular, the EDF should finance those more ambitious projects which are not feasible at a national – or even bilateral – level, that means major systems oriented to the high-end spectrum of conflict. Considering the EU political and legal constraints in this regard, the EDF should support those technologies and/or components, from radars to engines, which are key for the aforementioned systems but are less “kinetic” than, for instance, ordnances.

On the other hand, the EDF is a unique opportunity to link defence innovation not only with industries with dual-use technologies – i.e. in the space sector – but also with civilian technological breakthroughs in the digital world, from artificial intelligence to big data. The fact that between 4 and 8 per cent of EDF budget will be allocated to disruptive technologies is a positive step in this direction. Yet such an approach should not underestimate the fact that it is a European *Defence* Fund, and the Member States’ armed forces have significant and specific capability gaps to fill sooner than later. ■

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The Armament Industry European Research Group (Ares Group) was created in 2016 by The French Institute for International and Strategic Affairs (Iris), who coordinates the Group. The aim of the Ares Group, a high-level network of security and defence specialists across Europe, is to provide a forum to the European armament community, bringing together top defence industrial policy specialists, to encourage fresh strategic thinking in the field, develop innovative policy proposals and conduct studies for public and private actors.

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