



FRANCE'S PERCEPTION OF THE EU DEFENCE INDUSTRIAL "TOOLBOX"

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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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ABSTRACT

Over time, the European Union (EU) could gradually become a major player in the EDTIB, the European Defence Technological and Industrial Base. In recent years, it has developed several initiatives to support defence industrial cooperation between Member States and their defence companies¹. For European capitals, this represents a major paradigm shift. How do they see this new role that the EU, and the Commission in particular, are in the process of acquiring? What is their perception of the EU's toolbox for supporting the EDTIB?

To answer these questions, the Ares Group has decided to launch a series of seven papers (comments) on various European countries. The case of France is presented here by Jean-Pierre Maulny, Deputy Director of IRIS. Jean-Pierre Maulny notes that the French position on the EU defence industrial toolbox can only be understood by bearing in mind the 3 pillars of the French strategic culture. Firstly, France is pursuing an autonomous foreign affairs policy. Secondly, France is actively engaged in shaping a unified European foreign policy, aiming to foster a stronger and more influential Europe. Thirdly, there is an indefectible transatlantic link underlined by the comeback of France in the NATO military structure in 2009.

France considers that the EU defence industrial toolbox must be built in complementarity between the various stakeholders, i.e., the European Commission, the European Defence Agency, the Member States, as well as with the EDTIB. France's armament policy is integrated into the European framework, whether at the intergovernmental level or the community level, as France spearheads participation in PESCO and EDF projects. Nevertheless, France's relations with the Commission are much more complex, even conflictual, than some European observers would think. For now, France has not considered the possibility that the European Commission could take the lead in crafting a European defence industrial policy capable of partly or even fully replace the policies formulated at the national level. Such a reflection should be conducted in the months and years ahead.

Keywords: France | EU | Defence Industry | EDTIB | European Commission | EDF | EDA | PESCO | European Defence | Transatlantic relationship

¹ These initiatives are in addition to those carried out under the framework of the European Defence Agency (EDA) and include, among others, the European Defence Fund (EDF), the Permanent Structured Cooperation (PESCO), the European Peace Facility (EPF), the European Defence Industry Reinforcement through common Procurement Act (EDIRPA), the Act in Support of Ammunition Production (ASAP), the European Defence Industrial Strategy (EDIS) and the future European Defence Industrial Programme (EDIP).

HISTORICAL FOUNDATIONS OF FRENCH EUROPEAN ARMAMENTS POLICY

Understanding France's perception of the EU Defence Industrial 'Toolbox' is impossible without acknowledging the historical foundations of Paris's defence industrial policy.

At the end of the Second World War, France, whose territory had been partially occupied by German troops, lost most of its industrial defence capabilities. In the 1950s, a large proportion of its equipment was American². For example, even in the early 90s, prior to the Rafale entering service, one of the major issues within the French strategic community was whether or not to modernise the American Crusader aircraft purchased in the mid-60s, which were deployed on the two French aircraft carriers.

The 1956 Suez expedition spurred France to develop its own defence industry, threatened by the USSR and left without the support of the United States. After that date, France started looking for strategic autonomy to guarantee a sovereign foreign policy. It was, therefore, necessary to develop the armament industry, which required the development of a defence industrial policy. A department was set up within the Ministry of Defence in 1961, the Directorate of Equipment and Armaments (DMA), which became the Délégation Générale pour l'Armement in 1977 and later renamed DGA ("Direction générale de l'Armement") in 2009. The objectives were clear: to speed up the military nuclear programme in order to have a deterrent force, and to finance the defence industry to develop technologies and armaments in order to avoid being dependent of foreign suppliers. This strategic culture was inculcated in France's civil and military administrative elite. The 2003 United States embargo on certain weapons, albeit partial and short-lived, imposed on France for failing to support Washington in the Second Gulf War, served as a reminder that strategic autonomy is essential. For this reason, the Ministry of Armed Forces pays particular attention to the possible effects of US ITAR regulation on weapons manufactured in France, which sometimes include American components.

However, the French strategic culture is not unidirectional; it is not limited to asserting national independence. Alongside this culture of strategic autonomy, which has been built up within a national framework, there is the perception that Europe must be built and unified, in developing a common foreign policy and, therefore, defence policy. In 1984, François Mitterrand, the President of the French Republic, initiated the revitalisation of the Western

² Gerard Bossuat, *Le bilan des aides américaines économiques et militaires à la France 1938-1960*, Institut de la gestion publique et du développement économique, 2001.

European Union. This initiative was taken up in 1987 by Prime Minister Jacques Chirac with the publication of the platform on European security interests³. Subsequently, French President François Mitterrand and German Chancellor Helmut Kohl stand as the architects of the common foreign and defence policy set out in the 1992 Maastricht Treaty. France used to dream of greater autonomy at the national level; today, it dreams of autonomy at the EU level and for the EU as a whole.

The final aspect of this strategic culture is the strength of the transatlantic alliance with the United States. This has been demonstrated during major international crises, in 1963 during the Cuban crisis, in 1983 during the Euromissile crisis, in 2001 after the World Trade Center attacks, and today in support of Ukraine. France's return to NATO's integrated military command in 2009 was intended to remove any ambiguity about the nature of this commitment, and in particular, to silence those who thought that France was campaigning for a European defence union against NATO or the United States. In other words, complementarity between NATO and the EU is Paris' watchword.

This strategic culture thus serves as a backdrop for understanding the French position on the EU defence industrial toolbox. It has done so for over 30 years when the Europeans wanted to set up a European armament agency for the first time in the WEU declaration annexed to the Maastricht Treaty⁴.

³ CVCE, *Platform on European security interests*, The Hague, October 27th 1987.

https://www.cvce.eu/content/publication/2002/1/29/444f642c-62ed-4fd9-8136-a129d2de3783/publishable_fr.pdf

⁴ CVCE, *EU Treaty - Declaration (No. 30) on WEU*, Maastricht, February 7th 1992.

https://www.cvce.eu/content/publication/2003/1/16/f5e420de-160a-491e-99ee-03576aa49fc1/publishable_fr.pdf

FRANCE, CAUGHT BETWEEN INTERGOVERNMENTAL AND COMMUNITY ACTION

For France, the EU defence industrial toolbox is not limited to the European Commission actions, but must also take into account the role of the European Defence Agency and the Member States, as well as the interactions between these three players. Therefore, France has no preference as to which body should lead a European defence industrial policy: the European Commission or the European Defence Agency. Its only criterion is the objective pursued by this defence industrial policy and the means to be implemented.

Politically speaking, France naturally applauded the President of the European Commission, Ursula Von der Leyen, when she spoke of a geopolitical Europe. This marked the European Union's shift towards the assertion of a powerful Europe.

Today, the French authorities, either the Ministry of Armed Forces, the Ministry of External Affairs and Europe, or Élysée, note that the Community institutions' will to establish a genuine political external policy for the European Union is significant which Paris appreciates. Nevertheless, France has long distrusted the European Commission on armament-related matters, suspecting its inclination towards regulating the armaments market liberally based on the single market competition rules. As such, in the late 1990s, France opposed the European Commission's first communications on the defence industry. When it came to the 2004 Green Paper on defense procurement, Paris considered that it was up to the European Defence Agency to deal with issues relating to the organisation of the DTIB. Initially, France did not want the Commission to draw up what became the European Defence Procurement Directive 2009-81, believing that the European Defence Agency's 2007 industrial strategy was sufficient.

In the 2010s, the European Commission's philosophy on armaments-related issues changed. In its communication "Towards a more competitive and efficient defence and security sector" of 24 July 2013, the European Commission considered that "The European Defence Technological and Industrial Base (EDTIB) constitutes a key element for Europe's capacity to ensure the security of its citizens and to protect its values and interests". In addition, the necessity for Europe "to assume its responsibilities for its own security and for international peace and stability in general" "necessitates a certain degree of strategic autonomy"⁵. Therefore, France decided to support the Juncker Commission and the philosophy underlying

⁵ European Commission, *Towards a more competitive and efficient defence and security sector*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, July 24th 2013

the November 2016 European Defence Action Plan, which laid the foundations for the 2021 European Defence Fund (EDF). In 2016, during the post-Brexit period, the French and Germans agreed that defence was one of the driving forces behind European cohesion, and a tacit agreement was reached between the two countries. France would support Germany on the Permanent Structured Cooperation project, and Germany would support France on the European Defence Fund project.

France endorsed the creation of the European Defence Fund (EDF) as it showed that the European Union could finally finance defence actions, strengthen the EDTIB, and foster collaboration among European defence companies and European states in the armament programme. The EDF thus fulfilled the three objectives that France had set itself for its defence industrial policy. Therefore, the French administration encouraged French companies to propose projects financed by the European Defence Fund. The results of the first two years of the European Defence Fund's calls have shown this to be true. France is the second country in terms of participation in EDF projects in 2021, behind Italy, and the first country in 2022, ahead of Italy and Germany.⁶

Does this mean that France initiated the European Commission's armament initiatives behind the scenes, as some people think? In reality, this is not the case. Relations between the French authorities and the European Commission are far more complex, not to say conflictual.

France's deep-seated distrust of the European Commission stems from two distinct origins:

- The European Commission's past is marked by an ideology that some in France would describe as ultra-liberal;
- The European Commission has no competence in defence, and even less in armaments. Its lack of knowledge in this sector risks leading to useless or even dangerous proposals.

The assessment of the European Defence Fund's first years is mixed. On the one hand, Paris welcomes the fact that the EDF symbolises the European Union's commitment to financing European defence. It is also seen as a good instrument for encouraging cooperation between EU member states to develop military capabilities. On the other hand, some fear that the Commission will be unable to select the most important projects in terms of required military capabilities. The decision to fund the EU HYDEF project on future hypersonic missiles, not the project developed by the missile manufacturer MBDA, has fueled this fear. French defence

⁶ Hélène Masson, European Defence Fund – EDF 2022 Calls Results and Comparison with EDF 2021, Foundation for Strategic Research (FRS), July 17th 2023. <https://www.frstrategie.org/sites/default/files/documents/specifique/2023/EDF2022-2021-STATS.pdf>

players believe that using calls for tender is not the best way to proceed for the most important structural military projects because Europeans do not have the capacity to support several projects, and competition is harmful in this case. Therefore, the French will prefer the procedure chosen for this type of capability for funding the Eurodrone project without competitive bidding. This is also the guarantee that the member states involved in these projects will co-fund these projects and purchase finally the products developed. There are also two other criticisms. According to France, indirect costs have not been sufficiently considered. Paris also deplores the fact that the EDF was not designed to finance projects over several years throughout their lifetime. Among the more sceptical members of the industry, this can be translated into the slogan, “better one euro of funding guaranteed by the French MoD than 20-euro cents not guaranteed by the European Union”. It is important for this analysis to consider that France accounts for 40% of defence R&T funded in Europe.

When two initiatives are launched in Brussels, France will naturally favour the European Defence Agency over the European Commission. Firstly, because it has better control over decisions in EDA and secondly, because the EDA employs European staff with military or armaments backgrounds, it places greater trust in them. This is reflected in France's strong presence in PESCO projects: it is a member of 48 of the 68 PESCO projects and leads 14 of them, making it the leading country involved in these cooperative projects⁷. Nevertheless, it has to be said that the European Commission has 3 advantages that France recognise: greater freedom of initiative in the Community framework than in the intergovernmental framework, financial and human resources that the European Defence Agency does not have.

France's schizophrenia concerning Community initiatives has been perfectly apparent in recent months. On EDIRPA, France naturally supported the Commission's draft because it supported EDTIB and not the non-European DTIBs, per Article 173 of the TFEU. On the other hand, France opposed the priority orders rule that appeared in the European Commission's initial draft for the ASAP regulation, as this measure could call into question the power of Member States in terms of defence industrial policy, with the European Union's competence taking its place. Paris also opposed the Commission's wish to facilitate intra-Community transfers, as provided for in Directive 2009/43/EC, for the same reason.

This issue is bound to return to the spotlight in the months and years ahead. It is, therefore, necessary to assess what the initiatives of the various parties mean in political terms.

⁷ European Union Council, “Council Decision (CFSP) 2023/995 of 22 May 2023 amending and updating Decision (CFSP) 2018/340 establishing the list of projects to be developed under PESCO”, *Official Journal of the European Union*, May 23rd 2023. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023D0995>

For France, everything concerning defence policy in its operational and capability development dimensions matters for the Member States and the intergovernmental framework. This does not mean that measures taken at the intergovernmental level should not be strengthened. The results of the CDP and CARD are insufficient today: Europe needs to take even more joint action to have more binding instruments to develop defence investments and joint military capabilities.

Regarding the PESCO, the French view is more balanced. On the one hand, the 20 binding commitments are not considered binding, and the administrative burden regarding the National Implementation Plans (NIP) reporting is considered too heavy. Simplifying the NIP reporting could be a solution but not detrimental to the binding character of the commitments.

As for the concrete projects conducted by PESCO, France considers that those devoted to a capability *per se* and not to a subsystem are easier to develop. This is the case, for example, with the Future Medium Tactical Cargo (FMTC) project, for which the air forces of the countries involved in the project have already found an agreement on the military specifications. This project has already its counterpart project within the European Defence Fund. One of the guidelines for French policy regarding the EDF is to increase the link between PESCO and EDF to materialise one of the EDF objectives, which is to be capability-driven.

For Paris, the European Commission must act in complementarity with the other two stakeholders, the European Defence Agency and the Member States, to which it should be added industry. In principle, France will extend its support to the forthcoming EDIP. Failure to do so may entail the risk of establishing a robust framework in the armaments sector, represented by the EDF, yet lacking the essential impetus to propel progress forward, akin to having an engine without the necessary drive shaft to propel the vehicle. This drive shaft corresponds to the possibility of making joint acquisitions of projects developed through the European Defence Fund, which is the purpose of EDIP.

CONCLUSION: WHAT IS FRANCE GOING TO DO NOW?

The responsibility for defence industrial policy still needs to be resolved or even addressed in France. However, it is a major issue of political philosophy for the future. Today, France favours a European defence industrial policy that will support national defence industrial policies. Nevertheless, France is probably not ready to take the plunge and delegate this responsibility to the Commission. While it has confidence in its national defence industrial policy to meet its objectives, particularly regarding strategic autonomy at the French and European levels, Paris is probably not ready to relinquish its prowess for the shadow by entrusting this role to the Commission. However, this could prove necessary, given the current differences between the defence industrial policies of the EU Member States. It is in France's interest to urgently reflect internally on this issue. First, because the dossier could quickly come back on the table, as it did in the context of ASAP and shortly afterwards in the context of EDIP. Second, because the war in Ukraine could lead European States to diverge in their defence industrial policy, which would be a disaster for both the EDTIB and the construction of a political Europe. This would lead France to revert solely to a national defence acquisition policy, a prospect deemed undesirable by all the parties involved.

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