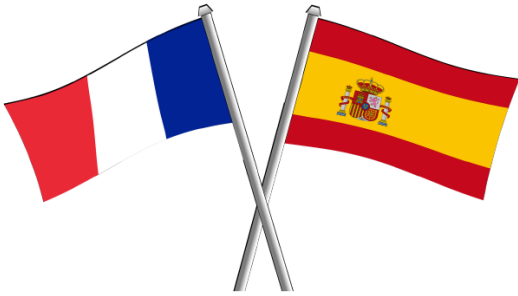


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## **SPANISH-FRENCH COOPERATION IN EUROPEAN UNION DEFENCE INDUSTRY**

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Traditionally, and with few exceptions, France and Spain have collaborated very little in the defence industrial field. However, with the new challenges facing the European Union, this trend could be changing. Uncertainties linked to Brexit, the crisis in Ukraine and the threats of the Trump Administration about leaving NATO have reopened the debate on European defence.

In this context, Paris and Madrid have been in favour of investing, planning, developing and operating defence capabilities more together, within the Union framework. However, both countries still find difficulties in collaborating in the defence industry area, and despite their mutual support in PESCO projects, we can only observe a real progress in the FCAS programme.

The current Spanish-French cooperation in the defence industry area within the EU will be analysed in this paper, as this is where it has developed most, and recommendations for its improvement will be proposed.

### **I. CONTEXT**

#### **a. Cooperation framework: common defence efforts**

Since the construction of the European Union, the idea of the establishment of a common security project has often come on the table. In the Maastricht Treaty, the Member States agreed on creating a Common Foreign and Security Policy. The Treaty of Nice, in 1999, embodies the setting up of the rapid reaction force composed by 60,000 soldiers from European Union countries, and would be capable of being deployed in 60 days for regional crisis management and peacekeeping missions.

Despite this commitment, the European force project met several hurdles such as the political power of NATO and the willingness for states to keep their own sovereignty in the defence matter. Nevertheless, EU countries have common menaces such as terrorism, hybrid threats or energy insecurity. That is why, notwithstanding the misgivings, the European Union agreed to set up three new tools in the Global Strategy for Foreign and Security Policy to boost defence cooperation.

Firstly, the Coordinated Annual Review on Defence (CARD) provides Member States an overview of the capability landscape and identifies opportunities for cooperation. Secondly, the European Defence Fund (EDF) works as a financial incentive for defence cooperation. Thirdly, the Permanent Structured Cooperation (PESCO) finds commitments to plan, develop and operate defence capabilities. These three instruments are coordinated by the European Defence Agency, which also ensures coherence between the EU and NATO defence planning processes.

## **b. The Permanent Structured Cooperation (PESCO)**

The purpose of the establishment of the PESCO by the Council in December 2017 was to raise cooperation on defence for twenty-five EU Member States, and bring towards a coordinated defence industry in Europe. However, against the backdrop of international relations and the increasing dissensions among the Europeans, the EU defence policy appeared divided, weak and deficient.

Nevertheless, this initiative underlined the need for cooperation as well as a balance of powers. Regarding France's position on this matter, Paris is convinced that the EU should develop its own ability to undertake independent military action in security and defence policy. From a list of 47 projects that are being developed under PESCO, France coordinates 10, Spain 2. Even if there is a real gap in the European defence leadership, these two countries are cooperating in almost every project there are involved in. In some way, France and Spain seem to be supporting each other on the development of a European defence industry.

## **c. Future Combat Air System (FCAS)**

In terms of cooperation in the development of European defence programs, one of the current most divisive issues is undoubtedly the purchase of the US military fighter jets by European countries. After Poland, Italy, or Netherlands; Belgium chose in 2018 to buy 34 American radar-evading Lockheed-Martin F-35. The acquisition of this aircraft fighter caused controversy in Belgium and Europe, as it is contrary to the idea of a more autonomous EU defence strategy.

Preferring the American product rather than its European competitors, the Eurofighter Typhoon or the Rafale, raised several issues about the relevance of the European defence strategy and its sovereignty. The CEO of Dassault (developer of the Rafale), Eric Trappier, regretted the choice of some European countries: "we need to ask ourselves of the weight Europeans face to the US in NATO".

Therefore, the Future Air Combat System (FCAS) initiative by France, Germany and Spain needs to be highlighted as a signal of European commitment in the defence matter. To face future issues in the 2040 horizon, the FCAS would put a New Generation Fighter (NGF) in independent connexion with drones, satellites and systems on the ground. A first demonstrator of this real ambitious project would fly by 2026.

Whereas Spain sees its aircraft equipment of F-18 Hornet going to its term in 5 years, it seems to be engaged in a strong European cooperation. Indeed, after the signature of an introductory agreement at the Bourget show in 2019, the Spanish, French and German government signed a real agreement of research and development at the Hotel de Brienne (French Ministry of Defence) the last 20 February. What is at stake in such a project is strongly linked to sovereignty matters.

Nonetheless, there are some difficulties in the development of this program. First, Airbus was notoriously discontent for not being chosen to lead the FCAS program. Second, it is feared that the project is moving away from the objective of fulfilling national defence interests, as is emerging a commercial struggle between Airbus and Boeing, and, ultimately, between Europe and the US. Furthermore, the FCAS cannot provide short term solutions, so Spain seems always to be bringing credits to the F-35 to replace its aircrafts, and Germany is considering adopting both the American Super Hornet and additional variants of the Eurofighter Typhoon. Moreover, France is immersed in the Rafale fighter project.

## **d. Difficulties for further cooperation**

Many defence projects in which Spain and France participate are underway. However, little progress has been made, and the FCAS is the only one that stands out in Spanish-French cooperation. In fact, there are several problems that have been hampering collaboration between these two countries in the armaments sector.

First, few common projects have been carried out before. Not only because both States have been reluctant to cede sovereignty in this matter, but also because they have maintained different partners.

To support its defence industry, France has traditionally turned to countries such as Germany (Transall military transport aircraft), United Kingdom (Lancaster House treaties and cooperation in the field of helicopters for example) or Italy (FREMM program). On the other hand, the United States plays an important role in the Spanish defence market for missiles, radars and communications and electronic equipment.

Second, added to the evolution of the European economy towards services specialization, it must be noted the difficulties faced by European defence industries in exportation. Even within the European Union, some countries prefer to buy American equipment, on one hand, to override short term shortages, and, on the other hand, to ensure political agreement and maintain national strategies with the USA.

This situation has led to debate about the role played by third states in the development of the European defence system. The United States has argued that industrial duplication should not be sought, since most European Union countries are members of NATO. However, the EU has stated that the capabilities of both organisations can be complementary. From this, three different opinions seem to have emerged between European countries:

- Those who do not find European defence initiatives attractive, as they rely on the support of the United States in NATO. Moreover, in September 2018, the USA launched the ERIP (European Recapitalization Incentive Program), which aims to help to replace equipment of Soviet origin in Eastern European countries. Thus, they are more willing to depend on Washington.
- Those countries, such as Germany, who recognize the importance of promoting the European strategic autonomy, but at the same time they are aware of their country's dependence on US guarantees, both for Europe's security and for the functioning of trade.
- Those who promote the consolidation of a European defence industry, such as France.

Spain would be placed in the second group, since it buys armaments from the United States (systems such as the MQ-9 Reaper unmanned aircraft, the AEGIS system on the F-100 frigates, the combat system on the S-80 submarine, or the air defence missile of the frigate F-110 have been purchased in the USA), but also feels the threat of an unstable Africa, which needs European action to be controlled. At any rate the fact that there are different visions within the Union undermined the coordination of the European defence policy.

Finally, the European multiannual financial framework 2021-2027 for the defence industry is pending approval. This could help the proliferation of European applications and projects to take over the EU budgets. However, its endowment was already in question before the COVID-19 crisis. Now, the budget has been reduced from 13 to 8 billion euros.

## **II. PATHWAYS TO COOPERATION AND RECOMMENDATIONS**

The consolidation of the European defence market requires the cooperation of the EU Member States, a collaboration which has been limited to a few large projects which are nationally unfeasible. This is because defence is still perceived as a national rather than a European issue, which delays the achievement of consensus on this matter. However, France and Spain must focus on the benefits of cooperation to boost the union in the defence industry in Europe.

The European Defence Agency presented in 2018 the Capability Development Plan, whose principal aim is to support decision-making processes at EU and national levels in terms of military capability development. In this way, the EU should concentrate on the implementation and development of their capabilities in order to achieve a strong strategic autonomy. That said:

1. A greater coordination and distribution of capabilities can significantly improve the return on military spending, as each country would not need to cover a full spectrum of defence capabilities. This does not mean that countries, such as France or Spain, should lose their essential capabilities, but that EU Member States should cooperate more in building them, and increase integration in secondary matters (for

example, a ship for rescuing submarines or a laboratory for researching new materials). Anyway, the Munich Security Report 2017 estimates that States could save up to a third of the current spending.

2. It is necessary to implement a European defence industry mapping to establish a distinction between the different activities and projects that currently exist. For example, the EU Member States have 20 different types of combat aircrafts (compared to 6 in the US), 29 types of frigates (4 in the US) and 20 types of armoured combat vehicles (2 in the US). Greater cooperation in the planning, acquisition and use of the systems would improve the interoperability of the Member States' armed forces and would lead to a more efficient investment of money.
3. As a complement to the previous argument, it is also important to increase the investment on research and development in defence. We are currently living in an international system in which technology determines the balance of powers. Hence, if the European Union wants to become a strategic actor, it needs to be at the same place in terms of technology as the rest of its international competitors.
4. The geopolitical situation that surrounds the European Union has a direct impact on the evolutions of its policies and projects: terrorism in Sahel, Brexit negotiations, the American elections or the current Covid-19 pandemic, have highlighted the need to improve investment in European defence. European members should be ready to adapt their strategies to current international trends.
5. Finally, if Member States want to project the European Strategic Autonomy out of its border, they have to strengthen its vision amid European citizens. A defence culture strategy is essential to implement all the activities mentioned above. Without the support of citizens, these policies will not have a proper result.

In view of the benefits, France and Spain should promote a European industrial and technological base that will make it possible to obtain the industrial capabilities required by the Common Security and Defence Policy (CSDP). This includes strengthening relations with the rest of the European partners rather than with the US in the industry defence field. However, it will also be necessary to find a balance between new European projects and NATO capabilities, especially in the short-term.

Moreover, support to Spanish and French defence industry companies in their convergence with Europe should be increased, and the promotion of technological partnerships with European countries is crucial. This would make it easier to take advantage of opportunities for cooperation in line with the recommendations of the CARD.

Currently, Spain and France do cooperate, but an accurate and comprehensive EU overview on which areas, to what extent and with whom, is still lacking. Nevertheless, the promising FCAS project can be a good starting point to change this situation, so both countries should focus on overcoming the difficulties that threaten initiative.

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