

# **EUROPEAN STRATEGIC AUTONOMY AND THIRD COUNTRIES: THE DEFENCE INDUSTRIAL DIMENSION**



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The goal of this project to understand the potential risks and opportunities in the area of defence for Europe and the its implications for Norwegian security and defence policy. What is more, to help both Europe and Norway become active partners and seek possible ways on how to work together across project in the future defence and security policy – both on the front of hardware-based capability development and operational readiness-oriented capability. To put it simply, the project explores potential for meaningful third-party access in the European Integration framework and contribute to strengthening practical cooperation between Norway and the EU. More information on [PROJECT PAGE](#)

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# EUROPEAN STRATEGIC AUTONOMY AND THIRD COUNTRIES: THE DEFENCE INDUSTRIAL DIMENSION

*The European Union's quest to develop strategic autonomy has already become a source of tension both in transatlantic relations and within Europe itself. Though still not precisely defined, this concept has a clear defence-industrial dimension: the EU aims to foster cooperation between its Member States on developing new defence technologies and thereby limit dependencies on imported weapons systems, which are seen as hampering the EU's freedom to use military force in scenarios of choice. At the same time, the major defence-industrial partners of the Union consist of several non-EU members of NATO: the US, Canada, the UK and Norway. Weapons systems developed by companies from these countries are ubiquitous across the EU and defence-industrial links between these countries are strong and vibrant. Severing these ties could jeopardize the remarkable record of EU-NATO cooperation, which has grown at breakneck speed over the past four years and is perceived as directly reinforcing European security. Such a move could, moreover, prove self-defeating for the EU on interoperability and the bloc's ability to develop needed technologies on its own.*

*The EU, consequently, should not aim to take the concept of strategic autonomy to its absolute limit but rather endorse a pragmatic approach within which defence-industrial cooperation with non-EU NATO members would be retained alongside the EU's own initiatives. The scope of such cooperation will differ, with the US poised to remain focused on bilateral programs with select EU Member States and the UK perhaps joining some European flagship programs. Canada, meanwhile, would continue to supply vital components to the EU and Norway – due to its unique membership in the European Economic Area – could see itself largely integrated into EU defence initiatives.*

## EUROPEAN AMBITIONS AND NATO

Relations between the EU's defence initiatives and NATO have resurfaced as a topic of European and transatlantic affairs over the past few years. Like in 1998-2002, when the building blocks for what would later become the Common Security and Defence Policy (CSDP) were being laid, a broader debate has been initiated on the role and place of the EU in securing and defending Europe. Similar to those discussions, the focus now concerns the eligibility of non-EU members of NATO to take part in EU-led cooperative capability development and defence-industrial cooperation programs run under the Permanent Structured Cooperation mechanism (PESCO) and co-financed by the European Defence Fund (EDF).

This time, however, the level of EU ambition is considerably greater than two decades ago, encompassing planks like achieving “European strategic autonomy”. The concept was defined only vaguely in the 2016 Global Strategy for the European Union's Foreign and Security Policy (EUGS), where it appeared for the first time<sup>2</sup>. Strategic autonomy implies that there may be scenarios in which EU Member States formulate and implement strategic goals, including defence-related aims, without engaging NATO even if a majority of countries still share membership in both organisations. More than four years of debates about the parameters of the concept have given indications of the scale on which it can be more precisely defined. On one end, there is the willingness of France and some like-minded EU Member States to hedge against the potential American inability – or unwillingness – to engage in addressing prospective security crises that impinge on European rather than US interests. Perhaps more importantly, these countries aim to give new premise to the transatlantic link, with the US not necessarily continuing to take on the mantle of guarantor of European security. On the other end are the EU's usual “transatlanticists” including Poland, Romania and the Baltic States that would prefer to use newfound momentum on security issues to reinforce the credibility of NATO defence and deterrence by augmenting the European contribution to military capabilities<sup>3</sup>.

**An examination of EU political documents and administrative regulations, particularly those that govern PESCO and EDF, indeed reveals no explicit intention to question the position of NATO and the transatlantic bond.**

<sup>2</sup> Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign And Security Policy (EUGS), June 2016, pp. 11, 21, 46.

<sup>3</sup> More on national positions on strategic autonomy, see : Hans P. Bartels (ed.), Strategic Autonomy and the Defence of Europe. On the Road to a European Army?, Dietz, 2017.

An examination of EU political documents and administrative regulations, particularly those that govern PESCO and EDF, indeed reveals no explicit intention to question the position of NATO and the transatlantic bond. Quite the contrary, the EU declares its will to achieve synergies with NATO through close coordination of measures and practical cooperation. This is epitomised best by the list of 74 joint strands of work, implemented by staffs of both organisations who meet regularly to exchange information and coordinate action on, for example, addressing hybrid threats or disinformation and propaganda<sup>4</sup>.

**LOCATIONS OF MEMBER STATES OF THE EU AND NATO**



Source: Wikipedia, By Treehill - Own work, CC BY-SA 4.0, <https://commons.wikimedia.org/w/index.php?curid=34351502>

Military mobility has risen in importance, becoming a flagship EU-NATO joint effort. The Union’s regulatory prowess and capacity to co-fund investments in infrastructure is meant to contribute to serving the needs of the Alliance with respect to ensuring the free movement of soldiers and military equipment across the EU’s internal borders. Most recently, PESCO has been opened up to third countries, which will be able to exceptionally participate in individual co-operative capability development projects under certain conditions<sup>5</sup>. From 2021-2027, though the legislative process is still being finalized, the EDF will be open to third party participation too, albeit with some limitations on their rights in defence-industrial programs co-financed by the EU budget (e.g. non-EU companies would be illegible to receive financing or face restrictions on freely using developed technologies)<sup>6</sup>. All told, **the EU has largely moved towards implementing the concept of strategic autonomy in a manner that should fulfil NATO needs**. This is confirmed by top diplomats and political leaders in the EU who have taken care to emphasize that a stronger European defence capacity is closely tied to achieving enhanced cohesion in NATO.

These developments may still fail to bring expected levels of coordination and cohesion between NATO and the EU if no compromise or working solution is found to defuse tensions over the defence-industrial issue. Fundamental components of the emerging EU defence industrial policy rest on encouraging EU Member States to cooperate by default within the Union on new defence technologies and military capabilities and making it less attractive and more difficult to acquire weapons systems from outside the Union.

<b>FUNDAMENTAL COMPONENTS OF THE EMERGING EU DEFENCE INDUSTRIAL POLICY</b>	
<p>▶ to encourage EU Member States to cooperate by default within the Union on new defence technologies and on new military capabilities (the function of PESCO and EDF in particular, since it provides co-financing of programs)</p>	<p>▶ to make it less attractive and more difficult to acquire weapons systems from outside the Union (the function of the directive 2009/81/EC, which regulates procedures of acquiring armaments by EU Member States and aims to phase out offsets and government-to-government cooperation)</p>

4 There are now 74 different joint actions, agreed in parallel by the EU and NATO. See: Council conclusions on the Implementation of the Joint Declaration by the President of the European Council, the President of the European Commission and the Secretary General of the North Atlantic Treaty Organization, Doc. No. 14802/17 Brussels, 5 December 2017.

5 More: K. Brudzinska, A. Kudzko, M. Zaborowski, Third country participation in EU Defence Integration Initiative: How it works and how it is viewed by EU member states, GLOBSEC Policy Paper, October 2020.

6 More: M. Terlikowski, European Defence Fund: Between Economy and Politics, Bulletin PISM, no 43 (1473) 12 March 2020, [www.pism.pl](http://www.pism.pl).

**Washington has given signals that it perceives the EU’s defence initiatives favourably, as a welcome response to the issue of uneven burden sharing in NATO.**

The shifting defence industrial interests of the EU, therefore, cannot be easily reconciled with those of non-EU NATO members anchored in the European armaments market. As the US has noted at the highest diplomatic levels, these issues risk becoming “a bitter pill”, fuelling an American reluctance to embrace EU defence initiatives and deepening transatlantic divisions<sup>7</sup>.

Avoiding this scenario is of particular importance now, with the Biden administration expected to both reaffirm the US commitment to NATO and reinvigorate the relationship with the EU that has been strained in recent years. As part of this outreach, Washington has given signals that it perceives the EU’s defence initiatives favourably, as a welcome response to the issue of uneven burden sharing in NATO. This US perspective is likely to remain intact as long as the EU’s actions are not seen as undermining the central tenets of the transatlantic alliance including a level playing field for American and EU defence companies on the European market.

## DEFENCE INDUSTRIAL ASPECTS

The European pursuit of strategic autonomy has very clear defence-industrial ramifications. The EUGS, in fact, already declares that a “a solid European defence industry” is a prerequisite for autonomy of European action in the defence domain. Further “a sustainable, innovative and competitive defence industry” – or European Defence Industrial and Technological Base (EDTIB) – is deemed essential if EU defence ambitions are to be credible. In this vein, the EUGS lays down a strategic-level foundation for EU’s defence industrial policy seen as one of the key tools for implementing strategic autonomy. The link between the industrial component of this concept and its political and military dimensions, however, requires closer scrutiny.

It comes as no surprise to note that foreign providers of defence technologies contractually limit the ability of their clients to re-export, further modernize and/or upgrade imported weapons systems. Nor is it news that they maintain control over maintenance and access to spares and munitions. There are also, however, legal barriers that foreclose the deployment of acquired weapons systems in certain contingencies including specific crisis management operations and in some regions. The reasons for these policies are straightforward and have not changed for decades. Most arms-producing countries establish export control systems – like American ITAR – to retain strict control over who, when and how defence technologies that have been developed and deployed in their own armed forces can be used. This is motivated, firstly, by security considerations – to prevent adversaries from acquiring access to and reverse-engineering key weapons systems that could enable them to gain an upper hand on the battlefield. Secondly, it is prompted by economic considerations with the aim of offsetting the costs of developing new technologies by maximizing revenues from exports. The latter issue pertains to the protection of Intellectual Property Rights (IPR) – the owners of technological solutions do not want their clients to become their competitors through the marketing of the same technology – or duplicated versions – on the global market. Companies, consequently, are unwilling to share blueprints of state-of-the-art technologies when entering into contractual relationships with foreign customers. Even licenses (which usually concern mature technologies) are bounded by, for instance, regulations regarding market division. Last, but not least, there are also humanitarian motives, e.g. willingness to not fuel on-going conflicts or support actors, who may commit war crimes and atrocities.

MOST ARMS-PRODUCING COUNTRIES ESTABLISH EXPORT CONTROL SYSTEMS DUE TO:	
<ul style="list-style-type: none"> <li>▶ security considerations – to prevent adversaries from acquiring access to and reverse-engineering key weapons systems that could enable them to gain an upper hand on the battlefield</li> </ul>	<ul style="list-style-type: none"> <li>▶ economic considerations - with the aim of offsetting the costs of developing new technologies by maximizing revenues from exports</li> </ul>

The maximisation of European autonomy at the operational level— encompassing the use of military forces without inhibition in any scenario of choice—if third actors may hold veto over EU’s actions. This includes scenarios under which a third state can not agree to the use of certain weapons systems it previously sold to the EU, refuse to provide

<sup>7</sup> This phrase was used by Undersecretary Ellen Lord from the US Department of Defence and Undersecretary Andrea J. Thompson from the US Department of State in a joint letter to EU High Representative for Foreign Affairs and Security Policy S. Erlanger, „Europe vows to spend more on defence, but U.S. still isn’t happy”, The New York Times, 6 June 2019.

spare parts and/or munitions or restricts access to its own military assets on which the EU military action depends<sup>8</sup>. The EU, therefore, has followed up its stated ambitions to become strategically autonomous through endeavours to reinvigorate the EDTIB by stimulating development of state-of-the-art European defence technologies and protecting the European armaments market against non-EU defence companies, all with curtailing dependencies on foreign actors in mind.

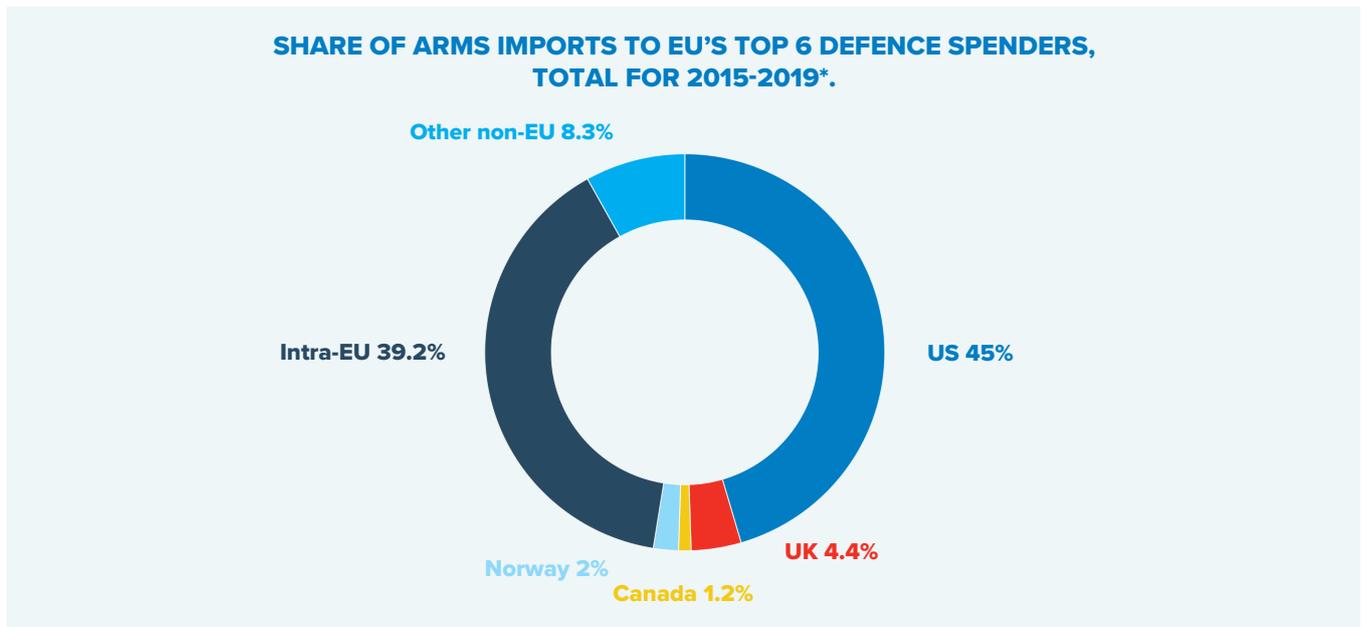
## LIMITS OF AUTONOMY

This overview seemingly suggests that it is not viable for the EU to maintain or increase cooperation with non-EU NATO members in the defence industrial domain while simultaneously resisting any move to compromise its goal of achieving strategic autonomy. This is, however, not the case for two reasons: the nature of the modern defence industry and the coalition character of any likely European military operation.

TWO MAIN REASONS WHY COOPERATION WITH NON-EU NATO MEMBERS DOES NOT COMPROMISE EU GOAL OF ACHIEVING STRATEGIC AUTONOMY	
▶ the cooperative and intertwined nature of the modern defence industry	▶ the coalition character of any likely European military operation.

The complexity of modern armaments has resulted in the costs of research and development increasing exponentially with each subsequent generation of technology. This empirical law of the defence industry engenders several implications. This includes, for example, sprawling, diverse and multinational supply chain. Another ramification is the inescapable specialisation of defence companies at the national level and the subsequent inability of countries to develop a full spectrum force based only on indigenous technologies.

The latter issue manifests in the approaches of major EU Member States in addressing gaps in their industrial and technological capabilities following the end of the Cold War. European armaments cooperation became a preferred option, exemplified in programs like Eurofighter Typhoon, A400M, NH90, Tiger and space-based systems (e.g. Galileo and Copernicus)<sup>9</sup>. Yet it is worth noting that non-EU countries also took part in these programs (e.g. Turkey in the A400M). But there were also acquisitions of armaments from abroad, primarily from non-EU NATO members. Or, to be more precise, from the major armaments producers: the US, the UK, Canada and Norway. Turkey, despite its considerable defence technological and industrial base, was not among those exporting to the EU. Meanwhile, the remaining two non-EU NATO members, Montenegro and Albania, host miniscule defence industries.



\*Note: The 6 EU Member States considered are: Germany, France, Italy, Spain, Netherlands and Poland. The selection was based on estimated figures for 2019 (NATO data) and excludes the UK. The percentage does not represent actual value of transactions, but is based on TIV indicator, according to SIPRI methodology. Source: Author's own calculations based on: SIPRI Arms Transfers Database, Stockholm International Peace Research Institute<sup>10</sup>

8 Compare: D. Fiott, Strategic autonomy: towards 'European sovereignty' in defence?, Issue Brief, EU Institute for Strategic Studies, 30 November 2018, [www.iss.europa.eu](http://www.iss.europa.eu).

9 See: A. Koziol, Harmonisation of EU Space Policy, PISM Bulletin no 210 (1640) 21 October 2020, [www.pism.pl](http://www.pism.pl).

10 SIPRI Arms Transfers Database, Stockholm International Peace Research Institute, 9 March 2020, <https://www.sipri.org/databases/armstransfers>; Defence Expenditure of NATO Countries (2013-2020), 21 October 2020, [www.nato.int](http://www.nato.int)

Recent deals with non-EU NATO countries, more importantly, include, for example, France's purchase of US C-130J transport aircrafts in 2016 and MQ-9 Reaper drones in 2018. Belgium and Poland, respectively, decided to procure F-35 combat aircraft in 2018 and 2019 and Germany – only last year – suggested it would acquire F-18 fighter jets to fulfil its commitments under NATO's nuclear sharing programme. The US has also developed an extremely vast network of defence-industrial partners across the EU including some subsidiaries of America's top defence companies and some peer partners (i.e. European companies) that participate in the F-35 programme (the Italian multinational company, Leonardo, stands out in terms of its scale of industrial commitment).

Needless to say, numerous defence technologies have been developed in cooperation with the UK given that the country was once an EU member state. Flagship cooperative programs like Typhoon and A400M represent but two examples. Norway, for its part, though less well known as an armaments exporter, has also provided armaments, primarily missile systems that form part of its workhorse, to EU Member States. Poland, for example, has twice acquired Norwegian coastal defence NSM missiles and Hungary has declared its intentions to purchase the NASAMS air defence system (other EU countries are considering acquiring this technology too)<sup>11</sup>.

Of particular interest are those areas where dependencies on non-EU countries have been embraced by EU Member States. These cases largely pertain to technology where cost-benefit analyses (involving both price and operational/political costs on the one hand and on the other benefits from acquiring a needed capability quickly) find importing ready-made innovations to be more effective for acquiring capabilities than launching national or European programmes. All major EU military powers, in fact, have capability areas that depend on non-EU (mostly American) defence technologies that are not fully under their own control. The most prominent involve munitions: a number of EU Member States use US-made munitions. These involve dual integration: American and European platforms (e.g. airplanes, helicopters and missile systems). Some unmanned aerial vehicles (UAVs), however, have also been imported due a lack of comparable technological capabilities in the EDTIB<sup>12</sup>. These dependencies, interestingly enough, have not been associated, to date, with any widely reported incidents where European countries were hindered from participation in major military operations. Technological dependencies rather have proven not to be as problematic as depicted in debates on European strategic autonomy.

The issue of costs is also paramount in operational decisions of defence businesses. Prime contractors, responsible for developing and integrating the final product, are utterly dependent on a plethora of subcontractors who, in turn, rely on their own subcontractors for providing components or services. This system has emerged as the product of a drive to curb soaring costs. The push for savings (and maximisation of revenue) indeed has contributed to a high degree of specialisation in narrowly defined technological areas. This means, in other words, the creation of global market niches filled by only a few companies leaving little choice on sourcing components. It is also notable that European armament programmes incorporate non-EU technologies, mostly components, like the FREMM frigates developed by Italy and France, which use US-provided propulsion systems, and the NH-90 helicopter, which uses US-designed sonar (this applies to the German, Italian and Dutch variant). Cost-cutting efforts have also steered countries towards purchasing less specialised components from the most price-competitive sources, often regardless of security of supply issues, exemplified in the 2019 case of electric circuits for the F-35 produced by a China-owned company in the UK<sup>13</sup>.

11 V. Józwiak, M. Terlikowski, The Next Evolution of Hungary's Defence Policy, PISM Bulletin, no 189 (1619) 15 September 2020, [www.pism.pl](http://www.pism.pl).

12 For more cases, see: J. Belin et. al., Defence Industrial Links Between The EU And The US, ARES Report, September 2017, [www.iris-france.org/ares/](http://www.iris-france.org/ares/).

13 Z. Doffman, U.S. And U.K. F-35 Jets Include 'Core' Circuit Boards From Chinese-Owned Company, Forbes, 15 June 2019, [www.forbes.com](http://www.forbes.com).

**TOP 15 DEFENCE COMPANIES OF EU AND NON-EU NATO MEMBERS IN 2020, WORLD RANK  
(IN MILLIONS US DOLLARS)**

NON-EU NATO MEMBERS				EU			
2020 rank	Company	Country	2019 Defense Revenue	2020 rank	Company	Country	2019 Defense Revenue
1	Lockheed Martin 1	U.S.	\$56,606.00	12	Airbus 5	Netherlands/France	\$11,266.57
2	Boeing	U.S.	\$34,300.00	13	Leonardo	Italy	\$11,109.27
3	General Dynamics 2	U.S.	\$29,512.00	16	Thales	France	\$9,251.68
4	Northrop Grumman	U.S.	\$28,600.00	22	Dassault 8	France	\$5,708.84
5	Raytheon Company 13	U.S.	\$27,448.00	28	Safran 9	France	\$4,413.05
7	BAE Systems 1	U.K.	\$21,033.27	30	Naval Group	France	\$4,155.14
9	L3Harris Technologies 4	U.S.	\$13,916.98	33	Rheinmetall AG	Germany	\$3,942.46
10	United Technologies Corp. 13	U.S.	\$13,090.00	40	Saab AB	Sweden	\$3,185.19
19	Huntington Ingalls Industries	U.S.	\$8,119.00	43	KNDS 11	Netherlands	\$2,798.45
23	Leidos	U.S.	\$5,364.00	58	Fincantieri S.p.A.	Italy	\$1,682.74
25	Honeywell	U.S.	\$5,326.00	67	Hensoldt	Germany	\$1,247.17
26	Booz Allen Hamilton	U.S.	\$5,182.96	83	Indra	Spain	\$633.57
27	Rolls-Royce	U.K.	\$4,712.36	86	Diehl Group	Germany	\$577.60
29	GE Aviation	U.S.	\$4,400.00	88	John Cockerill Defense	Belgium	\$548.16
34	CACI International Inc.	U.S.	\$3,489.85	90	Patria	Finland	\$522.64

Source: Defense News Top 100 for 2020, [www.defensenews.com](http://www.defensenews.com)

What adds gravity to these observations is the strategic and operational situation at hand. **Whereas the narrative about European strategic autonomy focuses on the need to enable the EU to plan, launch, deploy, command and control military operations on its own, without relying on the US and NATO, it is in practice a plan for a worst-case scenario.** In any major contingency in or around Europe – referring to the possibility that core security interests of Allies are threatened – NATO is more likely to act jointly than to splinter. Not delivering on the guarantees of Article 5 would obliterate the foundations of the North Atlantic Alliance and unsettle the security position of every member. And while there have been legitimate doubts regarding the commitment of the US to the Article 5 security guarantee, with the Trump presidency sometimes seen as auguring an eventual detachment of the US from European security matters, the value of the transatlantic bond for the US remains, particularly in light of an emerging rivalry with China. Though neglected by proponents of European strategic autonomy, NATO, moreover, is able to provide a robust command and control system, based on different-level HQs and scattered around Allied territory. It is underpinned by a joint operational culture forged through numerous exercises (like the recent Defender Europe 20, run despite

COVID-19 pandemic)<sup>14</sup> and – perhaps more importantly – through interoperability and common doctrines. Finally, NATO is about pre-defined operational plans, translating political commitments to military action only when necessary.

Why then go for maximising the autonomy of the EU in the defence-industrial domain, designed to provide a high level of autonomy at the operational level, if virtually all plausible contingencies, regardless, involve joint action through NATO or at the very least the use of its assets? Another problem is indeed apparent if the purpose is to avoid resorting to American assistance and relying on NATO mechanisms altogether. A self-fulfilling prophecy could emerge that sees European actions meant to hedge against a perceived American unwillingness to assist Europe actually becoming a central driver of growing disengagement between American and European security interests. One may, of course, argue that Europe needs defence-industrial autonomy for operations of smaller scale where the US may not feel its core interests at stake enough to engage. Yet such operations by their very definition alone are unlikely to necessitate a high level of European autonomy in major defence technologies.

## TOWARDS STRATEGIC RESPONSIBILITY: NEXT STEPS FOR THE EU

Developing absolute EU autonomy is not possible either in terms of the defence industrial dimension or at the operational level. Any attempt to pursue it to its extreme limit will lead to tensions in Europe and in transatlantic relations. And even then, it would be unlikely to secure any quick benefits in terms of military capabilities and defence technologies. The true challenge for EU Member States, therefore, is to balance the growing defence ambitions of the Union with the constraints of the modern defence industry. Consequently, in its approach to defence-industrial aspects of strategic autonomy, **the EU should take a pragmatic stance and – perhaps most importantly – shoulder responsibility for preserving both political cohesion in Europe and a strong transatlantic bond.**

This responsible approach (“**strategic responsibility**”) would translate in the defence-industrial area through the development of pragmatic relations with non-EU NATO members aimed at ensuring that EU Member States can acquire new defence technologies. In practice, this would mean two things. Firstly, the EU would be expected to in good faith apply provisions regarding third country participation in PESCO programs of a defence-industrial character. Such projects should, furthermore, be included as part of the EDF, even if perhaps only partially so due to serious limitations on IPR EU funds and transfers to non-EU entities that may lessen interest in entering into consortia bidding for EDF financing. Secondly, it should be fully affirmed – at the highest political level – that EU Member States can freely pursue government-to-government cooperation with non-EU NATO members in the defence-industrial area.

### INTRODUCING “EU’S STRATEGIC RESPONSIBILITY”

- ▶ to in good faith apply provisions regarding third country participation in PESCO programs of a defence-industrial character and include such projects also as part of the EDF
- ▶ to ensure – at the highest political level – confirmation of the full recognition of the freedom of EU Member States to enter into government-to-government cooperation with non-EU NATO members in the defence-industrial area.

Regarding the latter issue, contentious rhetoric asserting that defence-industrial cooperation of EU Member States with third states is contrary to the interests of the Union should be dropped. Effort would instead be better expended towards ensuring that bilateral – or regional – programs contribute to the broader goal of bolstering the European capacity to act, most importantly by providing a coherent and an interoperable set of forces. This is a goal not questioned by anyone in Europe nor on the other side of the Atlantic.

Turning to the issue of practical cooperation with non-EU NATO members under PESCO and EDF, it is necessary to stress that there are technological areas where it is realistic to achieve European ambitions to develop its own solutions completely independent from foreign export control systems and IPRs. As a matter of fact, numerous steps have already been taken to these aims, witness the launch of Europe’s own space systems, Galileo and Copernicus, that are already functioning to provide the EU with independent access to satellite navigation services and space-based imaging. Other initiatives will be enacted soon including a sixth generation multi-role fighter that will either see two competitive programs implemented (the FCAS in France, Germany and Spain and the Tempest in the UK, Sweden and Italy) or eventually merged into one as suggested by some experts<sup>15</sup>. Other programs, meanwhile, are in their nascent phases. This pertains, for example, to the next-generation main battle tank, proposed by France and Germany

14 W. Lorenz, The Political and Military Significance of the Defender Europe 20 Exercise, Bulletin PISM, no 7 (1437) 17 January 2020.

15 S. Roblin, Will Europe Join France And Germany’s Drive Towards A 6th Generation Stealth Fighter?, The National Interest, 11 June 2020, [www.nationalinterest.org](http://www.nationalinterest.org).

and which the UK is reportedly considering joining<sup>16</sup>. The accomplishments in these technological areas underline the current level of ambition of the EU with regard to autonomy in the defence-industrial dimension, even if some imported components may at the end of the day be used in integrating these weapons systems.

**Contentious rhetoric asserting that defence-industrial cooperation of EU Member States with third states is contrary to the interests of the Union should be dropped.**

Yet there are many other technologies that may provide fertile ground for cooperation between EU Member States and non-EU NATO members. This cooperation could promise savings, provide required capabilities more swiftly and perhaps bring in more mature technologies. These advantages are underpinned by the comparative advantage that these businesses might hold in certain niche areas over EU companies. Disruptive technologies, in particular, should be a focal point of this cooperation. This may include military applications related to AI, Big Data and robotics, directed-energy weapons and new generations of materials needed for hypersonic flight in lower layers of the Earth's atmosphere. As much as these technological areas promise an operational and economic edge if developed autonomously by EU Member States, they also call for cooperation and coordination with non-EU NATO members to both retain transatlantic interoperability and political cohesion.

The scope of defence-industrial cooperation will certainly vary depending on the specific non-EU NATO member concerned. A one-size-fits-all solution will not be feasible as the US defence technological and industrial base differs greatly in magnitude compared to those in the UK, Canada, and Norway. There is, however, a common denominator that unifies these different countries, namely that they are all significant exporters

of weapons systems. As competitors on the global armaments market, these countries may have joint interest in agreeing to technological benchmarks on disruptive defence technologies. An accord would not only pay dividends in terms of building interoperability within NATO but also with respect to competition from China.

In being pragmatic in its approach to the defence-industrial components of strategic autonomy, the EU should also expect that multilateral armament cooperation to be limited to one or two flagship programs, like the example of the F-35, in the US case (and also with respect to the UK as its future relations with the EU are hashed out on defence). Launching transatlantic initiatives in the area of disruptive defence technologies would, in fact, be a major breakthrough, enabling the consolidation of EU-NATO cooperation at the technical level that could spill over to the strategic level. If parts of these programs could be integrated under PESCO and EDF, the principle that European strategic autonomy reinforces NATO and transatlantic relations would become fully realized. Yet this course represents the most optimistic scenario, requiring concessions from both sides. The US would need to recognize European ambitions and learn to live with competing European technologies. EU Member States, meanwhile, would be faced with dropping the goal of pursuing complete autonomy in the defence-industrial sphere and expressing openness towards cooperation with the US in some key areas.

Norway presents a different type of case. As a member of the European Economic Area, it is already covered by the EU's defence industrial policy tools including the 2009 directives governing the procurement of weapons systems and the intra-EU transfer of such material. The regulation on EDF for 2021-2027 already provides privileges to EEA members, providing them with more rights than non-EU countries. This makes it more attractive for Norway to join consortia bidding for EDF financing. As a longstanding partner of EDA, Norway also has been a part of EDA's numerous projects and programs involving capability development, training and research on new technologies. This backdrop makes Norway an ideal partner for PESCO projects, including those of a defence-industrial nature, which could later benefit from the EDF. Norway's case, finally, can be scrutinized for lessons learned as the future of the UK relationship with the EU on defence matters is decided.

<sup>16</sup> A. Chuter, S. Sprenger, British military looks to the 'Eurotank' as it weighs its hardware options, Defense News, 12 January 2021, [www.defensenews.com](http://www.defensenews.com).

## CONCLUSIONS AND RECOMMENDATIONS

- ▶ Despite tensions in transatlantic relations and within the EU itself over the concept of “European strategic autonomy”, cooperation between the Union and NATO has developed rapidly since 2016, indicating that the EU’s defence ambitions may, in fact, contribute to NATO defence and deterrence.
- ▶ Numerous achievements in terms of EU-NATO cooperation are in jeopardy if a compromise or working solution is not found on defence-industrial issues, which are becoming a bone of contention between the EU and non-EU members of NATO.
- ▶ Absolute autonomy from NATO and the US is not possible either in the defence-industrial or operational domains; EU Member States have imported numerous defence technologies from the US, Canada, the UK and Norway and many of these technologies will continue to be used over the next few decades.
- ▶ In its approach to the defence-industrial components of strategic autonomy, the EU should not strive to achieve maximisation of autonomy in terms of defence technologies, as this would bring more tension to transatlantic relations and the Union itself. Instead, the EU should take a pragmatic position and shoulder responsibility for retaining both political cohesion in Europe and a vibrant transatlantic bond.
- ▶ The EU should aim to optimally secure the defence-industrial benefits promised through cooperation with non-EU members of NATO to enhance the bloc’s overall military capacity; consequently:
  - ▶ regulations allowing participation of third countries in the PESCO and EDF programs should be fully used to launch capability-oriented endeavours, linking EU Member States and non-EU members of NATO;
  - ▶ at the political level, the EU should recognize the freedom of Member States to enter into government-to-government defence-industrial cooperation with non-EU members of NATO while ensuring that such programs address key capability gaps in the EU’s overall military capacity.

