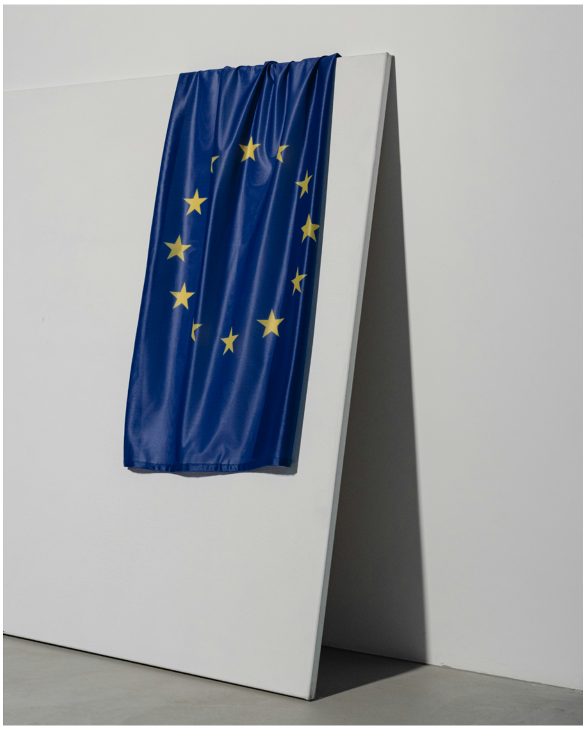
BLOG POST

11/03/2025

Bertrand de Cordoue,
Advisor, defence/armament at the Jacques Delors Institute



© Karolina Grabowska on Unsplash

Decompartmentalising national armament policies through ReArm EU

Paris, Washington, London, Brussels… The US U-turn on Ukraine has led to a proliferation of meetings between heads of state and government in various formats. Although not the actual impact is always clear, each of these meetings is widely publicized and triggers an avalanche of comments.

On the European side, the agenda for these meetings seems fairly clear: on the one hand, to agree on **how to reinforce military support to the Ukrainians** who have been abandoned by Washington, and on the other, to **massively increase Europe's defence capabilities** for its own security. The public response to these two objectives is now unanimous: **a significant increase in defence budgets** with quantified targets (3, 4, or 5% of GDP? 100, 400, 800 billion euros?…).

Given the urgency of the situation, these additional funds, if they are actually made available at national level, should be used first and foremost **to finance rapidly deployable operational capabilities:** production of equipment for the Ukrainian army, implementation of indirect support resources (transport, intelligence, communications, etc.), training of the Ukrainian militaries, mobilisation of peacekeeping forces… The aim is to continue the effort undertaken since the start of the Russian aggression, by strengthening it further and adding the scenario of a ceasefire to be guaranteed.

Some reassure themselves by adding up figures, which show that the **at 3% of their GDP, the countries of the European Union would together spend 500 billion euros a year** (i.e. two-thirds of the current level of US spending and more than four times that of

Russia). But there is no guarantee that this budgetary boost, if it came, would be enough to restore the situation in Ukraine, or security in Europe in the longer term.

With regard to investments in particular (equipment credits), the reality is not as simple insofar as **the transformation of budget lines into effective military capabilities is neither immediate nor easy.** It depends to a large extent on the ability of the armed forces to define and contract their requirements, and on the performance of the industrial base in meeting them. Everyone understands that, to be successful, the match between demand and supply depends on a number of parameters, such as **the right definition of the technical specifications of an armament programme** or **the size of the market to which it can have access.** This is where the European dimension comes into play:

- On the demand side, **a more systematic alignment of the military requirements** of EU countries would seem logical at time when the immediate threat is the same for all and the NATO shield is being deprived of its American credibility.
- On the supply side, in order to invest, innovate and cut costs, European defence companies need more than ever **to expand their outlets beyond their national borders**.

If the announcements made at the EU summits are limited to providing for a simultaneous increase in national budgets, at the cost of a debt burden now authorized by Brussels, they will not alter this equation. Member States will continue to acquire armaments on a national basis, favoring the products of their own industry when they have one, or buying from the best bidder – including outside the EU – when they do not. It is even to be feared that the new budgetary manna which they will benefit from will lead them to foster this national approach even more, with its share of duplications, sampled productions and interoperability deficits. All in all, when it comes to equipment and beyond the immediate aid to Ukraine, **we may then see a little more defence of Europe, but unfortunately not much more European defence.**

Welcome in principle (though still uncertain in practice…), this budgetary race ahead should therefore take account of the new situation and apply **three simple principles:**

1. **Favoring pooling and cooperation:** made possible by a political agreement at EU level, this new military spending must be undertaken by examining each time whether there is a shared collaborative solution. In the case of procurement, this means pooling demand to buy together the required equipment. In the case of the development of a new weapon, this means looking for partners with the same need to share the cost and put in place a joint order.

   Under pressure from national industries accustomed to gleaning funds from their own defence ministries, this cooperation reflex will not be natural. Yet it is in everyone's interest, offering a wider outlet for selected industrial operators and a substantial source of savings for governments.

2. **Making European preference a cardinal rule:** the debate on the use of Community appropriations for the benefit of the European defence industry has seemingly come to an end, since everyone must now recognise the risks involved in acquiring equipment produced under an American licence.

   For equipment that European industry does not have the capacity to supply in the short term – either because it does not produce it or because it is not produced in sufficient quantities – some Member States may have to buy it in an emergency off-the-shelf outside Europe. But there should be **a rule that any new expenditure**

backed by EU guarantees must give preference to a European solution where one exists.

3. **Taking account of the Ukrainian lessons:** three years of war and the substantial financial support received by the Ukrainians have profoundly changed the defence industrial landscape in Europe. The still slow reawakening of capabilities within the EU should not hide the v**ery significant development in Ukraine of this sector, which is confronted with the realities of the war economy**. This can be seen in quantitative terms with the spectacular growth in production facilities (for ammunition or drones, for example), and in qualitative terms with the development of innovative solutions that are rapidly available and often at low cost (electronic warfare, AI, drones, etc.). The new investments that the EU States will be able to make in defence must not be confined to pursuing a trajectory planned before the war, with its national targets of combat aircraft, tanks and frigates, more or less endorsed by NATO planification. It is essential to **reassess priorities in the light of the current fighting with the Russian army,** and to carry out this exercise on a shared basis within the EU to optimise the distribution of efforts, and including the Ukrainian industrial base in this distribution.

The question is **how these collective disciplines can be imposed on the Member States**. Let us not despair on this point. Through the programmes launched since 2020 to fund the European defence industry[1], the European Commission has acquired expertise in this sector, which was new to it. In its role as guardian of the Treaties, it has the tools to **impose European conditions on the disbursement of appropriations** available under the EU budget.

It is imperative it does so for the financing that is backed by **the €150 billion European ReArm Europe loan**, which was validated on 6 March in Brussels, as was the case for the Next Generation EU recovery plan loan[2]. This seems to be what was announced in the summit conclusions, where three criteria were highlighted: these credits will be **reserved for joint purchases (1), of European produced weapons (2), from a limited list of equipment[3] (3).**

These conditions still need to be spelt out explicitly and legally. This is the subject of the detailed proposal that the Commission is due to submit at the end of March. Let's hope that it does not compromise on their enforceability and that lengthy negotiations do not ensue on their wording.

1 See the infographic "The European Union and the defence industry", Jacques Delors Institute, December 2024.
2 750 billion by 2020 to revive the economy after the covid crisis.
3 Artillery, ground-air defence, drones, electronic warfare…

Institut Jacques Delors
Penser l'Europe • Thinking Europe • Europa Denken
18 rue de Londres 75009 Paris, France • www.delorsinstitute.eu
T +33 (0)1 44 58 97 97 • info@delorsinstitute.eu

Institut Jacques Delors
Thinking Europe
Penser l'Europe
Europa denken
Notre Europe

PREMIER MINISTRE
Liberté
Égalité
Fraternité

This project is funded by the European Commission's Citizens, Equality, Rights and Values Programme (CERV) under project number 101104850 – IJD 2025.