

FRENCH AND GERMAN DEFENCE: THE OPPORTUNITIES OF TRANSFORMATION

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EXECUTIVE SUMMARY

1. French and German militaries have been transforming. Transformation is necessary. As the strategic landscape evolves – and indeed evolves ever faster – national armed forces need to be adapted to keep up with the times, and best serve their country's interests.

The on-going transformation of French and German militaries has created challenges, but it has also opened new avenues for cooperation. This paper hopes to provide a full assessment of the current state of Franco-German affairs in security and defence, and set out a potential way forward in view of such opportunities.

2. France and Germany have a strong history of cooperation in the area of defence. Over the years, the main driver for it has traditionally been political; and the hurdle to it has been the differences in the way both countries view the world. Is there a way to better overcome such differences today? How might the hurdles to cooperation be overcome in a way that is strategic, meaningful and mutually beneficial?

This paper sheds light on some of the key locks and levers of cooperation. Looking at the Franco-German relationship, it identifies the converging and diverging trends that underlie transformation in both countries, to gauge the likelihood for success or failure of further cooperation. In particular, it maps the current political and military state of play on both sides of the Rhine, from ambitions and capabilities to defence industrial matters.

3. The authors conclude that the gap today in political and military outlooks between both countries is either steady or closing slightly. They look at how it might be possible to further narrow the divide. The most crippling issue remains the lack of big, new, concrete projects, which could carry workable ideas alongside high visibility and political traction at the highest level. But the Franco-German relationship has fallen victim to a deeper ill: imagination appears to have dried up, creativity to have dwindled, vision and willpower to have been drained from the military and administrative echelons, but more critically still from the highest political levels.

4. In lieu of any predefined methodology, the paper argues that the true success of cooperation usually comes down to an “alignment of plans” at the political, capability, operational and industrial levels. All such levels naturally have their own timeframes, cultures, priorities, rhythms, perceptions, psychology and incentive structures, which can kick-start or hamper cooperation. Short-term collaboration is always at risk of becoming tokenistic where it fails to come from or create meaningful mid-to-long term cooperation.

As such, and rather than simply couching down the newest list of routes for collaboration, the paper highlights the importance of creating a landscape that facilitates meaningful cooperation. To create such a favourable landscape, the authors make recommendations which include revitalising a number of channels for dialogue.

5. Firstly, it is difficult to deny that cooperation on the political-military side has lost focus, drive and energy. The authors recommend launching yearly, specific high-level talks on the Franco-German relationship in the field of security and defence. They should take place in a “3+3” format which would include the top-level representatives for policy-making, for the military and for armament, taking into account institutional asymmetries (chief of defence staff, armament director and state secretary). The format of the conversation would not be dissimilar to one which was used in Franco-German discussions at the turn of the century, before it lost currency. The purpose of this conversation should be to establish the state of play with respect to force structure principles, ten year vision of the armed forces, or strategic autonomy. The protagonists of such “3+3” discussions should let themselves be open to a dialogue with parliamentary defence committees, civil society and a network of think-tanks that would be encouraged to inform the debate.

6. Secondly, creating a landscape which favours cooperation in the long term should take the form of comprehensive Franco-German talks on the defence industry. The “3+3” talks should thus be mirrored by “4+4” (government plus industry) discussions taking place later in the year. The conversation would comprise two to three baskets. The purpose of the first basket would be to lay down clearly both governments’ respective long-term visions of their national DTIBs – preferably within a balanced EDTIB. The second basket could compare ways in which to define an armament programme, and should bring together mainly defence staffs, and also procurement agencies and industry. The aim would be to align the ways of defining requirements, by setting out methodologies for the definition of an armament program. The third basket could involve defence industry more specifically: Franco-German companies. The incentive would be better interoperability for the forces with equipment available at a cheaper price, if France and Germany succeed in initiating a common program.

7. The authors suggest that both the 3+3 and the 4+4 format would have to start from a common critical – maybe even skeptical – understanding of the basic concept of cooperation. Here it is: all in all cooperation is seldom a natural instinct, because it generates short-term complexity. This explains why the case for cooperation is oftentimes harder to make. But if the added long-term value of cooperation trumps the short-term hindrance it causes, then the case should be made more clearly. It should be made all the more so in the cases where cooperation is actually simpler, and involves fewer stumbling blocks than lack of cooperation.

Likewise, it is seldom clearly articulated that the cost and drawbacks of failing to cooperate are often more significant than the effort that cooperation involves. European states willingly allow a “low regret” model to persist, where the choice is between cooperating and not cooperating to develop a capability. In effect however, the choice is increasingly between cooperating and not developing the capability – which is a “high regret” model. Policy planners still operate by the assumption that there is a choice in the matter, when arguably the choice is simply no longer there. As long as political leaders choose to fall back on national solutions, the “high regret” model will not be internalised by staffs and citizens. This ultimately creates a situation in which, as basic game theory would have it, all players expose themselves to collective long-term loss by vying for short-term gain.

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France and Germany have been struggling to digest the changes that have occurred in the world since 1989. Over the years, both countries' militaries have been slowly adapted to the strategic requirements of the time, and the budgetary constraints of the day. They have become leaner, professional and more flexible. This is a good thing. To best serve a nation's interests, armed forces have to be adjusted to the shifts in the international environment. Such transformation has naturally created challenges, but also incentives and opportunities for both countries to cooperate – as long as they are properly thought through.

The present paper seeks to identify the levers that make cooperation possible, and the locks that hamper it. It establishes the current state of play on both sides of the Rhine, to identify some of the ways France and Germany might work more closely together. It looks at ambitions, capabilities, force structures, institutional approaches, prospective visions of the armed forces and defence industrial policies. Short and mid-term collaboration, is structurally limited without meaningful long term cooperation. As such, the authors set out the long-term perspectives for both governments and industry to cooperate more helpfully, by suggesting a number of comprehensive exchanges at the levels of political leaders, policy-makers, defence staffs and industry.

The paper is a collaborative venture between SWP (*Stiftung Wissenschaft and Politik*) and IRIS (*Institut de Relations Internationales et Stratégiques*). It draws on semi-official conversations with actors in the French and German Ministries of Defence, Ministries of Foreign affairs, industry and the broader defence communities over the course of several closed seminars in Berlin and in Paris. The SWP and IRIS would like to take this opportunity to thank all the participants involved in the process for their invaluable input.

I. LOCKS AND LEVERS: HOW TO MAKE OR BREAK COOPERATION

1.1. The tale of the five-legged sheep

France and Germany have a long history of cooperation in the defence sector – the impulse for which has largely been political – which has yielded some positive results in the past. Examples include the cooperative armament programmes which developed the Transall military transport aircraft and the Hot and Milan missiles, the build-up of Airbus Group, formerly EADS, and the creation of the Franco-German Brigade, which set an example and provided useful lessons in how to pool military forces. Last but not least, most of the progress in building ESDP and CSDP at EU level flowed from Franco-German entreaties. Such endeavours however have yielded limited results in the recent past – undermined as they are by a number of crippling differences in the way France and Germany view defence, industry and the armed forces. Why have these ties weakened? With more common will

available, can the hurdles to cooperation be overcome in a way that is meaningful, strategic and mutually beneficial?

In amongst the more recent attempts at cooperation between France and Germany, there is one which neatly encapsulates the difficulties involved and which might be dubbed the “**five-legged sheep**”. A window of opportunity recently opened for cooperation in the field of training for army parachutists – French and German staffs set out to find synergies and cut costs in the area. As will usually be the case with any type of transnational collaboration, a number of initial “**barriers to entry**” had to be overcome. The parachutes that both armies currently use are not the same, and the training is different. German training lasts three weeks, when French training lasts two weeks. The German army currently wishes to hold on to the current German-made parachute which it uses. It also does not wish to cut the training of its soldiers to two weeks, as per the French model.

Conversely, the French army wishes to hold on to its own parachute, and also to its current length of training. But training *German* parachutists on a *German* parachute at the French Air War College (*École des troupes aéroportées*) in Pau would cost too much. Therefore the model which is presently under examination is one where the *German army would train in France for two weeks on French parachutes, before returning to Germany to train for one week on German parachutes*. If the collaboration works out on this basis, it will yield **some visible cooperation** between the two armies, and may well foster cooperation in other areas.

The catch, of course, is that such a model only qualifies as cooperation **in a fairly loose sense of the term**. It keeps on two different equipments, and puts two different training models side by side. This adds the costs of two different equipments and two different training models. On the other hand, it does enable German soldiers to jump with French parachutes, which has operational added value.

The danger of the five-legged sheep model is that **juxtaposition risks trumping cooperation**, and potentially creates extra expenditure by needlessly complicating existing models. It has the immediate upside of visibility, and can be helpfully woven into a political narrative. However it does not always create any clear value downstream, and risks the opposite effect – by creating more frustration and scepticism than adding value. **How might one avoid the awkward five-legged sheep model?**

Kick-starting cooperation may naturally involve a degree of short-term, politically visible collaboration. Sadly this is seldom, if ever, sufficient: creating a meaningful relationship requires **looking beyond the short-term and the instrumental**. Cooperation is a process – it happens over time, requires a climate of mutual trust, and relies on a number of factors. Which are they? Such factors create cycles, which in turn will **make or break cooperation**. Is it possible to identify the factors that will **foster** cooperation?

1.2. Aligning cycles

The parachute training example rather showcases the manner in which **operational** cooperation will work less effectively in the absence of broader cooperation in the field of **capabilities**. In turn, meaningful capability-based cooperation will not happen in the long-term without **industrial** cooperation. It will simply boil down to pooling different capabilities, with dissimilar requirements and different purposes. Conversely, industrial, operational or capability oriented cooperation is naturally less likely to work in an unfavourable **political** context, as the failure of the EADS/BAE merger suggests.

More than an alignment of plans, it would probably therefore be accurate to talk of alignment of **cycles**. Some **virtuous cycles** will lend themselves more easily to cooperation, and will in turn provide a platform for further cooperation. **Vicious cycles** will have the opposite effect.

Factors for cooperation can be broken down into political, strategic, industrial, capability, or operational ones. If they encourage further or broader cooperation in the mid and long-term, they are **levers**. If they discourage cooperation, they are **locks**. Both have a **multiplying effect** across time.

The political factor: lock or lever?

Usually, the **political impetus** is key to kick-starting a cycle of cooperation, most especially when it comes to big capability programmes. Loosening national differences which have hardened at the level of the defence staff and of the Ministries of Defence cannot be done without high-level political dialogue. The political impulse might turn into operational, industrial or capability cooperation. In return, operational, industrial or capability cooperation can bolster political convergence and cooperation. For example, the development of the A400M programme, though sinuous at times, took a huge benefit from the political impulse. Now that the capability is being delivered, it will, hopefully, encourage the creation of common doctrine, common maintenance, common training, as well as requiring added political consultation and cooperation. The cultural convergence this creates down the line ultimately fosters political cooperation.

Political choices can also be a **hindrance** to operational or industrial cooperation. In the case of the EADS/BAE Systems merger, the attempt by industry to engineer cooperation was ultimately undermined by political differences. When such failure happens, it also has an adverse effect down the line: it is likely to create a degree of resentment or mistrust in this and in other areas. The initial effort to cooperate might then ultimately have proven counterproductive.

It doesn't happen all too often, but **“bottom-up” cooperation** can kick-start a cycle of cooperation and foster political cooperation. The very existence of the European Union is a signal of this, insofar as it emerged from cooperation in the field of steel and coal. More generally, it appears that cooperative capability programmes in Europe foster more cooperation, and that little cooperation happens in the absence of cooperative capability programmes. After 15 years of Germany and France discussing collaboration in the naval sector for example, nothing has yet materialised.

Operational cooperation at the level of defence staffs is always necessary, but never sufficient. It has to be supplemented or validated by political cooperation. Operational cooperation may also harm longer-term cooperation: when it fails, or does not properly tie in with the political context, it creates mistrust down the line. It was hoped the creation of EU Battle Groups would yield a useful political instrument. However it has been maligned for having never been used. The breach between political and operational cooperation has created resentment amongst European states who wanted to use Battle Groups, and made cooperation in the field less likely going forward. On the other hand, the creation of the European Air Transport Command (EATC) is a result of operational and political cooperation overlapping successfully.

Finally, the success of operational cooperation can also be detrimental to cooperation over time. For example, bilateral or limited regional operational cooperation in Europe is liable to create a degree of capability duplication, redundancy or competition at a European level. It can indirectly lead to collective capability gaps, through uncoordinated cooperation. It will also have various opportunity costs: bilateral cooperation in one area might have been more profitably invested elsewhere, had it been coordinated at European level. Bilateral or regional cooperation might therefore prove beneficial in the short term or on a small scale, but be detrimental in the long term or on a wider scale. It is possible that it be beneficial to national interests in the short-term, but ultimately detrimental to them in the long term. On the other hand, with coordination at the European level, it can be both successful in the short term and create a virtuous circle of cooperation in the longer term.

More than an alignment of plans, it would be accurate to talk of alignment of cycles

1.3. Looking upstream

Cooperation therefore relies on a number of variables, which can act as locks or levers across time. There are nonetheless some truths which seem to hold fast irrespective of the area, the timeframe or the political context.

Cooperation is almost always more effective when it is done **upstream** than when it is done **downstream**. The reasons for this are fairly straightforward. The more cooperation happens upstream, the more it is possible to cooperate on all the different aspects of what a capability is. The

more downstream the cooperation happens, the more logjams it is likely to encounter. Indeed conjuring up cooperation is near impossible when strategic interests are conceived of in isolation; when **strategic needs** are defined quite separately; when **strategic requirements** are heterogeneous; when **calendars** are misaligned, when **operational interests** diverge and when **defence industries** compete.

Once the needs and requirements have been defined and **planning has been solidified along national fault lines**, it is incredibly difficult to establish genuine cooperation, and it also makes cooperation less likely in the future. Capability projects, operational synergies or industrial projects can spur, encourage or reinforce political and institutional cooperation and thereby create a virtuous **feedback loop**. Therefore it does not necessarily make sense to oppose action upstream and action downstream – both levers can be pulled in conjunction to create more cooperation.

Efforts which attempt to create cooperation downstream when the real blockers are upstream will most often be thwarted. As in the case of EU Battle Groups, attempting cooperation in the field of operations will prove fruitless if the differences that need unlocking lie further upstream in the political or strategic context. In fact, such efforts will have an adverse effect on the relationship in general, by affecting the energy, effort and trust that is invested in other areas at other times.

Cooperation requires a keen sense of the political environment and of what is **ripe for political dialogue**, in order to loosen operational differences downstream. When the political context is favourable, the **thornier issues and national caveats** should be put on the table. If there is a better way for French leaders of understanding German foreign policy and its reluctance to intervene on the world stage, then it should be explored. If there is a context in which reluctance by the Bundestag to authorise deployments, or the perceived reliability of front-line German capabilities in combat operations can be looked at, then it should be. Only by talking them through is it possible to work through them. For instance, it might be possible to imagine a pragmatic pre-decision mechanism on parliamentary approval, coupled with a robust European early-warning capability, when there is clear and present danger, or a different role for German capabilities. In all such cases however, the manner and format of the conversation is as important as the substance: it should be lead **not with a view to paint a stereotypical picture, but to honestly attempt to understand and work through the differences**.

The more upstream the cooperation, the more it is possible to cooperate on all the different aspects of what a capability is

The **additional issues** that could be debated as and when they are ripe for political dialogue are as follows. Is there any leeway to further harmonise calendars and methodologies, or simply to develop tools in order to develop common programmes without harmonizing the calendar? The creation of a common fund for a cooperative programme is a solution proposed by a number of experts. How can we better seize opportunities to think together from the start, instead of further down the line? In

order to launch cooperative efforts, do all the variables have to align (strategic vision, ministerial will, capability, funding budget available, industrial interests) or can we make do without certain variables to concentrate on specific islands of cooperation (for example, training for Tiger helicopters where the helicopters and their operational uses are different). Are there any specific article 5 capabilities which we might specifically focus on in a Franco-German context? To what extent are both countries liable to cooperate where their strategic vision differs? And if the context and conditions do not permit cooperation on capability programmes from scratch, then is there an opportunity to buy things together that already exist in a cross procurement policy (e.g. could the German buy Mistral ships and the French buy German equipment in return)?

1.4. Narratives and perceptions

Cooperation also relies on a host of underlying factors which are trickier to identify, and are therefore more difficult to overcome – such as perceptions, operational cultures, strategic cultures, narratives and incentives.

Cooperation and complexity

Perceptions are important – and **cooperation is usually perceived as being more complicated than the absence of cooperation**. All the more so at the operational level, where engineers have to work with everyday hindrances such as lack of reactivity, investment or interest on either side. There are counter-examples to this dominant view. For example, a cooperative strategic transport programme such as the A400M programme, even if it was not the “dream expected”, ultimately suffered less delays and unplanned costs than the C-17 and the C-130 programmes. The point should be made even if it is less common: in some cases, contrary to accepted wisdom, cooperation is **actually simpler and involves fewer blockers than lack of cooperation**.

Cooperation is **not a natural instinct because it generates short-term complexity**. However, it should be possible to make it clear when the **added long term value of cooperation outweighs the short term hindrance it causes**. If the drawbacks of not cooperating are ultimately more significant than the effort that cooperation involves, then it is in the interest of both parties to cooperate. For example, the long-term benefits made possible by the successes of the European Space Agency vastly outweigh the short-term complexity they entail. The point was clearly made with the recent success of the Rosetta mission. What is more, a number of studies¹ have conclusively demonstrated that cooperative programmes are not necessarily affected by delays and cost overruns if they are correctly managed in the round (management of cooperation, available funding, industrial structure of cooperation, harmonised specifications).

¹ See for example: *Cooperative Lessons Learned: How to Launch a Successful Cooperative Programme* – IRIS, CER, DGAP, IAI, 2006.

Finally, the perception of cooperation *a posteriori* is different from the perception of cooperation itself. Cooperation necessarily involves merging a number of diverging interests. As such it is always likely to appear fraught when it is underway. In hindsight however, it usually appears less fraught. The Franco-Italian FREMM frigate programme has generated some controversy, but with the capability now up and running it is easier to make the point that it was cooperation that made the programme possible in the first place.

The last underlying factor has to do with the **incentive structure** involved. In a “**low regret**” model, cooperation is **not perceived as vital**, because it is considered possible to fall back on national solutions. When jobs are at stake in deindustrialised areas, it is assumed that local and national authorities will step in and salvage the industry by finding a national solution – which usually turns out to be indeed the case. As such, the “low regret” model persists because states allow it to persist. As long as political leaders have the choice to fall back on national solutions, policymakers and citizens will have difficulty perceiving cooperation as vital. Although there are perfectly legitimate reasons for politicians to act so in the short-term, the “low regret” model is ill-suited to the long-term issues that defence is faced with.

In the long-term, there is rarely a choice between **cooperating** and **not cooperating** to develop a capability. Instead, it is increasingly a choice between **cooperating** and **not developing the capability**. Perceptions however have not shifted accordingly. **Policy planners still operate by the assumption that there is a choice in the matter, when arguably the choice is no longer there.** The “**high regret**” model has not been internalised. This ultimately leads to a situation in which, as basic game theory would have it, when all players want to win in the short-term, they all expose themselves to collective loss in the longer term.

II. THE FRANCO-GERMAN RELATIONSHIP: STATE OF PLAY

How does the Franco-German relationship work today? The following chapter looks more specifically at some of the locks and levers, enablers and blockers that emerge from current French and German “views of the world”. It looks at the present political and military outlook on both sides of the Rhine, which it breaks down into six categories, ranging from ambitions and capabilities to defence industrial matters.

Squaring the circle

The single most pressing issue that France and Germany are faced with today in defence is the **cohesion** of their armed forces. In a constrained financial environment, maintaining full cohesion between the goals and missions of the armed forces in a volatile environment, the readiness of modern equipment and technology, and a shrinking budget basis is no small challenge. It has created tension and the risk of serious shortages in both countries, which have alternatively been resolved through “innovative financing”, cutbacks on training or investment, trying to buy more time, and other ways of squaring the circle. In Germany, a widening contradiction is opening between the military’s day to day expenditure, the readiness of its armed forces, and the investments it needs to make. In France, the increasing demands placed on the military are undermining the country’s dogma of maintaining a full spectrum force.

2.1. The capability spectrum

Officially, France commits to covering the **full range of capabilities** required to protect French national sovereignty and strategic autonomy. This commitment stems from the global role that France considers it ought to play in the international arena. As a result, its military is still conceived of as a tool that is able to perform all the roles and missions it previously performed. As a result its 2013 Defence White Paper and 2014 Military Programming Law (which allocates defence resources) made no irreversible decisions. They do not choose to do away with a particular capability. They preserve the same range of capabilities – there simply will be less of them. So that the military tool is by and large preserved in functional terms, but is shrunk in absolute terms.

How these ambitions translate into reality is at times less obvious. By virtue of its capabilities being spread too thin, the French military at times appears to have undergone a degree of specialisation by default, if not by design. This may be a prelude for giving up a number of capabilities, or for establishing a clearer differentiation in capabilities. The 2014-2019 military programming law may prove to be an important turning point in this regard. The 2013 White Paper already introduced the concept of *differentiation*, which is conceived of as a planning principle, according to which capabilities should today be able to be employed in different contexts by different armies. Is it a preamble for asking to what extent the French army can today perform the set of tasks it believes it should be able

Policy planners still operate by the assumption that there is a choice between cooperating and not cooperating to develop a capability – when arguably the choice is no longer there

to perform? Should France want to forgo one or more capabilities, with what would it start – and if so, would this be enough of an incentive to cooperate?

Germany also strives to maintain a **wide spectrum of conventional military capabilities**. It has not so far made itself dependent on alliance partners in major capability areas. For multinational contingents, Germany is still able to offer a wide spectrum of force components – air, sea, land, C2 as well as logistical and medical capacities. Such a wide array of forces facilitates Germany's capacity to act as a "Framework Nation". (The Framework Nation Concept was introduced by Germany at the 2011 NATO summit as a possible element of the Alliance's smart defence efforts). However, the consequences of the financial and public debt crisis over the past 5 years have spread thin a number of capability elements. Examples are the quantitative changes in A400M, NH90 and TIGER aircraft and helicopter procurement as well as a reduction of combat brigades. Given the possibility of further cuts in defence spending (in real terms), the original spectrum of capabilities may therefore not be maintained.

In the field of **capability modelling**, Germany has recently embarked upon a methodical analysis of the "production function" of the military enterprise. In this way it becomes possible to identify critical factors that determine the internal balance required to field an overall force that minimises sectorial overcapacities and maximises the comprehensive strength of the ensemble of capacities under conditions of limited resources. Such a methodology can help to compare the efficiency of resource allocation among actual or potential cooperation partners. In addition, it would allow identifying and assessing pooling and sharing options among partners. Functional analyses of this type are also undertaken in France, which broadly include the same areas, although not necessarily with an explicit view to cooperation.

2.2. The question of strategic autonomy

In France, the will to uphold national strategic autonomy is more pronounced than in Germany. In the French case, sovereignty is insisted upon when it comes to the country's autonomy to act on the international stage. In the German case, it is often invoked in support of the country's right to do the opposite. The military bureaucracy in France would do nothing to limit the principle of sovereign strategic autonomy, and no French president would compromise on this principle. In Berlin, the political *mot d'ordre* is to fulfil NATO requirements first before attending to the rest – indeed no one would be seen willingly diminishing US protection of Europe, which remains a point of emotion, or indeed infringing upon NATO sovereignty in the field of security and defence.

Autonomy to act, or not to act?

In France, the will to uphold national strategic autonomy is one of the essential cornerstones of French defence policy. It extends to the capacity of saying “yes” or “no”, to make independent decisions in the security arena, and act of its own accord (e.g. autonomy in terms of intelligence and in terms of entering an operational theatre first). France also has a more pronounced culture of intervention than Germany, where the bias against use of force is well-documented and runs much deeper in public opinion. As an example of such a widespread mind-set, it took six years before the German government publicly acknowledged the fact that there was a “war” going on in Afghanistan.

In contrast, German defence policy ultimately does not strive for **strategic autonomy**. There is a historical bias for undertaking international action as a part of a greater whole – i.e. not shouldering the responsibility alone as a self-standing global actor, but as part of a coalition. The tradition in Germany is historically to count on others, and to depend on others. Strategic autonomy is less of an opportunity to say “yes” and make a decision in the security arena of its own accord, than an opportunity to say “no”, or to say “this does not matter”. The top-down method works less reliably in Germany, where the bureaucracy is arguably more trained to say “no” than to say “yes”. Political decisions to increase cooperation are no guarantee that political will follow through to the working level, where most of the authority lies with the head of the relevant office.

2.3. Force structures

Germany has, in several steps over the past 15 years, reformed its armed forces with a view to rendering them **more deployable and more sustainable in view of expeditionary operations**. The political commitment to contribute with substantial forces to multinational operations other than in territorial defence (Balkans, Afghanistan, Somali waters) would require major changes in strategic culture, adjustment of political decision procedures (in particular with regard to the role of Parliament) and a reorientation of equipment plans. Decades-old requirements of collective defence in Central Europe became less important. This trend is being reconsidered but, as yet, not broken by recent developments in Eastern Europe.

The nuclear deterrent necessarily means the question is framed slightly differently in France. The question of whether to do away with it or adapt was not considered in the 2008 and 2013 white papers. As such, the importance of the territorial defence component is unlikely to fade any time soon. In parallel however, French forces have undergone various reforms since the end of the Cold War designed to make the military **leaner, more flexible, less beholden to territorial defence and**

more deployable. The 2008 and 2013 white papers (which have taken up these mantras) and the advent of the financial crisis have accelerated the trend.

In culling capabilities and personnel numbers, the 2013 White Paper attempted to correlate the size and shape of France's military tool with potential engagement scenarios. Engagement scenarios are divided into territorial and collective defence on the one hand, and crisis management on the other. The main operational divide is between "coercive" operations and "crisis management" operations. France aims to be able to engage troops in two or three different operational theatres, one of these as a major contributor with the capacity to enter first, as part of a multinational coalition or not. These strategic functions are interdependent, including with the deterrence function. As such, the following numbers do not correspond to the maximum format of the French armed forces, but to the various possible scenarios: 10000 men can be mobilised for protecting territory and population (in conjunction with aerial, naval, and home security forces), up to 7000 men for an international crisis management operation, and 15000 men for a major coercive external operation (in conjunction with Special Forces, 45 fighter jets, and an aircraft carrier with accompanying support and logistics).

2.4. Institutional outlook

Despite the slow ascendance of CFSP and CSDP since the turn of the century, **NATO** has remained the predominant framework for German defence planning and capability development. Germany's strategic reference point continues to be NATO, not the EU. The most telling example of this orientation is given by Germany's introducing its Framework Nation Concept into NATO, not into the CSDP context.

The question is posed slightly differently in France, where there is still a prevailing, underlying assumption that the country should be a self-standing, self-sufficient actor on the global scene where necessary.

As such, the default mindset for French force planning is to cater to French interests and requirements, with a view to guaranteeing France's strategic autonomy. There is a department at the DGA (the French armament agency) whose mandate is in part to make sure planners consider the cooperative route before embarking on a capability development project – which in itself suggests that

The military bureaucracy in France would do nothing to limit the principle of sovereign strategic autonomy. In Germany, it would do nothing to infringe upon NATO sovereignty in the field of security and defence

cooperation does not perhaps come naturally. The 2008 defence white paper did however put the emphasis on European armament cooperation as the privileged way of procurement between national procurement for key strategic assets and off-the-shelf procurement for non strategic, non high-level technological assets. But customary reactions at the French Chief of Defence Staff and the MFA confirm that the national mindset remains the default and preferred one. Cooperation is the

secondary, more exacting avenue, which will be pursued where there is added value in doing so. At times, cooperation remains an afterthought at the operational levels.

The principles of pooling, sharing and interoperability (both at an inter-service level and at a multinational level), although they are inscribed as such in successive French white papers, have not widely been internalised downstream. As a result, French force planning remains primarily **national**, with a view to NATO and EU compatibility – with a certain **European** bias for the past 30 years, which is more political than operational.

2.5. Ten year vision of the armed forces

Today, French military programming laws typically tend to focus the energy and attention of policymakers on periods of 6 years. The “Loi de programmation militaire” translates the strategic vision of the French white paper into ways and means. Because of the shelf-life of most capability programmes, this cycle means that most capability planning is **locked until the end of the decade**. Strategic questioning will therefore only affect years Y+10 to Y+15, that is, **years 2025 to 2030**.

As it stands, there is no predetermined set of priorities, but a list of options which are as follows: Deterrence will not be discontinued. The future of fighter jets is under review, from a strategic and an industrial standpoint. The question of surveillance and possibly armed drones, which was a capability issue that was resolved by the acquisition of Reaper drones, should be integrated into a European framework. Space and the outcome of the European MUSIS programme are equally topical issues. Capability gaps remain in strategic and tactical projection and tanking. Significant gaps will also need to be filled in armoured equipment, despite the gap that will be filled by the (national) Scorpion programme if it is brought to completion.

Germany, in its longer-term planning, is committing itself to field well-balanced armed forces. In doing so it still abides by the motto “**width before depth**”. The five most important capability elements in a Bundeswehr 2025 will be stronger strategic air transport (including AAR) capacities, enhanced multi-modal ISR capacities based on satellites, aircraft (manned and unmanned) and naval platforms, updated if quantitatively reduced air defence systems, improved logistics, and precision munitions and force protection. Whilst decisions on these improvements have already been taken, their realisation remains dependent on the stability of financial resources.

2.6. Defence industrial policies

Traditionally, the German government **does not hold ownership** in its defence industrial enterprises. Political influence is limited to the state’s role as a customer and a regulator. There is, however, a

strong interest on the Parliament and the government's behalf to **sustain and support a competitive and competent national technological and defence industrial base**. Industry is encouraged to maintain and develop key technologies and important export markets, as well as to engage in multinational cooperation programmes.

However, due to the strength of the German technological and industrial system, political decision-makers tend to rely more on the expectation that defence industry is part of the overall industrial landscape, rather than a technological avant-garde or significant element of national pride. It has become commonplace to view the civilian industry as a bigger technology driver than the defence industry. As a result, only very few companies might be considered defence industry proper. Most major businesses have diversified their portfolios. As a result, they have largely become parts of the civilian industry, with a defence component benefitting from the technological and management capacities of the larger unit. This trend in Germany can be termed the “**civilianisation**” of the defence industrial base.

Political decision-makers in Germany tend to rely on the expectation that the defence industry is part of the overall civilian industrial landscape

Another major and typical feature of German defence and armaments planning is its “hyper-ambition”. Firstly, it pursues the aim of providing the **widest possible spectrum** of capabilities. Such an objective is leading to a shallow, sometimes even hollow, layer of military capacities, with little regard to their sustainability and depth. Recent revelations concerning readiness rates of major weapon and support systems are an indication of this systematic weakness. The second aim is to provide the **highest quality of military** systems, irrespective of cost and time requirements, let alone realisation risks. Aspiring to the “platinum”, “110%” solution often stands in the way of achieving affordable “80%” solutions fast, and in reliable fashion. Perfectionism trumps realistic and satisfactory performance, and it often denies the military urgently needed second-best options.

Finally, **consolidation** of the European defence industry is conceived primarily as a task for industry, not governments. National consolidation is not universally considered a prerequisite for trans-border consolidation in Europe. For example, a European merger of the classical tank industry (KMW and Nexter) would not, from a German perspective, benefit from a preceding merger between KMW and Rheinmetall. Rather, the German industry's position remains stronger with the preservation of two strong national competitors.

In France, the government **does hold ownership and shareholding** in its defence industrial enterprises. In themselves however, ownership and shareholding are not objectives in the field of the arms industry – the French government does not have a systematic global policy in this matter. To date France has defined its shareholder strategy company by company, taking into account a variety of factors: the necessity of controlling key strategic technologies, of fostering European arms industry consolidation and of being a fair shareholder, with a view to supporting the development

strategies of the company's management.

Strategic autonomy and security of supply for “sovereign equipment” and “key critical arms systems” are the first drivers which explain French policy in the arms industry. The opening sentence of the arms industry chapter in the French 2013 defence and security white paper reads as follows: “The defence industry is a key element of our strategic autonomy”. The second driver is an **economic** one, which has to do with the high level of competitiveness in the arms industry on the world market today, and the number of jobs within the industry (150 000). To achieve strategic autonomy and economic competitiveness, France has developed a threefold strategy.

Its first objective is to maintain **high levels of R&D funding** in strategic technological areas, in order to secure strategic autonomy and security of supply. The list of key technological areas is not in the public domain, and is “periodically revised” by the ministry of defence. High levels of funding in R&D are a crucial factor in protecting strategic autonomy and security of supply, but they also help maintain the economic competitiveness of French arms industry. Secondly, to mitigate the impact of shrinking defence budgets in Europe, France advocates a policy of **exporting arms** – submarines with Brazil and possibly Rafale fighter planes to India and Qatar, for example.

The third strategy is to increase **European cooperation** in the matter. France supports European armament cooperation, as long as it is rationally organized and departs from what are seen as sub-optimal practices of the past, such as the Eurofighter or Trigat-MP anti-tank missile cooperation. European armament **consolidation** is also considered an objective and a major task for the future, whoever gives the impulse. In the case of the hypothetical merger between KMW and Nexter, the impetus was given by industry, and the French government supported the initiative.

The French industry does not perceive governments as the prime stakeholder in the consolidation process, but they consider them responsible for launching cooperative programmes, or for the failure to do so. From this point of view, the Franco-British cooperation appears more effective than the Franco-German, despite the fact that it is by no means devoid of difficulties, and despite the will to re-balance Franco-British and Franco-German cooperation after the 2012 presidential elections in France. However, if the French government does not genuinely play its role as a leader to initiate cooperation, it appears difficult to industry to cooperate with its German counterpart.

On the whole, French industry identifies three reasons which explain the difficulty to cooperate with the German industry. Firstly, France and Germany do not **use force** on the same way, yet defence staffs play a key role in defining future military equipment. Secondly, **parliaments** play a different role in defence (military operations abroad) and armament (programme launches) questions. Finally, Germany does not give the same importance to the notion of **strategic autonomy**, which is a key point in France when looking at the

Strategic autonomy and security of supply are the key drivers of French industrial policy

role and importance of the arms industry. Generally, the German industry does not play the same political, economic or capability role as the French industry does.

The tighter the links between French and German industry, the more it is important for industry to cooperate at a Franco-German level. Despite all these blockers identified, there is a will to overcome difficulties. There is, indeed, a perceived necessity to pursue the process of consolidation in order to have a more competitive EDTIB, and to keep defence technological capabilities in Europe. It is necessary to pursue consolidation in the naval sector, and the perspective of having a consolidation in land armaments at the Franco-German level is seen as a good thing.

III. THE WAY FORWARD: ENABLING COOPERATION

3.1. The political outlook

Overall, it appears the gap in political and military attitudes between France and Germany today is either **stable or closing slightly**. There remains a great willingness for military intervention amongst the public and leaders in France, although the purpose and legacy of external operations are more commonly scrutinised. There is a general acceptance of France's shift back towards NATO, both on the right and the left side of the political aisle. The level of trust and commitment between France and the United States is very different from six or seven years ago, to the extent that France has become one of the main – if not the main – European partner of the US. On the German side, there have been lingering questions posed about the country's role on the international stage, and whether it should start shouldering more responsibility. As yet however, high level political declarations of intent in Berlin and Munich have not necessarily trickled down to the level of defence staffs, the administration or the wider public. The UK factor has lost part of its importance as the UK's European policy has become increasingly national and inward-looking. To an extent this leaves France and Germany face to face as the main contributors to European defence. Franco-German agreement is not always a sufficient condition, but it is always a necessary one. A priority will usually become real if it stems from a common Franco-German proposal, be it on Africa, Eurasia, European or transatlantic matters.

As and when the political context is propitious, some of the hardened differences should be put on the table. Rather than engage in parochial debates about the EU and NATO, the following questions should be asked. What threats we face together? How we can produce the defence capabilities that are the most adequate to keep Europeans safe in the face of such threats?

Overall, the gap in political and military attitudes between France and Germany today is either stable or closing slightly

Rather than debating which troops are earmarked for which organisation, could not the framework nation concept or the EU Battle groups serve European interests as a whole – if need be outside particular institutional frameworks or for *ad hoc* coalitions of the willing? Rather than engaging in cooperation for cooperation's sake, it should be possible to build a sound empirical basis for it, and to distinguish myth and reality. Myths about cooperation and integration are useful as a narrative and a horizon, but if they have stopped producing defence capabilities that can serve in the world today, then they should be done away with.

It is seldom stated clearly enough that the drawbacks of not cooperating are often more significant than the effort that cooperation involves. European states willingly allow a “low regret” model to persist, where the choice is between **cooperating and not cooperating to develop a capability**. In effect however **the choice is increasingly between cooperating and not developing the capability**, which is a higher regret model. Policy planners still operate by the assumption that there is a choice in the matter, when arguably the choice is simply no longer there. As long as political leaders choose to fall back on national solutions, the “high regret” model will not be internalised. This ultimately creates a situation in which, as basic game theory would have it, all players want to win in the short-term and all expose themselves to collective loss in the long-term. As such, it would help to stop feeding the myth that national solutions are an option for the long-term.

The second conclusion is that rather than any prescribed methodology, the success of cooperation rather depends on an “**alignment of planets**” at the political, capability, operational and industrial levels. All such levels naturally have their own timeframes, rhythms, cultures and priorities. **Today the political level works chiefly in the short-term. Closer collaboration in the realm of capabilities can only happen in the mid-term. Industrial cooperation, on the other hand, develops over the longer-term.** Of course, short-term collaboration is considerably less effective in the absence of mid and long term cooperation. Cooperation, or lack thereof, can kick-start, foster or hinder cooperation at another level and in the longer-term. Ultimately, the most workable approach seems to be **high-level political decisions kick-starting big, visible top-down concrete projects, and then consistently monitoring how such flagship projects are being implemented downstream**. In the current industrial landscape, the best success would probably be to achieve a degree of cooperation on **drones**, after decades of European dithering on the issue.

Breaking from business as usual

More work on common goals is required, and more work on asking some of the tough questions together. What objectives do both countries share for Europe's responsibility in the world? This is now an open question for both countries, and one which they might profitably try and answer together. How might it be possible to generate and foster a meaningful conversation between both Parliaments, in particular their national defence committees? How might it be possible to increase substantive, high-level political-military dialogue between both countries? The daily grind of political

leaders, caught between internal politics and the short-term management of the financial crisis, is not necessarily conducive to such dialogue. How might it be possible to better engage the media with the issues of pooling or integration? Lastly, when both countries are on the same page, how do you go about actually effecting change? If and when political leaders agree, are we prepared to work together? If political leadership does not accept the issue as an issue, the bureaucracy will not and cannot do.

Much of the time and energy of officials is devoted to day-to-day, technical approach to issues. Yet the “Monnet” method of achieving change in increments has shown some limits when it comes to tackling long-term, wide-ranging issues faced in defence and industry. In some cases, it would in fact be useful to make sure that the “small steps” are forward and not backward ones. The question here is how to reclaim a sufficient degree of leadership and vision in the political management of affairs to achieve a break from “business as usual”, as did Mitterrand and Kohl in the 1980s. There has since been a dearth of good ideas about how to do so, and very few have originated from the political leadership in both countries. The need today is for **big, concrete new projects, which tie together both ends of the spectrum: they need to be both pragmatically-minded and forcefully backed at the highest political level.**

On the whole, and despite different strategic defence cultures and visions, the armed forces transformation processes in France and Germany have created some very similar challenges. The question of how to sustain a broad capability spectrum with shrinking defence budgets in a changing strategic environment is common east and west of the Rhine. Much to the contrast of high-level political relations between Paris and Berlin, a defence cultural alignment has not taken place in recent years. Joint efforts such as the French-German Brigade have not shaped further cooperation efforts. While high-level political ambitions are limited, companies within the defence industrial base provide potential for cooperation and market consolidation.

Cooperation on the political-military side has lost focus, drive and energy. France and Germany should launch **yearly, high-level talks on the Franco-German relationship in the field of security and defence. They should take place in a “3+3” format which would include the top-level representatives for policy-making, for the military and for armament**, taking into account institutional asymmetries (chief of defence staff, armament director and state secretary). The format of the conversation would not be dissimilar to one which was used in Franco-German discussions at the turn of the century, before it lost currency. The purpose of this conversation should be to establish the state of play with respect to force structure principles, ten year vision of the armed forces, or strategic autonomy. The protagonists of such “3+3” discussions should let themselves be open to a dialogue with parliamentary defence committees, civil society and a network of think-tanks that would be encouraged to inform the debate.

3.2. Harnessing industry

Short-term and mid-term collaboration is considerably less effective in the absence of long term cooperation, and long-term bilateral cooperation necessarily rests upon a strong industrial relationship. There remain a number of cultural and historical differences between Germany and France's view of their defence industry, but they are not impossible to overcome. French industry was created in order to preserve the sovereignty and strategic autonomy of the country. As a result, France developed a **strong defence industrial policy** which it exerted sturdy control over. In Germany, the security of the country was organized within the framework of the Atlantic Alliance. The development of a German defence industry was the consequence of global **reindustrialisation** after the Second World War and the necessity of rearmament. Armament cooperation, specifically with France, and the development of a high level technological industry – often dual use – explain the fact that German defence industry is today a significant component of a highly developed European DTIB.

Too many procedures, symbols and institutions, too little strategic guidance and political leadership

Compared to the early 80s, the French industry has evolved into an increasingly **private or privately-driven** one. The contradiction is most apparent with fully state owned industry. In 2014, it was the management of Nexter who drove the merger talks with KMW – the French government merely green lighted the negotiations. France does not use shareholding policy to manage and control the industry today. Equipment procurement or R&T funding are the two main means used to preserve the capability and autonomy of French DTIB. This creates an unclear situation where it is altogether uncertain who exactly drives the French defence industry. The reality is perhaps somewhere between “**controlling from behind**” and “**protecting from behind**”. The situation is complicated by the fact that mid-level management in the French defence industry often began its professional career in the Ministry of Defence.

In Germany the situation is different. The development of a German defence industry was not necessary to sustain a strategic autonomy that did not figure as a political objective in the first place. There is no **defence industrial policy conceived of as an explicit part of national defence and foreign affairs policy**, as is the case in France. But the idea of strengthening German DTIB is consonant with the European aim to make national DTIBs more competitive. A joint declaration issued by the German government and the Federation of Defence Industries includes the definition of ‘national key defence technology capabilities’, and identifies 14 ‘strategic sectors’ which are translated into 80 specific core capabilities. The obvious absence of clear priorities in this document has fuelled a debate, beginning in 2014, among the Ministries of Defence and Economics plus the Foreign Office about how to proceed with important building blocks of a national defence industry strategy. The debate is ongoing in 2015.

Ultimately, there subsists a **lack of confidence** between Germany and France in the arms industry, be it at governmental or the industrial level. Germany tends to consider that France is in the business of protecting its industry, and that its state shareholding is both the tool and the expression of this policy. The watchwords used in France like “sovereignty” or “strategic autonomy” are perceived in Germany as merely furthering French interests. Conversely, France considers that the economic aims that guide the German defence industry lead to **increased mutual competition** between national DTIBs, at a time where it is necessary to do more together and build more pooled capabilities to mitigate the effects of shrinking budgets in Europe, growing US competition and emerging DTIBs. France, for its part, has rather given up sustaining competition on a national level, and considers that in certain cases it is impossible to maintain a competitive industry at the European level without a consolidation of all the industrial capabilities in Europe.

The situation today does not encourage fair and transparent discussions. However, there are a number of factors which are more **conducive to convergence** between French and German industry in the future. Firstly, **cultural differences** within French and German industries are less significant than in the past. The French model is less and less based on state ownership, whilst German industry retains its competitive strength due to its traditional private character. The cultural aspect is one of the areas in which it is necessary to avoid the tendency that German and French policymakers have of painting a stereotypical picture of each country. The new panorama of DTIB, using more dual use technology, with more and more companies producing civil and military products and the entrance of new investors offers the possibility of a “reset” of the Franco-German dialogue on DTIB.

Short-term and mid-term collaboration is considerably less effective in the absence of long-term cooperation, and long-term cooperation depends upon a strong industrial relationship

Secondly, **transnational consolidation** is officially favoured more and more over national consolidation. Thirdly, shrinking budgets and the risk of losing capabilities are increasing the necessity to develop **more pooled or shared forces and programs**. Fourthly, the necessity of being **more competitive on the export markets** can encourage talks between French and German defence companies to create leading companies in the field of defence, as in the case of the talks between Nexter and KMW.

Finally, there remains constant **political will** from both French and German governments to favour cooperative programmes. However it is harder to create consensus and reach an agreement at the defence staff level, and sometimes at the industrial level, due to the lack of common interests. Beyond simply proposing new cooperation *per se*, it again appears important to **create a landscape which favours and facilitates new cooperation**. It might take the form of **comprehensive Franco-German talks** regarding the defence industry. The “3+3” talks (see above) should thus be mirrored by “4+4” (government plus industry) discussions taking place later in the year. The conversation would comprise two to three baskets.

The first basket would pertain to both governments' perception of the DTIB. The purpose of the talks might be to lay down clearly both governments' respective long-term **visions of their national DTIBs** – preferably within a balanced EDTIB – to identify the differences and convergences, and identify the means to bring both points of view closer together. It would include topics such as the definition of DTIB, the contents of the notions of security of supply and strategic autonomy, the ways of controlling DTIB through shareholding, funding of R&D, and control on investment, and competition, market and competitiveness of both DTIBs. The main target of this basket would be to understand the respective points of view in order to avoid misunderstanding and lack of trust.

The second basket could compare the ways in which to **define an armament programme**. This basket should bring together mainly defence staffs, but also procurement agencies, and industry. The aim would be to align the ways of defining requirements, by setting out methodologies for the definition of an armament program. This task is preliminary to the definition of the requirement itself.

The third basket could involve the defence industry and more specifically, **Franco-German companies**. It is also their responsibility to explore bringing French and German operational requirements closer together, by testing preliminary solutions for future equipment in both countries. The incentive for transnational companies is better interoperability for the forces with equipment available at a cheaper price, if France and Germany succeed in initiating a common program.

Featuring the industrial perspective on Franco-German defence relations is a necessary counterweight to the danger of purely political exchanges between governments – exchanges that have often been limited to symbolic gestures, inconsequential memoranda of understanding or high-flying but unrealistic cooperation plans. Time has come to couple the impeccable logic of cooperation with the common practical sense that can actually cement it. ■

FRENCH AND GERMAN DEFENCE: THE OPPORTUNITIES OF TRANSFORMATION

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