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NATIONAL EXPECTATIONS REGARDING THE EUROPEAN DEFENCE FUND: The Spanish Perspective

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Comment

ABSTRACT

This chapter describes the Spanish political, industrial and military expectations regarding the European Defence Fund (EDF). The description includes the Spanish vision about the future of the European Defence and Technological Industrial Base (EDTIB), the logic of industrial cooperation followed by Spain to integrate its defence industrial sector into the EDTIB and the national preferences for the EDF system of governance and working programs. According to the vision, the EDF funds represent a game changer because they launch a process of rationalization that will help to consolidate, if successful, European champions and European chains of supply. Spain supports an inclusive approach to the EDF management in order to cooperate with third non-EU and NATO partners but with the due restrictions to prevent the transfer of common funding and intellectual property rights outside the EU.

Keywords: *Defence, strategy, industrial base, strategic autonomy*

INTRODUCTION TO SPANISH EXPECTATIONS

Spain is a leading advocate of a European Defence. It has contributed to every political, operational or industrial initiative to reinforce the EU strategic autonomy. Spain welcomed the launching of the European Defence Fund (EDF) by the European Commission because it broke the taboo on common defence expenditures and, above all, because the defence investments benefit both the European and national defence and technological industrial bases. For Spain, as for the European Commission, the investment in defence is an instrument to develop autonomous military capabilities and increase the whole of the European economy and industrial competitiveness as well. Both strategic goals can only be achieved through a cooperative approach, combining limited national budgetary and industrial resources with those of the other Member States to achieve economies of scale. Thus, Spain expects that the EDF will help the Armed Forces to achieve their capability goals and anchor the defence industrial sector into the European chains of supply.

The EDF sets into motion a transformational process for the EDTIB which will imply challenges and opportunities for the national defence industries. The rationalization will irreversibly change the EDTIB and create losers and winners. Spain, as a middle industrial power is aware of the need to make sacrifices and take risks in order to be present in the European chains of supply along the process. Thus, Spain tries to integrate as many national industries as possible in all the EDF fund projects, including the small and medium sized ones which represent the majority of its industrial defence sector (80%), in order to consolidate its integration into the future EDTIB.

Being the former a strategic challenge, the country established an Interministerial Group in February 2017 under the leadership of the Ministry of Defence (Secretariat of State for Defence, SEDEF, and General Directorate for Armament and Material, DGAM) with the participation of the Ministries of Foreign Affairs, Industry and Finance, together with the main industrial associations (TEDAE and AESMIDE). This Group is in charge of the design and implementation of the national strategy regarding the EDF.

Spain supports an inclusive approach to industrial cooperation with third partners, including the transatlantic allies and the members of the European Economic Area. The EU defence market would remain open for them as usual after the EDF and PeSCO initiatives but for the transfer of common funding and the Intellectual Property Rights outside the EU. For Spain, the Regulation of the European Parliament and of the Council establishing the EDF agreed in March 2019¹ does not alter the traditional EU defence procurement nor impose a 'Buy European' obligation. The Regulation, despite its flexibility, must include a few restrictions to protect its industrial assets for obvious reasons: first, because there can be no strategic autonomy without industrial autonomy and second, because the EU cannot ignore the current context of geo-political and geo-technological rivalry.

ON THE EDF GOVERNANCE

Spain assumes that the technological, industrial or military dividends of the EDF will be fairly distributed among contributing Member States in order to fertilize their national technologies and industries and improve their capability to contribute to EU missions and operations. The experience of governance in the European Defence Industrial Development Programme (EDIDP) laboratory has been very positive in that regard and Spain expects that the EDF governance system will continue balancing the interests of the different stakeholders: the European Commission, the EU Member States and the contributing countries in the projects.

To that end, Spain favors the Commission to adopt decisions on the EDF work programs by means of implementing versus delegated acts so that the Member States may express their views at the Committee of Member States. This inclusive mechanism prevents non-participating members from feeling excluded and marginalized by large countries and their industrial champions. Besides, the decision-making system has worked under the EDIDP 2019-2020, even for the direct award procedures for the MALE RPAS and ESSOR, where the system enabled a great cross-border participation in the work programs. The

¹ General Secretariat of the Council, Doc. 6733/1/19 of March 1 on the Proposal for a Regulation of the European Parliament and of the Council.

same inclusive approach would be applied to non-EU countries that are members of the European Economic Area though the final conditions will have to wait for the resolution of the Brexit.

Nevertheless, the governance is not going to be a pacific one given the great number of stakeholders and interests to be coordinated. Even if the EDF governance system overcomes the former obstacles, it requires some time to adjust the different planning systems to the new requirements. Thus, the proposal of the Commission to coordinate working schedules on annual bases seems unrealistic, at least in the short term, and it would better to fix a transition period to allow more time to national adjustments.

Besides, the advance of the European Defence must maintain the balance between its political, operational and industrial elements. The creation of a new Directorate-General for Defence Industry and Space within the portfolio of Internal Market gives a great boost to the industrial component. Therefore, there is a need to speed up the development of the political and operational aspects of the EU Global Strategy for Foreign and Security Policy in order to maintain the balance among the three different factors.

PREFERRED WORKING PROGRAMS

Spain must distribute its limited resources to cover the critical capabilities necessary for its national security and defense with those needed to contribute to the missions and operations of the Common Security and Defense Policy.

Spain has always resorted to industrial cooperation when it has not been able to meet its military capabilities alone. It has developed work programs with third parties inside and outside the EU, though most of its industrial cooperation has been carried out together with the European countries more committed with the development of a European Defense.

Spanish preferences for future working programs to be financed with the EDF will probably follow this pattern of industrial cooperation in Europe. The priorities will

coincide with those agreed by the European Councils in order to bridge the gap between the capabilities and expectations of the European strategic autonomy. The programs must cope with critical military shortcomings, reduce the technological and industrial dependence of third countries, ensure the security of the European chain of supply and facilitate the interoperability of the European armed forces. The Spanish participation in the drone program MALE-RPAS, the European Secure Software defined Radio (ESSOR) or the Future Combat Aircraft System (FCAS) or the different PESCO projects respond to these priorities and define a pattern of high level of military-industrial ambition to cooperate at European level only limited by the availability of national budgetary resources.² ■

² For further assessments, see: 'Spain Defence & Security Industry 2019. The EU as an opportunity', Infodefensa, Retrieved September 14, 2019, from [https://www.infodefensa.com/archivo/files/Sp2019\(in\).pdf](https://www.infodefensa.com/archivo/files/Sp2019(in).pdf)

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ARES GROUP

The Armament Industry European Research Group (Ares Group) was created in 2016 by The French Institute for International and Strategic Affairs (Iris), who coordinates the Group. The aim of the Ares Group, a high-level network of security and defence specialists across Europe, is to provide a forum to the European armament community, bringing together top defence industrial policy specialists, to encourage fresh strategic thinking in the field, develop innovative policy proposals and conduct studies for public and private actors.

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