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ARMAMENT AND TRANSATLANTIC RELATIONSHIPS

The Dutch Perspective

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The views expressed here are solely those of the author.
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Comment

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ABSTRACT

This comment describes the armament procurement policy of the Netherlands, in particular in the context of the Transatlantic relationship. With only one prime contractor (naval shipbuilding) left, the Netherlands is very much dependent on both acquisition of military equipment from abroad as well as on foreign markets for its national defence technological and industrial base. Formally, there is no preference for buying European or American equipment. In practice, the air force is traditionally oriented on US fighter aircraft, the navy sails ships built in the Netherlands while the army is driving vehicles produced in Europe. As the Transatlantic orientation of the country is gradually changing towards a more Europe-centered attitude, this is likely to have an impact on the future Dutch armament procurement policy.

Keywords: A*rmament policy, Transatlantic relations, Defence industry, European market*

For its armament procurement the Netherlands has always relied on a combination of national industrial production and foreign acquisition, elsewhere in Europe or in the United States. Today, the Damen Schelde Naval Shipbuilding in Vlissingen is the single remaining prime contractor in the country, developing and producing all major platforms for the Royal Netherlands Navy. For military air and land platforms, the Netherlands depends on acquisition across the national border. Traditionally, the Royal Netherlands Air Force – established as an independent military service in 1953 – has been flying American fighter aircraft (such as the F104 Starfighter, F16 and the F35 in the future). Rotary wing aircraft show a more diverse pattern: European (NH-90, Cougar) and American (Apache, Chinook) helicopters. For its air-to-air refuelling capacity the Dutch air force is switching from the US (KDC-10) to the European Airbus 330 Multi Role Transport Tanker (MRTT) aircraft, in a pool with several other partner countries. The Royal Netherland Army, operating American artillery and armoured fighting vehicles during the Cold War, has relied more and more on European armaments industries: from the Leopard tank (German) to the armoured vehicles (CV-90 – Sweden; Boxer and Fennek - multinational projects with Germany as the principal partner). The Dutch army also operates the Patriot missiles from Raytheon, another example of the legacy of a traditional focus on US suppliers (such as the Hawk in the more distant past). In 2018, the US exported a total value of $192,74 million to the Netherlands (engines and turbines, missiles, ammunition and other military-type goods).[1] The delivery of the 37 Lockheed Martin F35 fighter aircraft to the Netherlands for the replacement for the F16 has started. An additional number will be ordered as part of the amended investment plan resulting from the increased defence budget.

Except for naval shipbuilding Dutch defence industry is no longer producing platforms (vehicles, aircraft, etc.). Over the past decades the emphasis has shifted to producing high-technological (sub)systems (e.g. radars, sensors), a large part of which is of a dual use nature. The Dutch defence industry is relatively small, consisting of approximately 350 companies with a turnover of € 4.5 billion in 2018. It has a high percentage of research & development related jobs (32%). As the national market is too small, Dutch defence

[1] Statistics on Netherlands - Defence Technology (2019) by US export.gov (available at: https://www.export.gov/article?id=Netherlands-Defense-Technology)

industries depend to a large extent on foreign markets: more than 50% of the production is exported. Thus, it is important for Dutch defence industry to participate at the European and global level as a reliable partner and supplier in the development, production and maintenance of defence equipment. Technological and industrial collaboration with trusted partners is also necessary from a government perspective as well as for the interests of the technology institutes. For example, the Dutch defence industry is currently participating in high-volume production, critical technology development and strategic structural design ventures that are integral to the F35 program. It is hoped that EDF-funded programmes and/or PESCO projects can strengthen the Dutch position on the defence market.

As a consequence of this mixed pattern of armament procurement from national defence industries and reliance on US and European suppliers, both national and international armament acquisition is deemed necessary for the delivery of equipment to the armed forces of the Netherlands – according to the Defence Industrial Strategy (DIS).[2] From the Dutch perspective, the balance must be sought between safeguarding vital interests of national security on the one hand, and international collaboration with a level playing field on the defence market on the other. The DIS has increased the focus on strengthening the Dutch defence industry: within the framework of EU regulations, Dutch suppliers will be chosen if it is in the interest of national security. This can be seen as a step back from the previous DIS, which placed 'buying off-the-shelf' as the leading procurement principle. In other words, the factor to maintain technological and industrial capacities within the Netherlands is now taking a more prominent place. With regard to armament procurement from foreign suppliers the Dutch approach has always been to have neither a preference for acquisition of American equipment nor for 'buy European'. The Ministry of Defence (MoD) wants to buy 'best value for money', while the Ministry of Economic Affairs and the National Security and Defence Industrial Association[3] are the guardians of 'procure nationally what can be procured nationally' (in particular for the Royal Netherlands Navy) or 'for which we can get the best offsets' (such as for the F35).

Buying American military equipment also has to be placed in the context of the traditional Atlantic orientation of the Netherlands. For a long time the agendas of the Foreign

[2] *Memo Defence Industry Strategy*, the Netherlands Ministry of Defence and the Netherlands Ministry of Economic Affairs and Climate Policy, November 2018.
[3] In Dutch: Nederlandse Industrie voor Defensie en Veiligheid (NIDV).

Ministry – the watchdog of the Transatlantic link – and the Dutch air force could easily be synchronised: buying American contributed to remaining a faithful Ally and contributed to Washington's appreciation of the Netherlands as a reliable NATO country, even Washington considered the defence budget as being too low and the Dutch military capabilities as too poor. Today, NATO (and thus the American security guarantee) is still considered to be the cornerstone of the Dutch security and defence policy.

However, The Hague has certainly become more European, which is visible in its active participation in Permanent Structured Cooperation (PESCO), in the European Defence Fund and in the European Intervention Initiative (EI2)[4]. The policy of increasingly taking part in European defence cooperation formats has already started to influence Dutch armament procurement. The deepening of the bilateral German-Netherlands army cooperation – in particular in case of integration such as is the case with tank units – will leave The Hague with no other choice than to hook up to the Franco-German armament procurement plans with regard to the next generation tank. PESCO or EDF-funded projects will have the same effect. Ultimately, Dutch armament procurement policy is dependent on the changing Transatlantic relationship in the wider sense: the trend is in the direction of Europeanisation and the Netherlands will have to follow this track, also in terms of its armaments acquisition policy.

[4] See: Dick Zandee, Kimberley Kruijver, *The European Intervention Initiative – Developing a shared strategic culture for European defence,* Clingendael Report, September 2019.

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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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