



# Europe at a Crossroads: The Case for a Common Defense Industry

— Sebastiano Angeli, 07 October 2018



## Europe Needs a Single Defense Industry

**The Hague** — It is well known the world over that the European Union is a major economic power thanks to the single market. Yet, it is far behind other major world powers in arms development and sales. Despite the inclusion of weapons in the single market, there exists no common market for the defense. This is because states can invoke the national security clause (art. 346 Lisbon) to avoid single market competition. Obviously, national security concerns do arise, but the real reason for the continuous appeal to national security is protectionism.

European States seek to protect their national champions of the defense sectors (e.g. Airbus, Leonardo, and Fincantieri), as these companies employ highly qualified personnel and are sources of great revenue for the Member States. The resistance of Member States to the creation of a defense single market is **due solely to the fear of losing jobs and revenue** in the short-term.

On the flip side, European states are spending less on defense than other superpowers, and arms exports have decreased due to competition with both new

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and old military powers. Not only is Europe spending less on arms, but it's also spending poorly; the absence of a single market and of common projects results in the useless duplication of defense systems, which has grave consequences for European defense, geopolitics, and the EU economy.

The threats caused from the lack of a common defense industry are threefold: economic, operational and political. **Reliable**

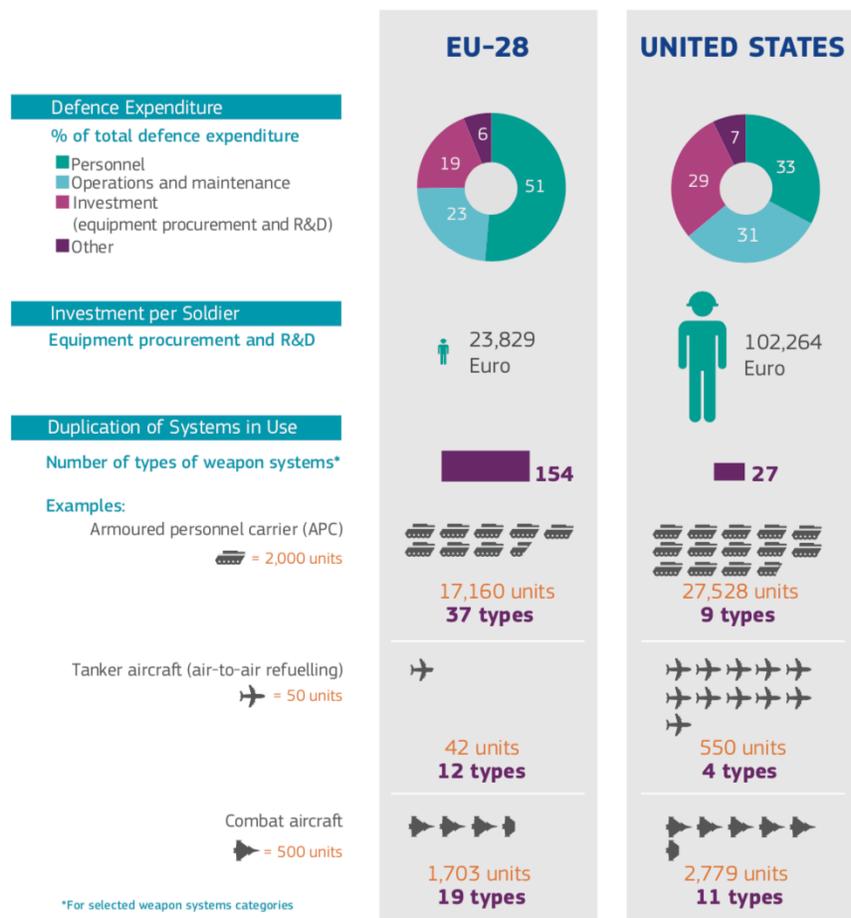
**studies** show that there is a **significant disparity** between EU military expenditure and capacity; to be specific the disparity in military capacity from redundancy in defense spending is estimated at 163 billions euros per year (calculated by comparing the military expenditure and capacities of the EU to that of the U.S.). This disparity also causes operational dysfunction, as the duplication and diversity of arms systems inhibits coordination and prevents the interchangeability of weapons systems between European regiments in the field. This ultimately results in ineffective operations. In both Libya and Afghanistan, Europeans had to turn to American forces for backup, as they were unable to autonomously carry out their own operations. Military incapacity also damages the political reputation for the EU; the lack of unity in foreign and security policy reduces the credibility of the EU in the eyes of both allies and rival powers, such as Russia, China, and the United States.

Moreover, the lack of European unity has significant economic consequences. As Europe spends less and less on Defense, less money is spent investing in R&D for advances in military technology. If the European Union does not keep pace in the lucrative defense sector, the European role as arms supplier will be replaced by other producers, likely China or Russia. Therefore, the exclusion from the defense market would result in huge losses for the European economy.

If European countries do not decide to combine their defense markets and develop collaborative projects through common investments and create a common defense industry, they will have to acquire their high-end, expensive armaments from non-EU countries, like the United States.

There are also operational consequences concerning this issue: the duplication of defense systems prevents the allied forces of NATO and PESCO from operating efficiently in the field. German General Erhard Buhler and other EU generals have **continuously appealed** for a single type of ammunitions, tanks, and air-refueling planes, as well as greater cooperation in collective European defense. “We need a change of mind set: National defense planning cannot be conducted successfully in isolation. Since we will always operate in a multinational environment, we have to look at coherence and interoperability (...) National defense planners always have to take into account the effects of their national planning on the European capability landscape and the ability to operate together.” These issues are a serious impediment to common defense, and are a large part of the reason why European forces are not capable of operating as efficiently as their American counterparts.

**Figure 3: Lack of Integration in Defence in Numbers**



Note: Data for defence expenditure and investment per soldier refers to 26 EDA Member States excluding Denmark and Croatia; number of weapon systems refers to EDA Member States as well as Denmark, Norway and Switzerland; examples of duplication refer to EU-28.  
Sources: *EU-US Defence Data 2011*, European Defence Agency; *The Future of European Defence: Tackling the Productivity Challenge*, McKinsey & Company, 2013; *Military Balance 2015*, International Institute for Security Studies; *World Air Forces 2014*, Flightglobal Insight.

The lack of a common European defense industry not only risks huge economic losses to EU Member States, but compromises their national security, military capacity and preparedness, and risks Russia and China taking over European arms sales and developing even stronger defense industries. If the EU is to remain an economic superpower and a competitive military power, it is essential that European Member States remain united and combine their potential. National industries and states alike must look beyond short-term interests and remain focused on the long game.

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A European single market for arms and a common defense industry are vital to the economic and foreign competitiveness of the EU. If successful, by creating a single market and industry for defense, pooling EU resources and expertise, and investing in common defense projects, the EU will remain at the forefront of the global defense market. European countries can reaffirm their role as suppliers and avoid becoming consumers of American, Russian, and Chinese arms. Creating a common market will also create more high-skilled jobs in defense, generate greater revenues for the defense industry in the long run, and encourage technological innovation. Investing more in defense research and development could even create civil innovation and economic growth; artificial intelligence, nano-technology, and GPS are all military inventions that have sparked wide-spread civil applications and innovations. Through common investment in defense, Europe can protect its national security and create economic growth at the same time.

The advantages to unifying the defense industry and creating a single market for defense are clear and undeniable. Political leaders, businesses, and entrepreneurs must now don the mantle of responsibility of action, and proceed in this direction. There will be short-term losses, but great powers and industries are those that play the long game. This is an opportunity to breathe new life into the European economy and reaffirm our national security. The alternative is to allow them both to slowly corrode and fade away. The choice is Europe's to make.

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