Russia’s war in Ukraine has resulted in wide support for strengthening European defence capabilities. At the same time, the debate on whether to rely on NATO or to seek European strategic autonomy in the area of security and defence has withered away. There is wide recognition in Europe that both the EU and NATO are key actors in response to Russia’s armed aggression and violation of international law, agreements and norms. While the Alliance is strengthening its deterrence and defence posture, the role of the EU in security and defence is growing. Better European capabilities will allow the EU to act on its own when needed – more in particular in areas and countries outside the Union – and simultaneously support NATO to defend its territory.

Nevertheless, the question has to be asked how European defence capabilities can best be strengthened. In recent years, the European Commission has taken various initiatives to promote cross-border defence cooperation. These efforts have been further expanded after Russia’s invasion of Ukraine. The steps taken by Berlaymont are bold and most welcome, but the member states are in the driving seat: they continue to deliver the military forces that are needed to secure Europe’s interests. Defence policy and planning provides the basis for allocating money to investment programmes and the acquisition of military equipment. The procurement of military equipment is still primarily conducted on a national basis instead of collaboratively with European partner countries.

This Policy Brief assesses the scope for a closer coordination and synchronisation of the defence policies, planning and investment of the European countries in order to contribute to open strategic autonomy. First, the author provides an overview of the recent EU initiatives and how these relate to the efforts of the member states. Next, the question of what the member states should do to increase cross-border defence cooperation in terms of decision-making, budget cycles and defence planning will be addressed. The subsequent section assesses how the hurdles to moving from national to multinational defence planning and investment can best be overcome. The final section points to the way forward, including suggestions on the specific role that the Netherlands can play in enhancing European collaboration in defence programmes.
New European initiatives

The war in Ukraine has been depicted as the game changer for European defence. This is certainly true when looking at defence expenditure: most European countries have increased their budgets. Germany has added €100 billion to its defence expenditure in the coming four years. *Zeitenwende* has become a new internationally accepted German word. In May 2022, the Dutch government announced a steep growth path for the defence budget towards more than €19 billion annually by 2024, realising NATO’s two percent GNP target. Countries in Eastern Europe are already campaigning for a higher percentage target – an issue to be discussed in NATO in 2023. Investing in defence is no longer limited to ‘filling the holes caused by years of budget austerity’; countries are now also planning to expand their capabilities and to invest in accelerating the modernisation of their armed forces.

However, with respect to EU defence initiatives, the take-off moment was back in 2016 when the Global Strategy was adopted. This was followed by a series of initiatives, of which those taken by the European Commission were most important. The launching of the European Defence Fund (EDF), preceded by two pilot programmes, was a breakthrough as it was the first time in history that the Union’s budget was allocated for expenditure in the defence sector. Connecting financial incentives to the prerequisite of the involvement of at least three member states and three industries in different EU countries was also considered an important step: to break with the national chains of military demand to industrial supply. Thereby, the EDF is also aimed at strengthening the European Defence Technological and Industrial Base (EDTIB).

Although EU defence initiatives already emerged from 2016 onwards, the war in Ukraine has speeded up the Commission’s involvement in defence. An amount of €3.1 billion has been made available in the European Peace Facility (EPF) by mid-October 2022 for financing the delivery of weapons and other equipment to Ukraine. Furthermore, the Commission has launched a double initiative to finance common defence procurement by at least three member states: the European defence industry Reinforcement through common Procurement Act (EDIRPA) earmarking €500 million for the short term (2022-24), paving the way for a European Defence Investment Programme (EDIP) regulation to incentivise collaborative procurement in the longer term. The EDIP in turn should enable the member states to create European Defence Capability Consortia. By using this format member states should be exempted from paying VAT. Although the amount of money in EDIRPA is limited and the financial volume of the EDIP is a matter for future decision-making, another milestone has been reached.

Until recently, it was unthinkable that the Union budget would be allocated for defence procurement. The changed security environment in Europe has resulted in bold steps in stimulating common research, development and the procurement of defence equipment.

Member states to act

Although the Commission’s initiatives will help to speed up the launching of European defence collaboration programmes and cross-border defence industrial cooperation, the largest part of the required investments has to be delivered by the member states.

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2 The Preparatory Action on Defence Research (PADR, 2017-2019, €90 million) and the European Defence Industrial Development Programme (EDIDP, 2019-2020, €500 million).


In 2021, the Commission spent € 1.7 million on defence programmes while the EU member states together invested € 52 billion on the development and procurement of defence equipment.\(^5\) With the newest initiatives (EDIRPA, EDIP), the figures for the Commission’s spending will increase in the coming years, but this also applies to most member states following the rising defence budgets. For example, the percentage of the Dutch defence budget spent on investment will rise from 26.2 percent in 2023 to more than 30 percent in 2024, far above the NATO target of 20 percent.\(^6\)

Without the member states undertaking action, the Commission’s initiatives will fail. This immediately raises the question of how the member states will better incorporate European collaboration in their defence planning. Until now, member states tend to make a difference between ‘national defence planning’ and ‘multinational programming’. The latter is often regarded as an ‘add-on’ instead of being incorporated into the defence planning system from the start of the planning cycle. In the NATO Defence Planning Process (NDPP), the Allied countries are assessed according to their national contributions to the collective requirements of the NATO military level of ambition and not according to multinational efforts.\(^2\) The growing integration of the military forces of European countries questions this principle of the NDPP. For the pilot projects and the EDF itself, defence ministries often make money available in a special category in the budget instead of in regular projects.\(^8\)

In capitals many obstacles complicate the willingness to engage in collaborative programmes, such as bureaucratic tensions within defence ministries, delays related to time-consuming parliamentary procedures and ‘the fight with finance ministries’. Defence planners often view multinational cooperation as another challenge that further complicates decision-making.\(^9\) It partly explains why collaborative defence programmes – in particular new ones – need high-level political involvement in order to set the train in motion and keep it going.

There are several aspects related to multinational cooperation that may hinder or slow down defence planning. Just to name a few of them: different languages and cultures, historic and geographical factors but also national defence industrial interests and the tendency ‘to plan as we are used to doing’. All these elements may create obstacles for collaborative programmes and they often also result in diverging requirements for military equipment that make it even more difficult to generate cost-effective, standardised equipment. The NH-90 military helicopter, produced in more than 20 different versions, is proof of this domination of national requirements injected into multinational programmes during the development phase.

On the other hand, multinational cooperation also offers opportunities that can help to overcome the existing obstacles in defence planning. The involvement of partner countries enlarges capability as the national share fits a wider multinational group. Collaborative programmes also offer scope for standardisation and increased interoperability, which will contribute to increased efficiency and effectiveness in international operations. Lastly, multinational programmes can lead to cost savings due to economy of scales – although this requires that participating countries engage in ‘restrictive behaviour’ (such as not adding on additional national requirements during the development phase) and develop

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\(^6\) Tweede Kamer der Staten-Generaal, Vaststelling van de begrotingsstaten van het Ministerie van Defensie (X) voor het jaar 2023, september 2022, p. 11-12.


\(^8\) Based on interviews by the author.

\(^9\) Based on interviews by the author.
sound cross-border industrial participation arrangements.\textsuperscript{10}

**Decision-making**

The first obstacle that must be overcome is the lack of synchronisation in decision-making. As countries plan nationally, the natural process is to take decisions once the domestic political process is completed with budget approval by parliament as the final step. Exploring, negotiating and agreeing on collaborative programmes do not easily follow these national decision-making cycles as they are different per country in terms of procedures and timelines. For that reason, countries rarely decide at exactly the same time, unless it is a non-commital ‘yes’. The lack of synchronised decision-making does not pose a problem as long as the (formal) start of a collaborative programme is not delayed for too long. In this regard, elections and a change of government can become spoilers.

There is no easy fix for this problem, in particular when the number of countries willing to participate in a collaborative programme is small. Take the case of a bilateral programme, which cannot start without the consent of both countries. However, for programmes with a larger number of participating countries the starting line could be crossed without all of them being on board. In many multinational programmes countries have joined later on while the core group had already started to invest and to launch programme activities. There might be a price to be paid for joining later: a loss of influence in defining requirements and lowering the chances of arranging defence-industrial shares in the programme.

**Budget cycles**

Another hurdle consists of diverging budget cycles. In most countries defence investment is split into two parts: the annual budget and the long-term investment plan. The latter can create obstacles for collaborative efforts: the length and the character of the long-term investment programmes of participating countries often do not align. Countries lacking a long-term investment plan face problems in participating in collaborative programmes with a timeframe beyond the next 4-5 years. Even riskier is the lack of a long-term financial commitment: in juridical terms, for most nations the financial commitment is restricted to the annual government budgetary year; in political terms, it is often limited to the ‘government period’ ending at the next national elections. Just a few countries have a long-term defence investment plan with a committed budget beyond the current government legislative timeframe. For example, Denmark has a six-year defence investment plan for which money has been allocated.\textsuperscript{11} Such a period could be extended to ten years.\textsuperscript{12} In the Netherlands such a longer-term investment plan exists for infrastructure, but calls for copying this model in the defence sector have not been answered by the government.\textsuperscript{13} It would be worthwhile to share experiences about different longer-term budget cycles and to explore, in a European context, the scope for alignment.

**Defence planning**

Last but not least, defence planning itself is blocking progress in enhancing collaborative programmes. As stated in the last Coordinated Annual Review on Defence (CARD) Report of the European Defence Agency: “Member States generally consider cooperation only when it coincides with national plans, benefits national industry, or consolidates a strategic partnership.”\textsuperscript{14} The latter is not necessarily a negative driver as cooperation with neighbouring countries

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\textsuperscript{10} For the long list of success and failure factors in multinational defence cooperation, see: Dick Zandee, Margriet Drent, Rob Hendriks, *Defence cooperations models: Lessons learned and usability*, Clingendael Report, October 2016.


\textsuperscript{12} Margriet Drent, Anne Bakker, *Meerjarige defensieakkoorden: een model voor Europese defensiebegrotingen?* Clingendael rapport, 2016, p. 53.


\textsuperscript{14} European Defence Agency, 2022 Coordinated Annual Review on Defence Report, paragraph 22.
is one of the success factors of multinational defence cooperation.\textsuperscript{15} The key issue here is ‘national plans’ or planning. As the CARD Report states, “The tools made available to facilitate cooperation (prioritisation tools such as CDP, OSRA, KSA) are still not fully integrated into priority planning processes.”\textsuperscript{16} What is needed is a reverse in planning procedures: (i) start with listing the priorities stemming from the EU tools as well as the prioritised requirements resulting from the NATO Defence Planning Process (NDPP); (ii) using the available instruments, such as CARD, to explore the potential for collaborative programmes; (iii) incorporate these in national defence plans for the longer-term investment plan as well as in the annual budget when commitments have been made. In short, make a U-turn from ‘national planning first’ to ‘multinational planning first’.

\textbf{From national to multinational}

Overcoming the obstacles on the way to enhancing collaborative efforts will not be easy. They will require time and sustained political support. The history of multinational programmes shows a record of successes and failures. NATO’s Strategic Airlift Capability with a pool of strategic transport C-17 aircraft and the European Multi Role Tanker Transport Fleet of Airbus 330M aircraft operate smoothly on a daily basis.\textsuperscript{17} When groups of countries buy equipment ‘off the shelf’, such a model is relatively easy to realise. Developing and procuring military equipment by a group of countries is a more serious challenge. The larger the group, the greater the chance of failure becomes. As already mentioned, the NH-90 helicopter with its over 20 different configurations is a tragic example. The A400M military transport aircraft has a proven record, but the programme was delayed for years and costs were almost doubled compared to the original financial estimates.\textsuperscript{18} Adding national requirements to the technical specifications (demand proliferation) and pressure to increase national defence industrial participation (supply proliferation) are the two most important drivers causing rising costs and delays in multinational programmes.\textsuperscript{19}

The European Commission’s defence initiatives, such as the EDF, aim at preventing duplication and nationally-dominated planning by offering financial incentives connected to the requirement of multinational cooperation involving at least three member states and three defence industries with a different national footprint. So far, this approach seems to work, although in most cases the real test is yet to come when programmes progress from the initial to the full development and procurement phase and member states have to commit themselves financially with large sums of money.\textsuperscript{20} The initiatives most recently taken by the Commission to financially support acquisition by member states to procure replacement equipment for armaments delivered to Ukraine operates on the same incentives-requirements principle.

As already stated, EDIRPA has a small budget of € 500 million and the financial volume of its successor EDIP is still unknown. It is of the utmost importance that EU member states and the European Parliament agree to dedicate larger parts of the EU budget to financial support for collaborative procurement. By doing so, multinational investment in defence equipment can be accelerated with the important effect of increasing the interoperability and standardisation of the member states’ armed forces.

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\textsuperscript{15} Dick Zandee, e.a., \textit{Defence cooperations models: Lessons learned and usability.}
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\textsuperscript{17} See: NATO, ‘Strategic airlift’, 9 November 2022; NATO, Strategic Airlift Capability (SAC), NATO Support and Procurement Agency; NATO, Multinational Multi Role Tanker and Transport Fleet (MMF), NATO Support and Procurement Agency.
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\textsuperscript{19} Dick Zandee, e.a., \textit{Defence cooperations models: Lessons learned and usability.}
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\textsuperscript{20} Dick Zandee, \textit{The European Defence Fund – The real test is yet to come}, Clingendael Alert, February 2021.
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There is no golden recipe for moving from national to multinational planning and programming. When buying "off the shelf", pooling and sharing models such as SAC and the MRTT Fleet are excellent options in cases of expensive platforms which (smaller) member states cannot afford on their own. Investing together in research and the development of defence equipment involves primarily countries whose defence industries can have a piece of the production pie. In cases of complex weapons systems, it is better to start with a small number of (larger) countries and to expand the list of participants later on. However, in such cases the originators should be open to the industrial contributions of smaller countries assuming they can provide these, in particular supplying specific subsystems, components or technologies delivered by their often specialised smaller and medium-sized enterprises (SMEs).

Thus, countries knocking on the door for participation in the Franco-German Main Ground Combat Systems (MGCS) programme – such as the Netherlands – should soon be taken on board by the two founding members. In other areas of common requirements – for example communications and information systems (CIS) – collaboration should be based on the largest possible group of participants from the start. Fragmentation in CIS remains a major problem preventing the forces of different countries at the tactical level from communicating with each other. Solutions have to be found at the collective level, meaning for the benefit and with the involvement of all member states.

The way forward

Open strategic autonomy in the defence sector places a large burden on the shoulders of the EU member states. Despite the growing importance of the European Commission’s initiatives in allocating money from the Union budget to defence programmes, almost 100 percent of the money spent on military equipment investment originates from the defence budgets of the member states. In order to strengthen the European defence effort and to reduce dependency on the United States, the EU member states themselves will have to increase collaboration and together to invest more in equipment programmes. Naturally, this requires all member states to act but the composition of participating nations in defence programmes will always show a géométrie variable as larger and smaller countries, land-locked and coastal states, northern and southern nations have different capability profiles. As a result, there is no ‘one size fits all’ formula for enhancing collaborative defence programmes.\(^21\)

The Netherlands, taking into account its geographical location, its strategic partners, its defence industrial base, but most importantly the capability needs as defined by the EU and NATO, should focus on the following objectives:

- Start to discuss with its most important strategic partners\(^22\) how decision-making, longer-term budget commitments and defence planning processes can be adapted in order to support the realisation of collaborative programmes.
- As a contribution to the multinational synchronisation of defence planning, develop a proposal for a 10-year defence investment plan commitment, to be applied nationally and promoted internationally.
- In the same vein, develop a defence planning system which starts with multinational options first to address EU and NATO capability shortfalls and modernisation requirements.
- Promote the standardisation of tactical communications and information systems (CIS), for which smaller groups of countries might show the way forward but with the ultimate aim of realising common CIS for all member states.

\(^{21}\) For further reading: Dick Zandee, Stoetman, Specialising in European defence: to choose or not to choose?, Clingendael Report, July 2022.

\(^{22}\) The following European countries are ‘strategic partners’ for the Netherlands in terms of international military cooperation: Belgium/ Luxembourg, France, Germany, Norway and the United Kingdom.
• Support and argue for increased EU budgetary funding that incentivises defence collaboration between member states and industries, such as the European Defence Fund and the new EDIP procurement programme proposed by the European Commission.

Europe will never become a geopolitical actor without credible military power. This does not imply a European army – an impossible goal taking into account the European security landscape from the North Cape to the Straits of Gibraltar – but it requires the European countries to invest in collaborative programmes in order to increase interoperability and standardisation between their armed forces as well as to create economies of scale in the procurement and maintenance of equipment. More collaboration by member states in defence equipment programmes instead of continuing with predominantly national programmes will step up Europe’s defence output and contribute to the realisation of open strategic autonomy.
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