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# France and Germany: Shifting gears on European defence?

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*“Germany and France want to become the motor of a European defence union and implement the defence fund in a smart way”, said German Defence Minister Ursula von der Leyen in an [interview](#) on 10 June 2017. Specific Franco-German initiatives are to be announced at the Franco-German Ministerial Council on 13 July 2017. This might be the last high-level bilateral meeting ahead of the German general election in September. What can be expected in the area of defence?*

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## 1 A centrepiece of the Franco-German motor

The Franco-German Ministerial Council is the institutional heart of the Franco-German engine. In 2003, it replaced the regular summits of the heads of state foreseen by the Élysée Treaty of 1963. In 1988, four thematic Franco-German ministerial Council formations were introduced:

- 1 the Cultural Council
- 2 the Economic and Financial Council
- 3 the Environmental Council
- 4 the Defence and Security Council

Meetings take place annually and are prepared by joint committees reporting to the respective ministers.

The Defence and Security Council is particularly high-level as it brings together the foreign and defence ministers as well as the heads of state. The preamble of its [founding protocol](#) starts by proclaiming the conviction “that the European integration project remains incomplete as long as it does not comprise security and defence”. The following tasks are identified:

- develop joint concepts in the field of security and defence
- ensure increased consultation in all questions concerning Europe’s security
- take decisions on mixed military units, manoeuvres and military training
- enhance interoperability of equipment
- deepen armament cooperation and maintain adequate industrial and technological potential in Europe to ensure collective defence

## 2 All eyes on defence

At the last Franco-German Ministerial Council in April 2016 in Metz, the focus was not on defence. The [summit declaration](#) only included three paragraphs on the topic. By way of comparison, three whole pages were dedicated to migration and refugees. This year the balance could shift. As the German Defence Minister von der Leyen [said](#) on 10 June 2017, “the Brexit referendum and the U.S. election opened our eyes. Europeans must take more responsibility for their own security”.

Last year saw a broad array of Franco-German initiatives aimed at the gradual development of a European security and defence union. Some of them have already born fruit. After fourteen years of discussion, the EU finally launched a (small-scale) headquarters for its non-executive military operations – the Military Planning and Conduct Capability. The member states also agreed to (cautiously) broaden the scope of the common costs for military operations under the ATHENA mechanism.

More ambitious initiatives are in the pipeline. The Commission proposed a European Defence Fund providing financial incentives from the EU budget (€1.5 bn per year from 2020) for collaborative defence research, development and joint procurement. Meanwhile, the European Council [agreed](#) “on the need to launch an inclusive and ambitious Permanent Structured Cooperation (PESCO)”, the application of enhanced cooperation to defence.

## 3 United on concepts – divided on details

The Franco-German motor has been a key driver behind the current revitalisation of the EU's security and defence policy. The election of Emmanuel Macron, who made the development of a *real* "Europe de la défense" one of his campaign promises and has been advocating "l'Europe qui protège", certainly provided additional momentum. However, at least two items remain controversial.

### Waking up the 'sleeping beauty' of the Lisbon Treaty

Speaking about PESCO, Commission President Jean-Claude Juncker [said](#) that it was time to wake up the "Sleeping Beauty of the Lisbon Treaty". While France and Germany generally agree, they have different views when it comes to the right balance between ambition and inclusiveness.

Germany emphasises the need for inclusiveness. It views PESCO through the prism of European integration and is wary of creating new dividing lines along the boundaries of a European defence core. France, instead, is worried that an overly inclusive PESCO will be of no added value when it comes to the EU's ambition of engaging in the most demanding operations.

The key bones of contention are the entry criteria and binding commitments that the Treaty (Art. 42(6), 46 TEU and Protocol 10, Art. 1 lit. b) left relatively unspecified. On 22 June 2017, the European Council agreed to draw up a common list of criteria and binding commitments within three months. It remains to be seen whether differences can be overcome within this deadline ending two days before the German general election.

### Funding the Defence Fund

The European Defence Fund could become an important incentive for collaborative defence research, development and procurement. After 2020, the Commission would provide an annual €500 million under the research window, making it one of Europe's biggest investors in defence research. Under the so-called capability window, it would co-finance collaborative capability development with €1 bn annually. Projects under the Fund would commit member states to coordinated procurement. The Commission estimates that each Euro from the EU budget would be matched with four from the member states.

In light of national budgetary restraints, it is questionable whether this multiplying effect will materialise. The Commission suggested that "project-related debt instruments" could be exempted from the EU's rules on budget deficits. With an [estimated](#) deficit of 3.2% for 2017, this option would be attractive for France. However, Germany views such proposals sceptically – to say the least. It criticizes the Commission for overstepping its competences and views the proposal as an attempt to introduce Eurobonds through the back door. On 22 June 2017, the [European Council](#) remained vague and simply invited the member states to work on options for joint procurement "based on sound financing mechanisms".

## 4 What to expect: symbols or substance?

In terms of symbolic gestures, France and Germany are likely to reiterate their joint commitment to a European security and defence union on 13 July. In line with what was agreed, they could stress the need for an inclusive and ambitious PESCO and welcome European Defence Fund while advocating its smart use.

More importantly, France and Germany could propose concrete initiatives that would fill PESCO with substance and constitute first projects under the European Defence Fund. Franco-German initiatives that have been [mentioned](#) in the course of last year include:

- European training for officers
- A European Medical Command
- A European logistics hub
- Intensified cooperation on tactical air support
- The development of European Medium Altitude/Long Endurance (MALE) drone
- The development of future armament systems that could replace today's heavy tanks

Several of these initiatives would build on existing bi- or multilateral collaborative projects. The aim (and potential challenge) would thus be to integrate them within PESCO and open the door to other member states. This leads us back to the balance between inclusiveness and ambition as well as the question of the EU's financial incentives.

As the Franco-German Ministerial Council will meet ten weeks ahead of the German general election, a breakthrough on these two issues seems unlikely. However, the 13 July 2017 could represent a first milestone on the way towards a bilateral compromise before the end of the year. While this compromise is not a sufficient condition for the development of a European security and defence union, it certainly is a necessary one.