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WHAT ARE THE MAIN DRIVERS OF MEMBER STATES' DEFENCE PROCUREMENT PRACTICES?

The French case

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ABSTRACT

Even though France has adjusted its procurement strategy and approach in response to the war in Ukraine, its policy remains driven by two anchors: not sacrificing the long term for the short term and pursuing the strengthening of European strategic autonomy. This explains some negative reactions to off-the-shelf procurement outside Europe and French caution about the positioning of the European Commission regarding defence industrial policy, but also some compromises on third-party solutions as well as a strong focus on intergovernmental initiatives.

Keywords: French defence | defence industry | intergovernmental cooperation | strategy autonomy | off-the-shelf procurement

INTRODUCTION

Since February 2022, France has faced the challenges of the quickening pace of history like other European countries. While it was engaged in rebuilding its defence model (*Modèle d'armée*) from 2017, supposed to be achieved by 2030, the Russian invasion of Ukraine underlined a level of unpreparedness and generated a wake-up call. However, France benefits from a robust defence industrial base and a long-term industrial strategy coupled with a political commitment to strategic autonomy, meaning it had a small defence investment deficit compared to other European countries (Dorn et al., 2024).

This explains why there is no disruption to French procurement policy but rather an acceleration and amplification of existing choices as well as a critical assessment of the possible evolutions of the EU defence policies. France understood the consequences of its past decisions, the need to correct them but with a long-term perspective where strategic autonomy, national or European, appears as the ultimate goal more than ever.

Such a French perspective has resulted in positions that are difficult to understand for many other European countries, which are rushing for overcoming years of underinvestment in military capabilities. In addition, French procurement policy is not exempt from contradictions with official statements, which can create some confusion for its partners. Nevertheless, the main objective remains national and European strategic autonomy beyond short-term adaptations or inflexions.

STRATEGIC AUTONOMY AS THE MAIN DRIVER OF PROCUREMENT

France considers that the ongoing war has confirmed the need for a stronger strategic autonomy at national level and inside the European Union, thus validating the rightness of its defence industrial strategy since the 1950s. Other European countries also expect to achieve a certain level of autonomy but, in France, this imperative represents the keystone of defence policy more than elsewhere and for decades. This explains why France and other European countries can differ when looking for European strategic autonomy, especially with regard to relations with third countries.

While many countries rushed primarily to the United States in order to acquire as soon as possible the capabilities they were lacking (Maulny, 2023), France wants to avoid what is considered as a short-term solution with damaging long-term effects on European strategic autonomy. This is the reason why France opposed using community funding in order to buy off-the-shelf capabilities from third countries.

Indeed, debates exist inside the French defence community about how to fulfil military needs. Some stakeholders would favour off-the-shelf procurement rather than domestic or European sourcing. However, in the constitution, the President of the Republic is the ultimate guarantor of national defence, positioning him as the decision maker of last resort. Successive presidents have maintained the objective of strategic autonomy over the years. Even though France is not a unified actor, it then relies on a clear and explicit official positioning vis-à-vis its European and international partners.

Taking a different approach from most European countries since February 2022, France tries to consolidate its long-term strategy, which consists in improving its domestic security of supply and, when this is not possible, cooperating with other European countries to achieve the same objective through mutual dependencies following the example of the seminal missile cooperation with the United Kingdom (Bellais, 2022). This is how we can understand President Macron's statements regarding the "war-time economy."

This imperative to reinforce domestic industrial capacities at national and EU levels has resulted in introducing new regulatory tools through the Defence programme law (*Loi de programmation militaire* or LPM) 2024-2030. This latter introduced new levers that give the state means to specify stock levels to defence companies, allocate defence priority to industrial resources and fix prices. Contrary to the Defence Production Act of the United States, the French state does not compensate the costs of this regulation, which are fully borne by the companies.

Direction générale de l'armement (DGA or defence procurement agency) also expects that defence companies share the burden and support costs related to the ramp-up of arms production. A lot of pressure has been put to increase investment and accelerate the delivery of ammunition and missiles.

Contrary to some countries like Germany, Poland or the United Kingdom (Mars Group, 2024), this does not go along with additional orders or multiyear contracts (yet). The only collateral is a global budget target from 2024 to 2030 mentioned in LPM with scarce details. This target constitutes a political undertaking only, without any compulsory budgets or guaranteed orders.

In January 2024, DGA chief Emmanuel Chiva unveiled a plan making the French procurement agency "simpler and more efficient," notably including a "rapid acquisition force" for urgent orders. The DGA's organisation was reshuffled to support a strong policy with, notably, the creation of defence industry directorate. The main objective is to "make the DGA evolve from a model designed to function in peacetime, to a model which must put the men and the organisation in tension to face a spectrum of more or less severe conflicts."

All these changes aim to increase the resiliency of the domestic DTIB while keeping budgets under control, which constitutes a kind of paradox but explains some choices.

For instance, France has induced companies to re-shore production to reduce dependencies on foreign supply sources regarding ammunition. By early April 2024, there were already 20 ongoing projects. The most symbolic one is Eurenco's new powder factory in Bergerac (powder had previously been imported from Sweden).

These reshoring projects include ship hulls previously produced in Eastern Europe, explosives for large calibre ammunition produced in Sweden, Italy and Germany. Similarly, Aubert & Duval now produces in France the high-pressure turbine discs for RTM322 helicopter engine previously manufactured in the United Kingdom. This policy aims to secure a comprehensive supply chain domestically and underlines de facto the primacy of national strategic autonomy over the European one.

Therefore, it is understandable why France was negatively surprised when German Chancellor Olaf Scholz announced the European Sky Shield Initiative (ESSI) based on American Patriot and Israeli Arrow missiles, while there are European alternatives. France was surprised that ESSI looked for third-party capabilities and excluded European ones, even though like Aster missile, they do not represent perfect alternatives to proposed capabilities.

The same applies for the procurement of third-party capabilities like American F-35 combat aircraft (vs Rafale, Gripen or Eurofighter) or South-Korean K9 howitzers (vs CAESAR or PanzerHaubitze 2000).

The war in Ukraine also resulted in changing the tempo of procurement process. Not only the DGA asked companies to deliver more and quicker, but it also introduced fast-track procurement to fill capability gaps. In May 2022, for instance, the DGA launched two projects of loitering munitions, Larinae and Colibri, using the simplified call for proposals of the Defence Innovation Agency. Similarly, France chose a fast-track approach to acquire 150 Delair drones in September 2023 for Ukraine. However, these examples are exceptions: for the time being, the overall procurement process is unchanged since 2022.

A SUPPORT FOR THE EUROPEAN UNION'S INITIATIVE

The Versailles Summit was definitely a milestone in the deepening of the European defence. France supported setting up new mechanisms to foster defence cooperation and joint procurement. This takes place in the context of a decisive push for the Strategic Compass and the European Defence Fund (EDF) as well as the Permanent Structured Cooperation (PESCO), which all preceded the war in Ukraine.

France is aware that it cannot achieve its objective of strategic autonomy alone, and it expects to pool and share with European partners. From its perspective, the EU toolbox should deliver such frame supporting a more robust European security of supply. However, from its perspective, countries should remain in charge of the core industrial policy.

France considers that the European Commission can constitute a catalyst for boosting military spending and favouring cooperative schemes, but it does not want the European Commission to take over the management of defence industrial policy. It expects to contain the Commission's competences in such field. In fact, from the French perspective, the Commission does not have the appropriate competences to implement a defence industrial strategy. Thus, it could make decisions that are not compatible with the strengthening of the European defence technological and industrial base (DTIB), the deepening of strategic autonomy or the effective fulfilment of operational needs.

For instance, the European Defence Industrial Strategy (EDIS) proposes to set up a new mechanism to foster cooperation, the Structure for European Armament Programme (SEAP). However, France considers that OCCAr (Organisation for joint armament cooperation) is a similar tool and an effective institution that SEAP would only duplicate without providing additional benefit.

In addition, France is very reluctant to open the European market to third parties contrary to the Commission's perspective. President Macron even insisted in his 2024 Sorbonne Europe speech on promoting a "European preference."

Yet, France sometimes acquires some capabilities off the shelf. In March 2024, it passed its third order of American Hellfire missiles in less than a year. However, this decision results from the lack of a French or European alternative, at least in a reasonable horizon. France had no choice but to order Hellfire missiles to equip Tiger helicopters and MQ-9 Reaper drones. This decision represents a contradiction with the domestic strategic autonomy policy and a European preference as a means to strengthen European strategic autonomy. We can find additional examples like the procurement of Reaper drones or AWACS aircraft from the United States, a choice usually resulting from short-term needs and the lack of anticipation.

However, this is the exception rather than the rule for such decision: France would prefer to develop a domestic supply or select a European one, like the choice of German Heckler & Koch HK416 for its new assault rifle, when it does not make sense to develop a domestic sourcing on budgetary or industrial grounds.

This explains why, in reaction to ESSI, France organised the European Air and Missile Defence Conference at Paris Air Show in June 2023 gathering about 20 European countries. President Macron then criticised the lack of strategic depth in rushed investment, especially when this results in selecting third-party solutions. “What comes to us from non-European third parties is obviously less manageable, subject to timetables, queues, priorities, sometimes third-country authorisations and too dependent on the outside world. When being too dependent from outside (Europe …) creates tomorrow’s issues.”

President Macron later praised the deployment of Franco-Italian MAMBA system (based on Aster missiles) in Ukraine: “It is Europe that protects Europe.” Thus, France agrees with the need to solve today's capability gaps but without weakening even more the European DTIB. This is why France linked the selection of third-party solutions with a design authority is based on the EU soil.

PROMOTING INTERGOVERNMENTAL COOPERATIVE PROGRAMMES

Since the European Commission appeared quite open to fund off-the-shelf procurement from third countries during negotiations with states over the Act in Support of Ammunition Production (ASAP) or the European Peace Facility, France tries to favour an intergovernmental approach that seems more aligned with its own objectives of national and European strategic autonomy.

PESCO appears as a means to promote such dynamic. For instance, France supported the Integrated Multi-Layer Air and Missile Defence System (IMLAMD) project led by Italy for the fifth wave of PESCO projects in May 2023. As for many PESCO projects, French positioning aims to push toward a more comprehensive and sustainable European DTIB.

The favoured way consists in promoting intergovernmental partnerships considered as more manageable in line with such long-term objective.

In recent years, we can observe a strong bilateral and multilateral commitment in such perspective. In January 2023, OCCAr placed a global order of 700 Aster missiles on behalf of

France and Italy. According to the French MoD, "this global order will require adaptations to the entire industrial chain in order to meet the challenges of the war economy."

Similarly, the recent collective procurement of Mistral missiles is considered as a model on how to implement the new EU toolbox. This contract will benefit from the European defence industry Reinforcement through common Procurement Act (EDIRPA) funding, reflecting the right balance between intergovernmental initiative and community support in the French perspective. In February 2024, MBDA received a €1bn framework contract to provide 230 Mistral missiles to five European countries: France, Belgium, Cyprus, Estonia and Hungary. Such cooperative programmes are considered as the good approach because they deepen the strategic autonomy while provide a lever to negotiate with the industry in terms of price and delivery schedules.

France has embraced bilateral cooperative approach for years, and even more after February 2022. In land systems, France and Belgium have deepened the CaMo (Motorised Capability) framework initiated in 2019. In May 2022, French and Belgium signed a new intergovernmental agreement (CaMo2) which enlarged the Belgian procurement to Caesar NG howitzers and related training.

In addition, France and Sweden have deepened their bilateral relations in a clear strategic autonomy perspective. While France acquired man-portable anti-armour AT4 weapons in late 2022, Sweden selected Akeron MP anti-tank guided missiles in April 2023. In January 2024, Sweden and France eventually signed a defence partnership with a focus on antitank and air defence capabilities, which could reinforce each country's strategic autonomy through interdependency (rather than dependency in the abovementioned example of black powder).

Such an approach balancing short-term requirements and long-term projects explains France's constant commitment to achieve major cooperative programmes like the main ground combat system (MGCS) and the future combat air system (FCAS) despite the complex negotiations with partner countries. Hence, the positive feedback from French authorities when, in March 2024, the Netherlands selected Naval Group as its strategic partner for next-generation submarines.

From the perspective of many European stakeholders, the French positioning seems incompatible with NATO. However, France remains committed to the Atlantic Alliance as long as initiatives are aligned with its own decade-long strategy with regard to national and collective security.

For instance, France joined the ground-based air defence (GBAD) project, the "Command and Control capability for surface-based air and missile defence for the battalion and brigade level" initiative (SBAMD C2 Layer) or the Multinational Ammunition Warehousing Initiative (MAWI). France is also part of the Next Generation Rotorcraft Capability Acquisition Support Partnership launched by the NATO Support and Procurement Agency (NSPA).

At the same time, we can identify another contradiction in the French policy regarding the pooling and sharing of resources between European countries. While France pushed for the creation of the Multinational Multi-Role Tanker Transport Fleet (launched by OCCAr and under NSPA management), it eventually decided not to become a participating nation of this programme, which gathers Belgium, Czechia, Germany, Luxembourg, the Netherlands and Norway. This underlines the limit of pooling and sharing as a means to strengthening European capacities and DTIB when France considers that a purely domestic approach better serves its own defence policy.

CONCLUSION

The Russian aggression war towards Ukraine has not resulted in any disruption in French defence procurement practices, but it has reinforced pre-existing trends and revealed the specific features of French procurement policy compared to other European countries. Nevertheless, while France benefits from its long-term commitment to defence industrial policy, one could question whether its focus on the long view is enough.

Indeed, there is a clear budgetary competition between short- and long-term objectives, which can only reduce resources available for immediate needs. This explains why the defence model, initially planned for 2030, is now considered as achievable only by 2035, due to financial constraints, despite a core yearly budget expected to increase from €47bn in 2024 to €67bn in 2030 (in current euros). Without increasing defence efforts in the short term, and thus truly switching to "wartime economy," today's policy would not guarantee that French armed forces would be able to sustain high-intensity operations for a long period (Mars Group, 2024).

In addition, France needs to overcome its contradictions regarding the Europeanisation of defence industrial policy if it expects to benefit from economies of scale and scope with its European partners (Bellais, 2023). This may require a more consistent and comprehensive approach as well as building up mutual confidence that may lack today to go the step further in the integration of the European defence market.

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