

Canadian  
Forces  
College

Collège  
des  
Forces  
Canadiennes



## COLLABORATIVE PROCUREMENT IN EUROPE: DOES THE EUROPEAN UNION PROVIDE THE RIGHT FRAMEWORK?

Commander Christian Michalski

### JCSP 45

#### *Exercise Solo Flight*

##### **Disclaimer**

Opinions expressed remain those of the author and do not represent Department of National Defence or Canadian Forces policy. This paper may not be used without written permission.

© Her Majesty the Queen in Right of Canada, as represented by the Minister of National Defence, 2019.

### PCEMI 45

#### *Exercice Solo Flight*

##### **Avertissement**

Les opinions exprimées n'engagent que leurs auteurs et ne reflètent aucunement des politiques du Ministère de la Défense nationale ou des Forces canadiennes. Ce papier ne peut être reproduit sans autorisation écrite.

© Sa Majesté la Reine du Chef du Canada, représentée par le ministre de la Défense nationale, 2019.

CANADIAN FORCES COLLEGE – COLLÈGE DES FORCES CANADIENNES

JCSP 45 – PCEMI 45  
MAY 2019 – MAI 2019

EXERCISE *SOLO FLIGHT* – EXERCICE *SOLO FLIGHT*

**COLLABORATIVE PROCUREMENT IN EUROPE: DOES THE EUROPEAN UNION  
PROVIDE THE RIGHT FRAMEWORK?**

Commander Christian Michalski

*“This paper was written by a candidate attending the Canadian Forces College in fulfilment of one of the requirements of the Course of Studies. The paper is a scholastic document, and thus contains facts and opinions, which the author alone considered appropriate and correct for the subject. It does not necessarily reflect the policy or the opinion of any agency, including the Government of Canada and the Canadian Department of National Defence. This paper may not be released, quoted or copied, except with the express permission of the Canadian Department of National Defence.”*

*« La présente étude a été rédigée par un stagiaire du Collège des Forces canadiennes pour satisfaire à l'une des exigences du cours. L'étude est un document qui se rapporte au cours et contient donc des faits et des opinions que seul l'auteur considère appropriés et convenables au sujet. Elle ne reflète pas nécessairement la politique ou l'opinion d'un organisme quelconque, y compris le gouvernement du Canada et le ministère de la Défense nationale du Canada. Il est défendu de diffuser, de citer ou de reproduire cette étude sans la permission expresse du ministère de la Défense nationale. »*

## **COLLABORATIVE PROCUREMENT IN EUROPE: DOES THE EUROPEAN UNION PROVIDE THE RIGHT FRAMEWORK?**

### **INTRODUCTION**

The status of military procurement in Europe is currently at a point of tension between great opportunities and cautionary tales. On the one hand, the military equipment situation within European militaries is devastating. Long out-of-area engagements have impacted the readiness of Europe's forces. Budget cuts have prevented material replacements and fostered attrition.<sup>1</sup> Furthermore, European states have been unable to concentrate their procurement efforts due to conflicting national interests resulting in a continental military with a diversity of weapon systems six times higher than that of the United States. For example, European navies run 29 different types of surface combatants and 11 models of conventional submarines.<sup>2</sup> This diversity makes interoperability in Europe difficult and impedes efforts to intensify cooperation in maintenance and repairs. Statistics by the European Defence Agency (EDA) highlight this unsatisfactory condition and note a collaborative equipment procurement rate of just 16.8%.<sup>3</sup> To cap it all off, recent European acquisition projects have repeatedly gone off course, taking significantly longer than planned, far exceeding assigned budgets, and not meeting the pre-established requirements.

On the other hand, some political factors have arisen which have encouraged the European Union (EU) to tackle the aforementioned military equipment issues. The EU

---

<sup>1</sup> The World Bank, "Military Expenditure (% of GDP)," accessed 2 May 2019, <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?end=2017&locations=EU&start=1990>. In detail, a decline from 2.7% of GDP in 1990 to 1.5% of GDP in 2017.

<sup>2</sup> Munich Security Conference, *More European, More Connected and More Capable: Building the European Armed Forces of the Future* (München: Stiftung Münchener Sicherheitskonferenz, 2017), 13.

<sup>3</sup> European Defence Agency, *Defence Data 2016-2017* (Brussels: European Defence Agency, 2018), 15.

currently faces great security challenges that demonstrate the need for capable, well-equipped forces.<sup>4</sup> President Trump's repetitive remarks on Europe's poor contributions to the North Atlantic Treaty Organization (NATO) have increased the urgency of improving European capabilities and have fostered European cohesion in the defence sector.<sup>5</sup> Moreover, Brexit has eliminated the strong British veto on European defence plans.<sup>6</sup>

In view of the aforementioned situation, the EU has generated momentum towards overcoming the unfavourable procurement situation it faces. New and concrete policies have been implemented and the framework for closer cooperation has intensified.<sup>7</sup> By analysing this new framework and two recent European aircraft acquisitions, this essay will demonstrate that the improved EU structure for defence acquisition has the potential to host future procurement cooperation.

## **THE EUROPEAN FRAMEWORK FOR COLLABORATIVE PROCUREMENT**

Under the umbrella of the EU's Common Security and Defence Policy (CSDP), the European Council decided in 2000 to create the appropriate structures to enable it to take control of its security domain.<sup>8</sup> In consequence the EU reorganized and created institutions and adjusted its policies. With the Treaty of Lisbon in 2009, the EU gave itself a greater legal framework that emphasized defence issues. Regarding procurement,

---

<sup>4</sup> E.g. terrorism, illegal trafficking, cyber-attacks, failed states, civil wars or piracy.

<sup>5</sup> Guy Chazan and Jim Brunsten, "Merkel backs Macron's call for creation of European army," last modified 13 November 2018, <https://www.ft.com/content/3f5c6c74-e752-11e8-8a85-04b8afea6ea3>.

<sup>6</sup> Valentin Naumescu, "Administrative and Political Perspectives of the EU's Reform: Focus on Permanent Structured Cooperation," *Transylvanian Administrative Sciences*, Special Issue 2018 (December 2018): 61.

<sup>7</sup> E.g. the Treaty of Lisbon in 2009 or the EU Global Strategy in 2016; e.g. European Defence Fund, Permanent Structured Cooperation.

<sup>8</sup> European Union, "CSDP structure, instruments, and agencies," last modified 8 July 2016, [https://eeas.europa.eu/topics/security-defence-crisis-response/5392/csdp-structure-instruments-and-agencies\\_en](https://eeas.europa.eu/topics/security-defence-crisis-response/5392/csdp-structure-instruments-and-agencies_en).

this treaty introduced Permanent Structured Cooperation (PESCO) as a practical toolset for military equipment programmes.<sup>9</sup> In 2017, this procurement framework made a great advance. Driven by the EU's first Global Strategy on Foreign and Security Policy, the European Council endorsed the Defence Package, an ambitious initiative to “reinforce European security and defence policy” by implementing strategic guidelines.<sup>10</sup> Besides cooperation in operations and training, a large focus has been set on collaborative development and the production of military equipment. As an element of the Defence Package, the European Defence Action Plan (EDAP) was put forward to provide “financial tools for capability development and defence cooperation in support of European defence industry and technological innovation.”<sup>11</sup> Its main instrument is the European Defence Fund (EDF), a monetary fund under the control of the European Commission, that finances collaborative research programmes, developments and acquisitions.<sup>12</sup>

With the EU's Global Strategy as well as the EDAP as initiators, the EDA providing management and the EDF providing budgetary support, several European members revitalized PESCO in 2017 as the legal framework for closer cooperation, resulting in 25 of 28 EU members declaring their participation in this voluntary program.

But how can a project or a capability gap make its way into this complex framework? The entrance ticket into the program is the connection to a certain capability,

---

<sup>9</sup> European Parliament, “The Treaty of Lisbon,” last modified October 2018, <http://www.europarl.europa.eu/factsheets/en/sheet/5/the-treaty-of-lisbon>.

<sup>10</sup> European Union, *Shared Vision, Common Actions: A Stronger Europe* (Brussels: European Union, 2016); European Union, “Defence Package – Factsheet,” last modified 19 June 2017, [https://eeas.europa.eu/topics/eu-global-strategy/28421/defence-package-factsheet\\_en](https://eeas.europa.eu/topics/eu-global-strategy/28421/defence-package-factsheet_en), 1.

<sup>11</sup> *Ibid.*, 1.

<sup>12</sup> European Commission, “European Defence Fund – Factsheet,” last modified 19 March 2019, <https://ec.europa.eu/docsroom/documents/34509>.

processed and assessed by several institutions in the framework through a complex procedure. In summary, this process considers strategic goals, existing capabilities in EU members' armed forces, industrial key technologies, and the European defence industry in general and compares them with capability gaps identified by EU institutions or members and capability proposals such as existing national projects or initiatives. To effectively carry out the process, the EU must find a balance between short-term capability requirements, longer-term capabilities and technology needs and a strong, autonomous European defence industry.<sup>13</sup> The output of this process is an analysis of all identified capabilities. It helps the EU to make proper decisions in capability prioritisation. Its final step is for PESCO to identify members and nations who want to turn the prioritized capabilities into collaborative defence projects.

### **Advantages of the European defence acquisition framework**

PESCO and the aforementioned European framework for collaboration in defence acquisition involves a variety of assets from different domains. From the political and strategic standpoint, this system “will help reinforce the EU’s strategic autonomy to act alone when necessary and with partners whenever possible.”<sup>14</sup> This autonomy has been a long-lasting desire of the EU and critics have frequently used the lack of this strategic freedom to underplay the EU’s position in the world. The EU’s failure to find consensus on a common approach to tackle the 1990s Balkan Wars was one of the low points in Europe’s strategic history and underlines the importance of this goal for the EU.<sup>15</sup>

---

<sup>13</sup> Daniel Fiott, *EU defence capability development: Plans, priorities, projects* (Brussels: European Union Institute for Security Studies, June 2018), 2-8.

<sup>14</sup> European Union, “Permanent Structured Cooperation (PESCO) – Factsheet,” last modified 19 November 2018, [https://eeas.europa.eu/headquarters/headquarters-homepage/34226/permanent-structured-cooperation-pesco-factsheet\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/34226/permanent-structured-cooperation-pesco-factsheet_en).

<sup>15</sup> Peter Glotz, “Der Wahrheit eine Waffe,” *Die Zeit*, 10 September 1993.

Another political advantage of an integrated EU defence framework is higher efficiency. The German Ministry of Defence estimated in 2018 that Europe loses between 25 and 100 billion Euros per year in the defence sector due to a lack of cooperation between states.<sup>16</sup> In contrast, European member states would gain more military capacities by collaborating in defence acquisition.

From the standpoint of economic policy, PESCO offers another strong advantage. Cost explosions in large defence projects have, in recent years, led to a reduction in produced units for European countries and have forced the European industry to reach out to the worldwide market where they faced strong competition. The above outlined requirement assessment process will take the European defence industry situation into account and the prioritized requirement output has the potential to enhance the industry's competitiveness while simultaneously keeping a high skilled work force in Europe.<sup>17</sup>

Aside from political and economic benefits, PESCO is also able to improve the status and readiness of European forces. An intensification in collaborative procurement projects will automatically lead to a higher technical standardisation across member nations.<sup>18</sup> The definition of common standards for a new product will spread across Europe and the principle of uniformity will motivate participating nations to use the same standards in future projects. Besides the building of common defence standards in the EU, cooperative acquisition will also lead to a higher degree of technological interoperability, which again could lead to a decrease in the number of types of major

---

<sup>16</sup> Bundesministerium der Verteidigung, 8. Bericht des Bundesministeriums der Verteidigung zu Rüstungsangelegenheiten (Berlin: Bundesministerium der Verteidigung, 2018), 19.

<sup>17</sup> European Union, "Permanent Structured Cooperation (PESCO) – Factsheet."

<sup>18</sup> Amos Dossi, "PESCO-Rüstungsk Kooperationen: Potenzial und Bruchlinien," *CSS Analysen zur Sicherheitspolitik*, Nr. 241 (March 2019): 2.

weapon systems across Europe.<sup>19</sup> A side effect of this increased interoperability could be a future augmentation in common support and maintenance efforts. “Introducing best practices in maintenance contracting and execution” has the potential to increase the operational availability of platforms by 20 to 30 percent.<sup>20</sup>

All these advantages are based on the assumption that the PESCO framework will be operated as intended. However, this complex system can only work properly under certain conditions, which will be discussed next.

### **Criteria for success**

The literature about European defence delivers a variety of prerequisites for a successful European system of defence acquisition. In the following section, the three most important prerequisites will be considered: engagement, third state participation and the EU’s relationship to NATO.

As previously mentioned, PESCO is voluntary and participating nations are free to choose which projects they wish to participate in. This idea follows the EU’s principle of sovereign states but demands commitment. To ensure the success of PESCO, all nations will have to contribute more than the bare minimum and making their full financial commitments. Peer pressure could enforce this.<sup>21</sup> Once started, it will be important to keep momentum in the EU defence system. The initiative has left the European political arena and was adopted by participating nations’ governments,<sup>22</sup> but it

---

<sup>19</sup> *Ibid.*, 2.

<sup>20</sup> Munich Security Conference, 24.

<sup>21</sup> Niklas Nováky, “The EU’s Permanent Structured Cooperation in defence: Keeping Sleeping Beauty from snoozing,” *European View*, Vol. 17(I) (2018): 101.

<sup>22</sup> Die Bundesregierung, “Gemeinsam starker durch PESCO,” accessed 2 May 2019, <https://www.bundesregierung.de/breg-de/aktuelles/gemeinsam-staerker-durch-pesco--269336>. Germany as a state example for PESCO adoption.



must be transformed into a whole of government approach in order to be effective.<sup>23</sup> Finally, a “culture of compliance” has to be developed.<sup>24</sup> Members’ commitments need to be assessed and, in cases of failure to meet commitments, the EU must be prepared to deliver consequences, for example suspension of delinquent states from projects or even from PESCO itself.<sup>25</sup>

The Defence Package is designed for EU members who wish to intensify cooperation. However, there are players such as Norway, the United States or the after-Brexit United Kingdom that were involved in earlier projects and might play a role in future projects. Although the European Council considered third state participation from the very beginning and the legal PESCO framework foresees such cases, each future project that allows external states to participate should have concrete conditions and administrative arrangements in order to clearly define the cooperation.<sup>26</sup>

Another sensitive issue to be considered in future framework practice is the EU-NATO relationship. Although the EU succeeded in avoiding confrontation with NATO during the inauguration of PESCO and NATO accepted it as a compliment to its own structures, both institutions should make strong efforts to align their efforts.<sup>27</sup> In order to avoid duplication of work and opposing approaches, efficient coordination will be required.<sup>28</sup> Likewise, the EU “would have to accept that developing capabilities within an

---

<sup>23</sup> Dick Zandee, “PESCO implementation: the next challenge,” *Clingendael - Netherlands Institute of International Relations*, Policy Report (September 2018), 10-11.

<sup>24</sup> Sven Biscop, “European Defence: Give PESCO a Chance,” *Survival*, Vol. 60 no. 3 (June-July 2018): 165.

<sup>25</sup> Nováky, 102.

<sup>26</sup> Zandee, 6.

<sup>27</sup> Jens Stoltenberg (speech, European People’s Party, Warsaw, Poland, 8 March 2019).

<sup>28</sup> Zandee, 7.

EU framework does not mean that they will necessary be put to use under the EU flag.”<sup>29</sup>

The PESCO framework already supports this perception. Systems developed and acquired through PESCO will remain national items and can be used at each member’s discretion.<sup>30</sup>

The advantages of PESCO in conjunction with its criteria for success outline a positive picture of the future of procurement within the EU Defence Package. However, there are hesitant and critical voices that should also be considered.

### **Contrasting views**

The EU’s defence ambitions, including cooperative procurement, have been criticized on many different levels. In addition to doubts about the aforementioned advantages of PESCO, there are varied opinions about the EU members’ motivations, attitudes and interests in actively participating. Besides that, the legal dimension of PESCO has also given rise to critique.

The composition of the EU is diverse. Geographic, historical, political, societal and economic differences make it difficult for the EU to speak in one voice. Bearing this in mind, one can argue that PESCO will face challenges in reaching the consensus needed to make it effective from its 25 participating nations.<sup>31</sup> Furthermore, some members are averse to Europe’s collective defence policy attempts and are less motivated to participate in PESCO. Some hold the view that these nations suspect that there is a hidden intent to PESCO and want “to be ‘in’ in order to keep control on further developments.”<sup>32</sup> This point of criticism leads to a consideration of power within the EU.

---

<sup>29</sup> Biscop, 173.

<sup>30</sup> European Union, “Permanent Structured Cooperation (PESCO) – Factsheet.”

<sup>31</sup> Naumescu, 68.

<sup>32</sup> *Ibid.*, 69.

The mentioned scepticism of PESCO can also be interpreted as an aversion to a power shift towards the big players inside the EU, who already dominate the Union in domains outside of defence.<sup>33</sup>

From an economic standpoint, protectionism and offset deals strongly endanger the success of the EU Defence Package.<sup>34</sup> They create a kind of competition within the European defence market that has the potential to destroy the existing industry.<sup>35</sup> An illustrative example of this dangerous development is the German-French race for submarine exports. Finally, these practices severely hamper the intended cooperation in development and acquisition of defence equipment.

With regard to the legal dimension, there are two points of criticism about legitimacy which are worth to mentioning. Firstly, the PESCO rules render the European Parliament impotent as a controlling agency.<sup>36</sup> This could be considered to demonstrate a lack of democratic control, which effectively undermines the values and principles of the EU. The second issue could also be seen as a lack of democracy, too. The implementation of PESCO was a top-down approach proposed by some nations in conjunction with the European Council. Regarding this process, critics are missing a public debate inside the EU about Europe's defence policy.<sup>37</sup>

Complex criteria for success and the outlined, fundamental critique generate doubts as to whether the described EU Defence Package approach is the right one for the

---

<sup>33</sup> Florian Nesch, "Die PESCO der Großmächte: Die EU auf dem Weg zur Aufrüstungs- und Interventionsunion," *IMI-Studie*, Nr. 2/2018 (February 2018): 6.

<sup>34</sup> Biscop, 167.

<sup>35</sup> Ibid., 167.

<sup>36</sup> Nikolaus Scheffel, "Auf dem Weg zu einer europäischen Verteidigungsunion: Die Ständige Strukturierte Zusammenarbeit (PESCO) als Motor?" *Neue Zeitschrift für Verwaltungsrecht*, Heft 18 (2018): 1352.

<sup>37</sup> Nesch, 4.

EU. However, the status quo of Europe's defence condition necessitates changes. The French president, Emanuel Macron, and other European statesmen have underlined this obligation repeatedly, and the time has now come for all members of the EU to act.<sup>38</sup> The EU as an institution has done its homework and proposed a system to tackle the challenges it faces, but this proposal represents only the beginning of a much-needed change. Also needed is the implementation of collaborative projects, which will now be discussed.

## **EXPERIENCES FROM RECENT COOPERATION PROJECTS**

This essay will now consider the air domain in analyzing the value of collaborative procurement as this domain has seen a number of notable endeavours in Europe.<sup>39</sup> Although these aircraft ventures have been publicly criticized, they represent a great amount of experience and should be taken into consideration as lessons for future acquisitions. In particular, the A400M transport aircraft and the NH90 helicopter project will be analyzed to identify the essential factors relevant to collective procurement.

Based on the 1996 initiative *Future Transport Aircraft*, seven European nations began the development of the A400M transport aircraft in 2003. The project was considered to be a role model for European cooperative procurement, because the Organisation Conjointe de Coopération en matière d'Armement (OCCAR) acted for the first time as a general contractor on behalf of the seven contributing nations.<sup>40</sup> The contracting partner was Airbus Military, a company created specifically for this purpose

---

<sup>38</sup> Emanuel Macron (speech, Sorbonne University, Paris, France, 26 September 2017).

<sup>39</sup> E.g. the Panavia Tornado strike aircraft, the Tiger helicopter, the NH90 helicopter, the A310 Multi Role Tanker Transport aircraft or the A400M transport aircraft.

<sup>40</sup> Marcel Dickow, "Rüstungskoooperation 2.0: Notwendige Lehren aus dem A400M-Projekt," *Stiftung Wissenschaft und Politik, SWP-Aktuell* 36 (April 2010), 1.

by the European aerospace industry. The project experienced a variety of ups and downs, including a severe contract baselining in 2011. By the end of 2018 Germany, as one of the partnering nations, had received 23 of 53 contracted aircrafts, and the aircraft do not meet all pre-established requirements.<sup>41</sup>

The NH90 helicopter project started in 1985 with a Memorandum of Understanding containing the declaration to “cooperate on the development and production of a new helicopter.”<sup>42</sup> Kicked-off in 1991, this project also contained an organization representing the client nations. On the industrial side, several European helicopter companies “organized themselves in the joint venture NHIndustries (NHI).”<sup>43</sup> This undertaking went through critical times as well, but NHI managed to start delivery of aircraft in 2011. Germany had received 68 of 82 units by the end of 2018.<sup>44</sup> Similar to the A400M, the delivered helicopters lack some required features.

### **Lessons identified**

The analysis of these long-lasting projects has brought out a variety of reasons for the encountered struggles. Three problematic areas are identified as being vital for future successes of similar projects and will now be discussed.

First, the correct conduct of the initial project phase is crucial. In this stage various stakeholders come together, combine all of their individual requirements and sketch a technologically challenging system that demands a great development and

---

<sup>41</sup> Bundesministerium der Verteidigung, 100.

<sup>42</sup> Daniel Uiterwijk, Joseph Soeters and Paul van Fenema, “Aligning national ‘logics’ in a European helicopter program,” *Defense & Security Analysis*, Vol. 29, No. 1 (2013): 54.

<sup>43</sup> *Ibid.*, 57.

<sup>44</sup> Bundesministerium der Verteidigung, 83.

production network on the industrial side.<sup>45</sup> This complex situation with all its interdependencies was, in the two aforementioned projects, often underestimated. In order to avoid fundamental errors, it is necessary to have the full resources required to carry the project to completion at the beginning of the project.<sup>46</sup> Furthermore, stakeholder's expectations need to be managed by defining milestones, timelines and work-packages and responsibilities have to be allocated properly.<sup>47</sup> Both the A400M and the NH90 project ended up with overstated requirements because the clients were not able to harmonize their national inputs. This issue was one of the major drivers for delays and cost explosion. To achieve a better performance in future projects, an in-depth requirement management will be mandatory. As with any project, all requirements have to be balanced against effort, time and costs.<sup>48</sup> Due to the difficulties in creating a machine that will meet every item on each state's list, it might be helpful to aim for an 80% solution rather than reaching for 100%.<sup>49</sup>

Necessary from the very beginning and important throughout the whole project is the second factor, the proper shaping of the working environment. Having the right people with the right attitude in a team is the goal in every project. International collaboration raises the demands on the workforce and makes language skills and cultural competence crucial for success.<sup>50</sup> They build the foundation for strong and reliable communication within the program. Issues in communication amongst stakeholders will

---

<sup>45</sup> Markus Nini and Klaus Kübler, *Are large projects in the aerospace and armaments industries still manageable? The logic behind the problems* (Salzburg: Cooperational Excellence, 2013), 7-11.

<sup>46</sup> House of Commons, Defence Committee, *Defence Equipment 2010: Further Government Response to the Committee's Sixth Report of Session 2009-10* (London: The Stationary Office Limited, 2011), 10.

<sup>47</sup> Nini, 28.

<sup>48</sup> Ibid., 28.

<sup>49</sup> Dickow, 4.

<sup>50</sup> House of Commons, 9.

lead to a loss of shared trust and could endanger the progress of the project.<sup>51</sup> Along with communication comes the critical requirement of transparency. Both create awareness amongst project members and help to prevent sudden crises from occurring.<sup>52</sup> A continuous external review of the project could help to intensify the necessary transparency.<sup>53</sup> A useful tool to audit the shape of the environment is the analysis of institutional logics and their alignment within a project. Each stakeholder is affected by its own logics, for example political orientation, internal power relations or the attitude to an external framework such as PESCO. If all stakeholders' logics are aligned within a project, the working environment will be productive. In contrast, a lack in alignment will lead to delays, raising costs and other difficulties.<sup>54</sup>

The final problematic area is the project management itself. Obviously, there were difficulties in both examples. These difficulties led to cost increases and delays.<sup>55</sup> In order to avoid similar issues in future projects, the following lessons should be considered. First and foremost, the project management requires a thorough risk supervision.<sup>56</sup> It has to be implemented at the beginning of the project and must be updated regularly. Due to the fact that such programs run for a long time and political conditions change quickly, governmental influences are inevitable. In the case of politically driven changes to a project, a rigorous risk management program will help to

---

<sup>51</sup> Nini, 28.

<sup>52</sup> House of Commons, 13.

<sup>53</sup> Dickow, 4.

<sup>54</sup> Uiterwijk, 59-66.

<sup>55</sup> Further requirements had been accepted in advanced stages and had led to design changes. In addition, the nations had been changing the number of units of their initial orders. Governments had been able to influence decision making in the design and production phase. In order to strengthen the national or European defence industry, local options had been preferred or new developments had been initiated. The assigned general contractors had been undermanned and had been missing the right tools and authorities to manage adequately.

<sup>56</sup> House of Commons, 10.

raise political awareness about the impacts of their desired changes on the project. In addition, managements will undoubtedly face unforeseen contingencies. Appropriate action to encounter those will require flexibility and power.

### **Critical considerations**

The two case studies identified many lessons that, if addressed, could make future projects more successful. They also revealed the weaknesses of such collaborative procurements. Critics often use them as arguments for reason to abolish these collective procurement programs. This kind of argumentation is one-sided. It does not consider the output of such projects. NHI, for example, has developed a capable helicopter. By 2018, 350 of 543 contracted units were delivered and in use operationally by several nations.<sup>57</sup> Furthermore, such arguments do not balance all factors. Most European countries are not able to run projects of this size on their own. They lack the financial and industrial background and have to choose between a collaborative development program or commercial/military off the shelf (COTS/MOTS) solutions from abroad. The latter could be an alternative but does not consider the political factors of autonomy and securing high tech industry in Europe. In summary, critique on recent projects is justified but not strong enough to negate future collective projects.

### **CONCLUSION**

A future procurement cooperation is practicable within the framework of the EU. The consideration of the EU Defence Package's procurement part has shown, that the latest developments in the Union are promising, which should encourage more countries to participate. Furthermore, recent projects have proven, that collaborative procurement

---

<sup>57</sup> Guy Martin, "Potential for greatness: the NH90 fleet is showing its promise," *Asia-Pacific Defence Reporter*, No. 44 (September 2018), 34.



programs are feasible. There is room for improvement, but the lessons for improvement have been identified.

The analysis of the EU framework for stronger cooperation in defence procurement and the two recent acquisition projects has shown the surplus value of the EU's complex and far-reaching initiative to improve its unsatisfactory military equipment situation. However, this is not the first attempt by the EU to create momentum in this affair. Large parts of the principles and the framework's institutions are more than 10 years old, but they have not been used effectively. In order to avoid another hibernation, the EU and the participating nations must make an extensive use of it.

## BIBLIOGRAPHY

- Biscop, Sven. "European Defence: Give PESCO a Chance." *Survival*, Vol. 60 no. 3 (June-July 2018): 161-180.
- Dickow, Marcel. "Rüstungskoooperation 2.0: Notwendige Lehren aus dem A400M-Projekt." *Stiftung Wissenschaft und Politik*, SWP-Aktuell 36 (April 2010).
- Chazan, Guy and Jim Brunsten. "Merkel backs Macron's call for creation of European army." Last modified 13 November 2018. <https://www.ft.com/content/3f5c6c74-e752-11e8-8a85-04b8afea6ea3>.
- Die Bundesregierung. "Gemeinsam stärker durch PESCO." Accessed 2 May 2019. <https://www.bundesregierung.de/breg-de/aktuelles/gemeinsam-staerker-durch-pesco--269336>.
- Dossi, Amos. "PESCO-Rüstungskoooperationen: Potenzial und Bruchlinien." *CSS Analysen zur Sicherheitspolitik*, Nr. 241 (March 2019).
- European Commission. "European Defence Fund – Factsheet." Last modified 19 March 2019. <https://ec.europa.eu/docsroom/documents/34509>.
- European Defence Agency. *Defence Data 2016-2017*. Brussels: European Defence Agency, 2018.
- European Parliament. "The Treaty of Lisbon." Last modified October 2018. <http://www.europarl.europa.eu/factsheets/en/sheet/5/the-treaty-of-lisbon>.
- European Union. "CSDP structure, instruments, and agencies." Last modified 8 July 2016. [https://eeas.europa.eu/topics/security-defence-crisis-response/5392/csdp-structure-instruments-and-agencies\\_en](https://eeas.europa.eu/topics/security-defence-crisis-response/5392/csdp-structure-instruments-and-agencies_en).
- European Union. "Defence Package – Factsheet." Last modified 19 June 2017. [https://eeas.europa.eu/topics/eu-global-strategy/28421/defence-package-factsheet\\_en](https://eeas.europa.eu/topics/eu-global-strategy/28421/defence-package-factsheet_en).
- European Union. "Permanent Structured Cooperation (PESCO) – Factsheet." Last modified 19 November 2018. [https://eeas.europa.eu/headquarters/headquarters-Homepage/34226/permanent-structured-cooperation-pesco-factsheet\\_en](https://eeas.europa.eu/headquarters/headquarters-Homepage/34226/permanent-structured-cooperation-pesco-factsheet_en).
- European Union. *Shared Vision, Common Actions: A Stronger Europe*. Brussels: European Union, 2016.
- Fiott, Daniel. *EU defence capability development: Plans, priorities, projects*. Brussels: European Union Institute for Security Studies, June 2018.

- Germany. Bundesministerium der Verteidigung. *8. Bericht des Bundesministeriums der Verteidigung zu Rüstungsangelegenheiten*. Berlin: Bundesministerium der Verteidigung, 2018.
- Great Britain. House of Commons, Defence Committee. *Defence Equipment 2010: Further Government Response to the Committee's Sixth Report of Session 2009-10*. London: The Stationary Office Limited, 2011.
- Macron, Emanuel. Speech, Sorbonne University, Paris, France, 26 September 2017.
- Martin, Guy. "Potential for greatness: the NH90 fleet is showing its promise." *Asia-Pacific Defence Reporter*, No. 44 (September 2018), 34-38.
- Munich Security Conference. *More European, More Connected and More Capable: Building the European Armed Forces of the Future*. München: Stiftung Münchener Sicherheitskonferenz, 2017.
- Naumescu, Valentin. "Administrative and Political Perspectives of the EU's Reform: Focus on Permanent Structured Cooperation." *Transylvanian Administrative Sciences*, Special Issue 2018 (December 2018): 60-74.
- Nesch, Florian. "Die PESCO der Großmächte: Die EU auf dem Weg zur Aufrüstungs- und Interventionsunion." *IMI-Studie*, Nr. 2/2018 (February 2018).
- Nini, Markus and Klaus Kübler, *Are large projects in the aerospace and armaments industries still manageable? The logic behind the problems*. Salzburg: Cooperational Excellence, 2013.
- Nováky, Niklas. "The EU's Permanent Structured Cooperation in defence: Keeping Sleeping Beauty from snoozing." *European View*, Vol. 17(I) (2018): 97-104.
- Scheffel, Nikolaus. "Auf dem Weg zu einer europäischen Verteidigungsunion: Die Ständige Strukturierte Zusammenarbeit (PESCO) als Motor?" *Neue Zeitschrift für Verwaltungsrecht*, Heft 18 (2018): 1347-1353.
- Stoltenberg, Jens. Speech, European People's Party, Warsaw, Poland, 8 March 2019.
- The World Bank. "Military Expenditure (% of GDP)" Accessed 2 May 2019.  
<https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?end=2017&locations=EU&start=1990>.
- Uiterwijk, Daniel, Joseph Soeters and Paul van Fenema, "Aligning national 'logics' in a European helicopter program," *Defense & Security Analysis*, Vol. 29, No. 1 (2013): 54-67.

Zandee, Dick. "PESCO implementation: the next challenge." *Clingendael - Netherlands Institute of International Relations*, Policy Report (September 2018).