



European armaments cooperation 4/4

The conditions for successful European cooperation

Cour des comptes

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Relations internationales

Better consistency between orders and budget resources

Unable to ensure coherence in the long term between the capability ambitions of military programming laws and the trajectory of the forces' capital budget, the State has too often been forced to make short-term budgetary savings.

This bad habit puts France in default with its partner states, and above all weighs on the operational capacity of armies that receive less equipment late.

However, budgetary savings are only apparent in the short term, as they lead to paying more for fewer equipment at a later date. The following table shows that, on average, the search for a 15 to 20 per cent saving on the total cost of a programme reduces the number of equipment purchased by 30 to 40 per cent.

The draft LPM 2019-2025 has clearly identified these inconsistencies, but the balance between the armaments to be acquired and the budgetary resources that the Government wants to devote to them is based on a sharp increase in appropriations in 2023, 2024 and 2025, which may be called into question by the budgetary trade-offs announced for 2021 .

The choice of European cooperation where possible

Other means of acquiring armaments have disadvantages for France.

The choice of a national programme is justified when vital interests are at stake (e.g. nuclear deterrence). Apart from this obligation, France has the technological capacity to launch new programmes on its own. Preserving this vital technological capacity justifies public funding of upstream studies. 7 . Nevertheless, the budgetary resources currently allocated to the equipment of the forces do not make it possible to carry out all the necessary programmes on their own. Purchases of already existing equipment can be used when a plurality of manufacturers makes it possible to avoid tying supplies to a monopoly.

If procurement involves complex equipment, it deprives the defence industrial and technological base of 8 of the benefit of the markets and the acquisition of the skills they would have provided. Moreover, they present the risk of restricting the Nation's strategic autonomy by subjecting the use of the equipment to limitations imposed by a foreign State (certain missions of the REAPER UAV, manufactured in the United States, could thus be exposed to a veto). Europe faces this risk in the field of combat aviation, since many states have already chosen the American F35 aircraft.

The European Commission's initiative to propose the creation of a European Defence Fund, which has yet to be approved by the European Parliament, will promote cooperation. Nevertheless, there are still major uncertainties about the governance and resources of the Fund.

France, the main player in European defence in theatres outside Europe, must strengthen its influence in the decision-making centres in Brussels by providing seconded national experts and by internal organisational measures.

Prerequisites for successful cooperation

On the basis of the experience gained, the Court of Auditors has identified the conditions for successful armaments cooperation:

- . a shared and lasting political will, which is easier to achieve when the number of partner States is limited ;**
- . a harmonisation of the partner States' operational needs and budgetary timetables ;**
- . the choice of a single prime contractor with sufficient delegation of authority (OCCAR can play this role by drawing on its experience) ;**
- . a single prime contractor setting up an optimised industrial sharing system, supporting the competitiveness of the equipment for export (the geographical return must be measured over a set of programmes, as permitted by OCCAR's operating rules)**

The Court notes that the draft LPM is in line with the main observations of this report, without detailing, at this stage, the remedies for the shortcomings noted.

Guidelines and recommendations

When defining the military specifications for future cooperative programmes, ensure maximum harmonisation of capability requirements and budget schedules with the partner States, in order to limit the number of versions of equipment and promote the production phase serial effect;

2.2. in the context of the increasing funding of upstream research and armaments programmes by Community credits from the European Defence Fund, strengthen France's influence in the field of armaments research and development. 2. in the context of the increase in funding for upstream research and armaments programmes through Community credits from the European Defence Fund, strengthen France's influence with the European Union structures by setting up a team within the DGA and by sending more seconded national experts to the Commission's DG "Grow" and the European Defence Agency.

Recommendations :

1. Opt resolutely for a pragmatic approach to armaments cooperation, giving priority, when designing and launching a programme, to a partnership limited to two or even three states, sharing the same political will to make a lasting commitment and ready to commit to a single project and project management system;

2. For the industrial organization of future cooperative programmes, promote the choice of OCCAR as sole delegated project owner by highlighting the strengths of this organization: procedures proven by two decades of experience, decision-making autonomy which exists, even if only partially, a capacity for to optimise development and production processes by pooling the "balanced return" on all the programmes managed;

3. not to launch a new armament programme without first ensuring the realism of the associated budgetary programming: the complementary arbitrations of the LPM in 2021 will have to ensure, over the long term, coherence between the decisions taken before that date and the public finance programming laws.

All of the observations and recommendations made aim, as a priority, to improve European armaments cooperation. Their implementation is likely to have a positive effect on French public finances by sharing certain costs with partner States, or even with the Community budget, and by promoting better steering of finances over the long term, which could save the State from costly programme renegotiations.

7 These are research activities financed from the budget of the Ministry of the Armed Forces to enable the development of technologies that will subsequently be useful for the development of new armaments.

8 The Defence Industrial and Technological Base brings together all the design offices and industrial production units necessary for the development of armaments. It operates at national or European level .

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Effets des réductions de budget sur le nombre et le coût unitaire des matériels

	Réduction du coût total du programme	Baisse du nombre d'appareils	Augmentation du coût unitaire
Hélicoptère TIGRE en 2005, de 215 à 120	- 20 %	- 44 %	+ 44 %
Hélicoptère TIGRE en 2009, puis en 2014, de 120 à 71	- 18 %	- 41 %	+ 39 %
Hélicoptère NH90 en 2013, de 160 à 101	- 19 %	- 37 %	+ 28 %
Frégate FREMM en 2009, de 17 à 11	- 14 %	- 35 %	+ 33 %
FREMM en 2015, de 11 à 8	- 8 %	- 27 %	+ 26 %

Source : Cour des comptes, calcul effectué sur les coûts d'acquisition y compris le développement