

Defence Budget 2017

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This document is intended for the information of G2S members: its purpose is to provide an update on the budget allocated for 2017 to the Ministry of Defence.

It is based mainly on the documents produced at the end of 2016, including the PAP (annual performance project), and on those of the Senate and the National Assembly drawn up as part of the preparatory work for the vote on the 2017 finance bill, in particular the minutes of the parliamentary hearings of the CEMAT. It takes into account a few more precise figures provided by the stakeholders involved.

Although this information is not confidential, this letter is not intended to be exported outside the circle of members of our association.

The construction of the 2017 defence budget is strongly linked to the decisions taken by the government following the attacks of 2015 and 2016.

The decisions of the Defence Council of April 2016 supplemented the measures taken in July 2015, when the 2014-2019 Military Programming Act was updated. This update granted a budget increase of €3.8 billion for the 2016-2019 period and reduced the staff reductions provided for in the law by 1,750 posts. In April 2016, the Defence Council cancelled the remaining 14935 deflations to be carried out and readjusted the financial envelope of the revised programming law by a further €3 billion.

These various staffing adjustments, without cancelling the final remaining deflation of 4925 posts, enabled the FOT (land task force) to be increased in strength from 66,000 to 77,000 men and the intelligence and cyber defence functions to be strengthened, while taking into account the execution of the Sentinel mission on national territory over the duration of the mission.

The 2017 budget should be considered in relation to the prospects of the updated law,

but also to the conditions for the end of management in 2016.

The two increases in the financial envelope in 2015 and 2016, i.e. €6.8 billion, marking a significant effort given the current budgetary constraints, largely compensate, in budgetary appropriations, for the €6.2 billion of exceptional resources provided for in the initial construction of the 2014-2019 programming law. These resources were expected to come from the sale of frequencies, real estate disposals, and savings from the creation of project companies aimed at leasing equipment purchased by these new entities to the armed forces. This project was quickly abandoned in view of the complexity of its establishment and its uncertain legal framework. This made the profitability of the various disposals more demanding, and the results have so far rarely been in line with annual forecasts.

The return to a more real and tangible financial content of the initial law, which is a positive element, will not, however, make it possible to make up completely for the delays and deadlocks accumulated over the past few years.

The end of the 2016 financial year will result in an overall carry-over of charges of around €2.3 billion. The carry-over related to the 146 armaments programme will be in the order of €1.2 billion; €672 million has been taken by decree in advance of this programme to partially finance the additional cost. 672 million have been made by decree in advance of this programme to finance part of the additional cost of external and internal operations in 2016, i.e. € 850 million out of a total of € 1.3 billion (€ 450 million having been budgeted in the initial budget law). This €672 million should be credited again at the end of the year and therefore consumed in 2017, but the interministerial funding to cover the rest of the additional costs has not yet been defined.

In presentation, the budget shows a CP level of €32.7 billion, an increase of 2% (€600 million), representing with pensions only 1.7% of GDP.

Excluding the carry-over of 2016 charges, this budget is constructed by taking into account 200 M€ of expected savings on factor costs and 100 M€ of property disposals, parameters that remain somewhat uncertain.

The wage bill (Title 2) is €11.4 billion, a net increase, linked to the slightest deflation, and to the financing of various new category measures affecting civilian and military personnel (amounting to €205 million).

The "equipment" aggregate is €17.3 billion, including €10.05 billion for the 146 programme (armament operations).

This amount allows :

- the delivery of 1 FREMM frigate, 3 A 400M frigates, 1 C130J transport aircraft, 9 NH90 helicopters, 3 Rafales, 379 multi-purpose land carriers;

- the order for 1 SNA Barracuda, cyber defence systems, air operations command resources, the first combat vehicles of the SCORPION programme of the programme, the army's Patroller UAV, successor to the SDTI Sperwer, and the renovation of 45 Mirage 2000.

The deterrence component is up 9.4%, or 3.8 billion euros, and includes in particular the start of studies on the modernisation of the SNLE and the adaptation of the M51 missile.

These appropriations will increase steadily in the coming years to take account of the completion of the modernisation of the naval component and the subsequent renewal of the air and naval components of the deterrent.

Scheduled equipment maintenance, which is up by 6.8% or €3.4 billion, still falls short of

actual requirements, owing to the exponential wear and tear on equipment used in operations and the arrival of new, more sophisticated weapons systems, including airborne systems.

The additional financial requirements are estimated at around 800/900M€, whereas a global effort of only 500M€ has been granted, spread over 2015 and 2016 as part of the updating of the programming law.

The shortcomings in this area have two major implications:

- on the one hand, the technical availability of equipment varies greatly, ranging from 40% to 70% depending on the weapon systems, with a more than worrying situation for helicopters, requiring vigorous action from the manufacturers concerned;

- on the other hand, a practical obstacle to the implementation of operational training for the armed forces; this technical obstacle, coupled with financial constraints, is a major obstacle to the development of the European Union's military training programme. This technical brake, coupled with the financial constraints of the activity budgets, leads the forces to fail to achieve the objectives in terms of training days, which always remain below those provided for by the programming law and inferior to those provided for by the law on the training budget. This situation, which has been latent for several years, has led the various armies to organise, against their will, imperfect systems of differentiated training which make no sense in terms of operational coherence and ultimately characterise a two-speed armed forces posture.

This is a highly critical point that must be corrected quickly and imperatively over the next three years in order to make the current and future operational capabilities of our armies credible and sustainable.

The operating appropriations, amounting to €3.5 billion, remain stable, but are still insufficient to provide any room for manoeuvre in the daily life of the units: they must tirelessly demonstrate ingenuity and dedication in order to work in a sparsely measured environment. There is no doubt that these living conditions weigh on the morale of the personnel.

In terms of infrastructure, the €1.4 billion effort (including €100 million in property sales) is focused in particular on the necessary adaptations to the facilities housing the new weapon systems, on taking into account the needs related to the lift of the army (33 regiments are densified by at least one elementary unit), on securing the units' locations and finally on the rents to be paid to the state services for certain defence rights-of-way, in particular the Balard site.

The infrastructure maintenance credits are still well below the standards, below 4 €/m², whereas the average allowed for the State administrations is 8/9 €/m². This observation must be corrected imperatively, as it also has a very strong impact on staff morale.

In the area of reserves, the presidential announcements concerning the increase in military forces in the operational reserve from 28,000 to 40,000 by 2018 have resulted in a 30% increase in the budget allocation, i.e. €105 million, of which €45 million is earmarked for attractiveness measures. These 40,000 defence reservists will be grouped together with the 40,000 reservists from the Gendarmerie and the 5,000 from the National Police, within the new National Guard system, the effectiveness of which will have to be measured in the long term.

For the Army, the 2017 budget can be considered globally as just satisfactory, but still marked by significant constraints. While it will make it possible to complete the planned increase in personnel, it also takes into account certain long-awaited measures to compensate for operational alert duty and cumulative absence from the garrison, as well as measures to upgrade certain non-commissioned officer functions. The figures given below are payment appropriations (PA).

As regards equipment, the budget provides for the taking of major orders for the future of the army, in particular the setting up of SCORPION units: 319 VBMR (Griffon multi-role armoured vehicle), 20 EBRC (Jaguar Armoured Reconnaissance and Combat Vehicle); in addition, orders will be placed for 100 refurbished VBMRs, 12000 HK146s (replacing the Famas) and 3000 EPCs.

Will be delivered: 6 HAD Tiger, 7 NH90s, 150 rounds of ammunition and 50 MMP (medium-range anti-tank missile) firing posts, 5340 HK416 assault rifles, 1350 paratroopers.

This expected effort must be inexorably pursued in order to restore the Army's operational capabilities to the many missions it is carrying out in many theatres of operation. At the same time, as desired by the Army, the timetable for setting up SCORPION equipment should be accelerated in order to adapt the Army more rapidly to current and future threats.

Despite a slight increase, the activities and training budget remains tight. 175 million should make it possible to achieve 81 days of activities (64 in 2015, 72 in 2016, for a target of 85 in 2020), if the technical availability of the equipment is available. The current operation part ensures a minimum that is less and less bearable.

The EPM of land-based equipment, at €438 million, is slightly higher, and is devoted to the imperative and urgent; if it allows for the regeneration of the equipment, it will be able to 440 GBC trucks, 150 VAB, 90 VBL, it must meet other more global needs, notably the refurbishment of the 3000 major pieces of equipment used in operations. An additional annual resource of 100M€ is essential to meet this challenge.

The EPM of the army's airborne equipment (ALAT), with 338 M€, dedicated in particular to helicopters, does not yet allow for a significant increase in the current average technical availability, which is 40%. Pilots will only fly for 164 hours, for a target that has been reiterated in a 180-hour schedule.

The operating budget - current life amounts to 100 M€; this is the same level as in previous years, so staff numbers have increased.

As was pointed out during the CEMAT parliamentary hearings, the army is facing a form of race in which "equipment must catch up with the rising numbers of personnel".

On the strength of this observation, he believes that the administrative and economic model contributing to the development and manufacture of weapons systems should be reviewed and modernised as soon as possible. This is in response to the need for the army to make the organisation of its personnel consistent with the introduction of high-performance equipment in order to achieve the operational capabilities adapted to its various commitments.

Finally, in terms of infrastructure, the level of €233M is largely insufficient, for needs amounting to more than €350M. This will enable us to cope with the development of barracks intended to accommodate the additional units in the regiments concerned, to take into account the installation of the 13^e. This amount, however, does not adequately maintain the condition of many aging infrastructures, which are less and less adapted to personnel and equipment.

On the balance sheet, and provided that the €2.4 billion of appropriations placed in reserve in 2016 are unfrozen in full, the 2017 budget will be used to cover the cost of the new infrastructure. The 2017 budget would be slightly better for the armed forces, provided that a political and/or budgetary storm does not disrupt this current improvement. This effort, in terms of posting, must first be confirmed and carried out during the year begun, but above all continued in the following years, according to the commitments made or promises made for the future.

The discrepancy noted, and tirelessly pointed out, since the last two programming laws between the stated objectives in terms of defence and security policy and the resources allocated, as well as the gap between the missions selected and the corresponding operational capabilities of the armed forces has reached its extreme limit, which events in France and outside metropolitan France in 2015-2016 have clearly highlighted.

Resources cannot continually run behind unchanged or even additional missions without running the risk of unbearable shortness of breath, a prelude to deadly asphyxiation.

In this respect, two examples should perhaps be considered:

- on the one hand, the United Kingdom, whose armies are still struggling to return to an acceptable operational level following their heavy commitment in Afghanistan and Iraq coupled with very strict budgetary restrictions,
- on the other hand, Germany, a country that does not claim to be pursuing a global, non-nuclear-weapon policy but has set a defence budget of €34.2 billion for 2016 and €37 billion for 2017 with a target of over €39 billion for 2019.

It is in this type of perspective that it is important to place the current debate on the conditions for increasing the French defence budget to 2% of GDP, including or excluding pensions, in the context of the current debate.

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