



## The European Union's (long) road to armament

Marcin Terlikowski

Amid growing uncertainty about the US commitment to further military support for Ukraine and ensuring Europe's security, the European Union faces the need to define its role and level of ambition as a strategic actor. The decisions of the special European Council summit on 6 March herald a historic level of funding for EU initiatives in the field of military capability development and the defence industry, but it will take up to a decade for this to translate into an increase in Europe's military potential.

### **The circumstances of the special European Council summit.**

The special European Council summit was a direct response to the suspension of US military aid to Ukraine and repeated suggestions by US President Donald Trump and his strongest supporters in the Republican Party that the United States could quickly and drastically reduce its military involvement in Europe. EU Member States are faced with the prospect of the US forcing Ukraine to agree to a ceasefire without providing it with any American security guarantees. This also means a likely withdrawal from the Biden administration's commitments to provide military aid to Ukraine. At the same time, the prevailing view in Europe is that in such a situation – and with the potential lifting of some US sanctions – Russia will be able to quickly rebuild its military capabilities. With credible capabilities to enter into conflict, Vladimir Putin's regime may provoke an escalation in Europe in order to obtain further concessions on the broader issue of European security architecture (Russia's strategic goals include, among others, the de facto demilitarisation of countries bordering Russia, including NATO members).

A consensus has therefore emerged in the EU on the need to send a strategic signal that Europe is ready to take on much greater responsibility than before for the security of Ukraine and its own. Contrary to the narrative appearing in many European media outlets, EU member states are aware that, in the short and medium term, an independent European defence effort cannot replace either the American guarantees under Article 5 of the North Atlantic Treaty or the US military engagement on the Old Continent. For this reason, the Council's decision can also be seen as an invitation to Donald Trump to engage in constructive

dialogue on changes to the distribution of NATO's common defence costs, and at the same time as an attempt to obtain US consent for an orderly and gradual process of reducing that country's military involvement in Europe.

**The ReArm Europe plan.** The main achievement of the summit was the European Council's political consensus on the proposals contained in the letter from the President of the European Commission to the Member States dated 4 March this year. In it, Ursula von der Leyen presented the ReArm Europe plan. It brings together and elaborates on the proposals discussed so far in the EU on potential sources of funding for the development of new military capabilities of Member States and the expansion of the European technological and industrial base in the defence sector. The five pillars of this plan could be worth up to €800 billion in total.

The first pillar of the plan is the creation of a €150 billion fund to be financed by the issuance of common European debt securities. This would be a reuse of the mechanism under Article 122 TFEU, which was used in 2020 to establish the Next Generation EU fund to support the Union's economic recovery after the COVID-19 pandemic. The groundbreaking nature of the Council's decision lies in the fact that until now there had been no agreement to use this instrument a second time. This was mainly due to resistance from Germany, which feared the economic and political consequences of increasing its own debt ( ). The outcome of the February Bundestag elections and the swift agreement between the victorious CDU/CSU and the SPD on removing the constitutional budget brake paved the way for the acceptance of this idea. The funds raised will most likely be

used to finance the European Defence Industrial Development Programme (EDIP), which provides, among other things, for EU co-financing of military capability development projects carried out jointly by EU Member States. The draft regulation establishing the EDIP has been under negotiation in the EU Council since spring 2024.

In the next point, von der Leyen declared the reactivation of a special clause from the Stability and Growth Pact (adopted in response to the financial and economic crisis of 2009–2010). It allows EU Member States to temporarily deviate from a balanced budget policy. This encourages them to increase national defence spending, even though it will lead to a real increase in public debt.

The EC President also proposed changes to the rules on the use of existing cohesion funds for defence-related investments. The details are not yet known – the Council has only just asked the Commission to present specifics in this regard – but von der Leyen suggested, for example, relaxing the rules on financial support for large companies so that arms manufacturers could also benefit from it. The Council responded positively to the issue of increasing the European Investment Bank's (EIB) lending to the defence sector for defence-related investments, calling on the EIB to further review and remove regulatory barriers in this area. In this case, however, these will in practice be dual-use initiatives, predominantly of a civilian nature. Referring to the last pillar of the ReArm Europe plan, the Council also decided to accelerate the construction of the Savings and Investment Union, including the opening up of new ways of financing the defence sector.

**Prospects for implementation.** In the conclusions of the special summit, the Council identified priority defence capabilities on which financial resources should be concentrated. These are air and missile defence systems, artillery, long-range precision weapons, missiles and ammunition, drones and systems for combating them, systems of strategic importance (e.g. reconnaissance and satellite communications, air transport), electronic warfare systems, military mobility, cyber warfare capabilities, and artificial intelligence technology. Progress in most of these areas requires not only high levels of funding, but also time – to establish the political and administrative framework for new projects, develop new technologies, test them, implement them and then put them into production. This

means that, apart from certain categories of capabilities (such as ammunition and drones), real progress in developing the military potential of EU Member States will only be possible in at least 5–10 years (von der Leyen pointed to a decade).

Similarly, support for Ukraine in the short term will require the EU and its Member States to continue intervention measures, such as increasing production capacity for certain types of ammunition (especially 155 mm artillery) or anti-aircraft, anti-missile and long-range offensive missiles. It will take several years for the additional funds from ReArm Europe to translate into the structuring and standardisation of European military support for Ukraine.

**Conclusions for Poland.** From the perspective of Poland as a flanking and potentially frontline country, the development of the EU's military capabilities and the strengthening of the European defence industry are of fundamental importance for deterrence and defence against Russia. The long time frame for the implementation of these plans means that there is currently no cost-effective or militarily credible alternative for Poland to the security guarantees under Article 5, which are primarily backed by US military and political engagement in Europe. Therefore, the Polish Presidency of the EU may present decisions on ReArm Europe as Europe's response to US expectations regarding increased allied participation in ensuring common security in the transatlantic area, and present the EU's efforts as fully complementary to NATO's needs. The long-term nature of the plan can be used in discussions with the US as an argument for a structured, gradual and coordinated process of changing the scale and nature of the American military presence in Europe, in line with the development of European military capabilities. At the same time, Poland could engage the US in bilateral and regional dialogue on the requirements for effective deterrence and defence against Russia. It could pay particular attention to Russia's increased nuclear capabilities and the options for a conventional and nuclear response to them within NATO and in Polish-American cooperation. These activities could be complemented by closer cooperation between Poland and the most militarily powerful countries in Europe. They should be encouraged to take greater responsibility for the security of the eastern flank, including through an expanded forward military presence of their forces on Polish territory.