

French Defense at a Crossroads

Russia's invasion of Ukraine has resulted in a myriad of new challenges, including for French security and defense policies. Demand for its defense industries is rising. The French armed forces are now more than ever needed since the end of the Cold War to ensure the defense of Europe.

By Constant Despont

France is the world's third largest weapons manufacturer and has one of the most capable armed forces in Europe. It is a permanent member of the UN Security Council and possesses its own nuclear deterrent. Therefore, Paris is a key actor for European defense policy. France has long had intentions to further develop its armed forces to maintain its strategic autonomy and ensure its place as a key actor within NATO and in Europe. The war in Ukraine will likely push France to re-examine its existing plans and approaches to European defense.

Nevertheless, France is already dealing with obstacles that jeopardize its ambitions. The constant commitment of French forces inside and outside the country has overstretched its capabilities. A difficult economic climate – namely a global economic downturn, high inflation numbers, and the lingering aftereffects of the Covid-19 pandemic – also constrains its future defense budget. The recent loss of President Emmanuel Macron's absolute majority in Parliament may limit the agility of the French government even further. He will have to form a coalition government with political parties that do not necessarily share his defense policy. As a result, the new government may have no other choice

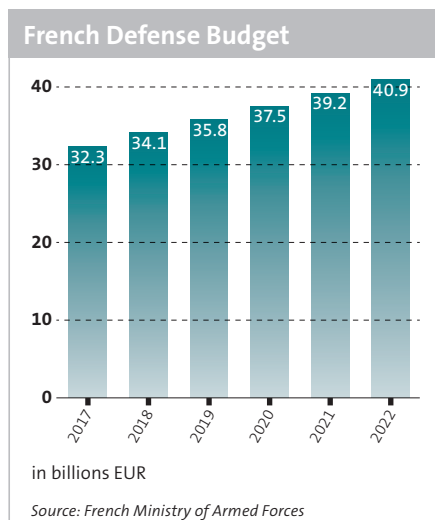


French President Emmanuel Macron speaks during a news conference following a NATO summit in Brussels, Belgium on 24 March 2022. *Gonzalo Fuentes / Reuters*

than to revise its ambitions and carefully balance its spending priorities.

Moreover, France's defense industry has suffered various setbacks in recent years. French firms are in direct competition with those in the US, which is the preferred de-

fense supplier of many European states. This may hinder France's efforts to strengthen the European defense industry and restrain its own leadership ambitions in various joint projects. As a consequence, France's key position in European policy-making could be weakened.



Planned but not Completed

The French government started a new development program for its defense policy in 2019 with the establishment of a new Military Programming Law for 2019–2025. It sets the legal framework for the defense budget and provides guidelines on how to use it. This law planned to increase the defense budget to reach two per cent of GDP in 2025. France intends to restore and increase its capabilities with new armament procurements and the recruitment of new personnel. Paris also intends to further develop cooperation within Europe and strengthen research in new technologies. This law is a critical part of a long-term plan to build a new, more comprehensive model for French armed forces that would allow for greater capability and the ability to commit troops to larger allied operations.

Unlike other NATO members, France aims to maintain its strategic autonomy while being an active partner of the Alliance. To attain these two objectives, France maintains its own nuclear deterrent and its capability to project its forces around the globe to defend its overseas territories or to support partner countries. Those ambitions demand the development and maintenance of costly weapon systems such as an aircraft carrier and nuclear-powered ballistic missile submarines. Apart from these “classical” military capabilities, the French armed forces also assume an increasing role in countering a wide array of threats, from cyberattacks to terrorism. The French forces are thus required to maintain and implement a large spectrum of capabilities across many different theatres.

The defense budgets for 2019, 2020, and 2021 were allocated as planned. However, France’s financial situation faces several constraints including a large public deficit and rising inflation. These realities may greatly influence future annual defense budgets, including those for 2024 and 2025. The incoming government may also have other priorities in terms of public spending. Despite the increasing responsibilities of the French armed forces, their capabilities are not expanding at the expected level. Several pieces of military equipment intended for the French armed forces ended up being reallocated to other recipient countries. For example, Rafale aircraft originally earmarked for the French air force were sold to Croatia in 2021. Similarly, the donation of weapon systems such as the artillery gun César and the financial support to Ukraine diminished the French arsenal and impacted the defense budget. These weapon systems must be replaced by new ones. As outlined in the Military Planning Law, additional increases in defense budgets are still required. Demands on the existing budget, however, will be further compounded if Macron plans to send more heavy weapons to Ukraine in a show of support.

Since the beginning of the Russian invasion of Ukraine, France has remained determined to play a key role in European defense. Paris increased its presence in Eastern Europe, particularly by sending troops to Romania. While this decision could be interpreted as a strong show of support for NATO, increasing France’s credibility with the organization, there are still consequences. If further troop deployments at NATO’s borders with Ukraine become necessary, even more resources will be reallocated. In addition, costs are likely to increase beyond current expectations, as past overseas deployments have shown that budget overruns are frequent.

An Industry under Pressure

The French arms industry is an important pillar of French defense policy. It provides all the necessary capabilities to produce major weapon systems from fighter jets to main battle tanks, to ensure France can independently support its own military without relying on foreign arms procurements. The industry is composed of nine big industrial groups and four thousand small and medium-sized enterprises (SME). France invests massively in its research and development branch and the state is a

shareholder in several big industry groups. The government’s heavy involvement in the industry guarantees sufficient financial support for the ongoing development of the French military, but also produces some counterproductive results.

Arms exports are essential to France’s domestic arms industry and its future development. They allow for the maintenance and growth of French defense companies if and when domestic contracts cannot be fulfilled and favor the continuous work of the research and development branch. Accordingly, the French government plays a key role in identifying and pursuing new arms export contracts. However, recent government miscalculations threaten the industry as a whole. The 2015 sale of Alstom, a leading producer of turbines for nuclear-propelled submarines, to the American company General Electric may become an increasingly familiar story if other interests were to put pressure on the French government.

In terms of funding, strengthened control of national agencies over arms exports has discouraged banks from supporting SMEs active in defense, already under strain due to a reduction of orders during the pandemic. Although large defense companies were less impacted by the pandemic, their image suffered more following the conflicts

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in Ukraine and Yemen. In March 2022, Thales was openly criticized when some of its vision systems were found on Russian tanks in Ukraine. In 2019, the NGO European Center for Constitutional and Human Rights lodged a complaint against Dassault and MBDA before the International Criminal Court for selling weapon systems to Saudi Arabia that were used during the civil war in Yemen. The outcome of this investigation may worsen the reputation of French companies and prevent further exports to countries like Saudi Arabia. While more scrutiny concerning the activities of French arms dealers appears justified and politically desirable, this decision may limit the volume of total French arms exports. Even if French exports have been increasing for several years, particularly in 2021, they could decrease in the medium to long term.

Competition and Dependence

France struggles to compete with the US arms industry, which is the biggest in the world. In only the past two years, multiple major contracts with French arms exporters were abandoned in favour of US suppliers. In late 2021, an American counter-offer threatened the sale of several frigates to Greece and Australia suddenly cancelled a submarine contract in favour of US goods (see [CSS Analysis no. 300](#)). For the past decade, most European countries decided to purchase Lockheed Martin's F-35 aircraft while the French-made Rafale manufactured by Dassault found few customers in Europe. Despite this competition, the US has become an increasingly key defense partner for France now that war has started anew in Europe and China's influence continues to rise in the South Pacific, where several French overseas territories are located.

After the invasion of Ukraine, President Macron restated France's willingness to continue the development of European defense at the extraordinary NATO summit in Brussels in March 2022. These actions will depend on cooperation with NATO and the US. The US plays a key role in the defense of European countries, especially regarding the extended nuclear deterrence assets that it provides. While the Biden administration sustains this commitment, it is uncertain whether the US will encourage the development of a more autonomous European arms industry.

A strong European arms industry is one of the main goals of the EU strategic compass, as championed by France. A more autonomous European weapon industry would, in the medium- to long-term, result in the loss of several contracts for the US arms industry. While France and the US will remain allies, they are increasingly competitors in the field of arms exports. Few other European countries are likely to want to compete with the US for arms dominance now that American support is crucial for protecting Europe from possible Russian attacks. Even for France, balancing competition and cooperation remains a delicate exercise. For example, France will need to collaborate with AUKUS, the trilateral security partnership between Australia, the UK, and the US, to safeguard its interest in the South Pacific. The need for this cooperation could take precedence over industrial interests in winning new arms contracts.

Tense Cooperation

The French-German tandem plays a key role in the development of European defense policies. Due to the size of both countries' armed forces, they represent the main contingent of European Defense. Joint projects such as the Future Combat Air System (FCAS) (see [CSS Analysis no. 291](#)) and Main Ground Combat System (MGCS) will produce key technologies to improve European resilience against Russian threats. France and Germany have intensified their collaboration efforts of late to ensure these and other key weapons projects come to fruition. Both President Macron and Chancellor Olaf Scholz recalled the importance of this cooperation and stated their desire for it to bear fruit. Nevertheless, the past years have shown some discrepancies between France and Germany on the meaning of this collaboration.

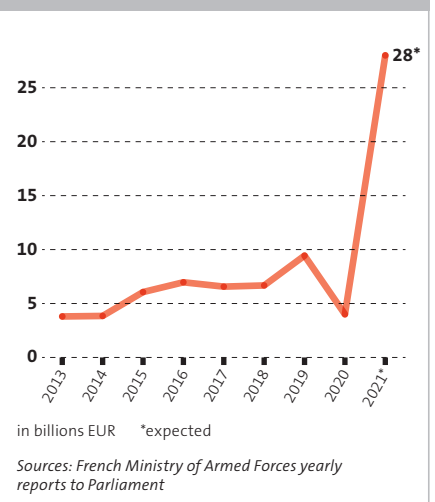
The two most relevant projects that France and Germany collaborate on are the FCAS and the MGCS. Both projects are critical to France, as these new systems are supposed to replace its Rafale aircraft and its main battle tank Leclerc. Nevertheless, both projects are lagging far behind schedule. The FCAS is not scheduled to be delivered until 2050, ten years after the original delivery date. While Dassault and Airbus Defence and Space, the two primary companies working on the FCAS project, are struggling to collaborate on the next phases of the project. The source of the delay has also been the difficult incorporation of the newest technologies, as it was during the development of the F-35. While the MGCS project started during spring 2020, it is already experiencing delays of up to six months; Rheinmetall, after recently withdrawing from the project, presented its

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own KF 51 Panther as a successor to the French and German main battle tank. The transformation of a partner into a direct competitor will most certainly have dramatic consequences on the development of a project still in its infancy.

Germany has shown a certain reluctance to rely on France as its main partner. Berlin abandoned a joint project to modernize the Tiger helicopter and pushed for the addition of Spain into the FCAS project, reducing the role of French enterprises. While France chose the German HK 416

French Arms Deliveries



F as its new combat rifle, Germany chose the F-35 instead of the Rafale and the US Poseidon sea-patroller aircraft instead of the Maritime Airborne Warfare System, jointly developed with France. Paris has indicated a preference to maintain and strengthen the French-German partnership in defense, though the approach on the other side of the Rhine is more ambiguous.

The Russian invasion of Ukraine prompted a dramatic change in German defense and security policy. Berlin affirmed its willingness to restore and increase its defense capabilities. Germany will also increase its defense budget to two per cent of its GDP. The extraordinary credit of 100 billion euro allocated to the *Bundeswehr* is the first step of a bigger rearmament effort. It remains to be seen whether French and other European enterprises will benefit from the related investments. During her visit to US Secretary of Defense Lloyd Austin in March 2022, Christine Lambrecht, Germany's Defense Minister, spoke about basic needs that must be fulfilled. Many believe this implies that Germany will prioritize buying off-the-shelf US military systems rather than developing new military assets with France and other European partners. As such, these developments may hamper ambitions towards more European autonomy and a more self-reliant European defense industry.

Unavoidable Compromises

The Russian invasion of Ukraine gave France the opportunity to demonstrate its ability to rapidly commit its resources to its allies. However, this commitment compli-

cates – and possibly even inhibits - ambitions for French military independence as outlined in the Military Programming Law. As it stands, Ukraine needs more and faster support to win its war against Russia.

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If Macron keeps his commitment to increase military aid to Ukraine, other defense ambitions may have to be revised due to limited resources.

Despite the common will stated by the French and German governments, the common weapons projects have not produced the expected results and are experiencing delays. If this trend was to continue and the confrontation with Russia were to escalate, it is highly likely that the German government would choose existing weapons systems rather than those resulting

from joint projects with France. It is also more likely that the increase in the German defense budget would benefit US companies rather than European or French ones. If Germany keeps its promises and increases its budget to two per cent of its GDP, Berlin's increased investment would provide it with more sway at a European level, which may not always be to Paris' liking. Given that Berlin has fewer military interests around the globe, it can concentrate its resources and attention on Europe. France would lose influence in defense and military affairs, which could make the pursuit of its own interests more difficult, particularly within the various Franco-German cooperation projects.

The current economic downturn as well as the reduction of public spending by the French state will most certainly impact the defense budget. Macron will no longer have the same freedom to maneuver as he did when his party held a majority in Parliament. The new government may have to

form a coalition with the first opposition party, "la Nouvelle union populaire écologique et sociale", born from the merger of the left. While this new political force's position on defense budgets has not been exhaustively discussed, it prioritizes ecology and social policy measures. Should they enter government, it is likely that the defense budget for the years 2024 and 2025 will be at least partly reduced. Given numerous defense policy imperatives, the newly elected French Parliament will need to promptly consider the future of the country's armed forces and address gaps should defense budgets be severely affected.

For more on Military Doctrine and Arms Procurement, see [CSS core theme page](#).

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