



By: *Ferry Biedermann*

Able but not willing? Europe's defence conundrum



Europe's determination to build up its defences to meet multiple security challenges, foremost Russia on its Eastern border, is flagging in the face of budget squeezes and renewed complacency.

Much of this centres on Germany, the continent's largest country by population and economy, which is tying itself in knots politically and fiscally. It is both drastically limiting its military aid commitment to Ukraine and searching for ways to dodge its pledge to maintain defence spending at the NATO limit of 2 percent of GDP.

But a renewed lack of urgency can be seen across the continent, from the vulnerable Baltic states all the way to France and the UK. Everywhere, militaries are failing to meet recruitment targets and underinvest in the infrastructure needed to field the large land armies that the Ukraine conflict makes clear are still needed.

As one of the richest regions in the world, despite some economic challenges, Europe can actually afford to **spend** more, both on aid to Ukraine and on defence as a whole, some have argued in recent years.

Russian oil and gas

It would also be wrong to equate defence spending with an inevitable loss for the European economy; while there's contradictory evidence, defence spending in advanced economies is mostly seen as either neutral or positive in terms of GDP growth.

Yet, in most countries, short-term economic and political considerations are leading to a return of the hesitancy to invest not only in defence but also in other ways of making the continent more resilient in the face of outside challenges.

This can, for example, be seen in the **percentage** of Russian oil and gas used by some countries quietly creeping back up. That Hungary's oil imports from Russia have increased, might not come as a surprise.

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But that countries such as France, Sweden and Spain earlier this year actually upped their imports of Russian Liquefied Natural Gas, LNG, should raise eyebrows.

The bloc massively reduced its Russian oil and gas imports after the 2022 invasion of Ukraine, but still pays Moscow billions of Euros that end up in its war chest, with Italy, for example, maintaining a significant influx of Russian pipeline gas.

European countries' justification is mostly that breaking existing contracts would be too costly, that household bills have to be kept down or just that there's money to be made.

Debt brake

The fossil fuel dilemma reflects the larger problem that Europe is facing: Amid a seemingly stable, or at least less threatening, situation in Ukraine and a precarious economy, priorities such as energy independence, defence and security are moving down the ladder again.

Add to that a renewed sense of optimism that Donald Trump will not return to the White House next year, and the need for drastic measures to rebuild Europe's independent military capacities becomes even more remote.

A combination of Trump threats and the invasion of Ukraine had the European NATO allies this year finally, on average, reach the NATO spending target of 2 percent of GDP on defence. Still, some major economies, such as debt-laden Italy and Spain, lag far behind.

With some economies creaking under a very high debt burden, a certain amount of jostling over where the cuts will fall, can be expected.

But that's not the whole picture. France, with its national debt at some 110 percent of GDP, is maintaining, for now, its increase in military spending. The UK, despite having to make some very tough budgetary choices, is above 2 percent and might increase the defence budget to 2.5 percent.



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Germany is in this respect something of an outlier. It has a still manageable debt level - at some 64 percent of GDP it is just above the EU norm but by no means extravagant - yet has taken the political decision, in the form of a law, to limit how much it can borrow.

Apart from, in all likelihood, contributing to underinvestment in its economy, this 'debt brake' is also part of the reason that Berlin is so desperate to avoid extra military expenditure.

The debt brake is there to stay and has to be enforced; the Constitutional Court last year declared the proposed 2024 federal budget in breach of it.

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On top of that, it is seeking to shift some of the money it was expected to allocate to transport infrastructure to the defence budget in order to meet the NATO 2 percent of GDP target,

under the guise of military mobility.

Military mobility is indeed a concern in Europe, where armies might have to be moved fast from West to East, but under NATO rules this has traditionally not gone to mainly civilian infrastructure.

All this amounts to quite a dizzying turnaround by the German government, whose Chancellor, Olaf Scholz, **called** the Russian invasion of Ukraine in 2022 a 'Zeitenwende' or historic turning point, and vowed to build up the country's defences.

But the debt brake might not be the whole story behind this shift, there's also domestic politics.

Europe's hesitance over rearming

A growing part of Germany's population now voices support for two much more pro-Russian parties: the far-right AfD and the left-wing nationalist BSW. Both parties are expected to perform well in upcoming elections in the former East-Germany.

That is not to say that support for Ukraine is waning in Germany or elsewhere in Europe. But both fiscal and political realities are putting heavy pressure on overall military spending commitments in some countries.

The same pattern can be discerned in the military recruitment issue. While some countries saw an uptick in enlistment after Russia's invasion of Ukraine, that enthusiasm seems to have petered out again.

Recruitment too, is at least in part a money issue. If militaries were able to offer their personnel better salaries, conditions, facilities and career paths, shortfalls could quickly be addressed.

The new European Commission will in all likelihood for the first time include a defence commissioner

It might not be all bad news, though, for Europe's commitment to scaling up its defences. The new European Commission will in all likelihood for the first time include a defence commissioner who will be charged with starting some coordination of military spending across the EU and strengthening the bloc's defence industry.

There's also the prospect of a UK-EU defence pact, which is a pet-project of the new Labour government in Westminster. Still, these are not decisive developments.

Europe's hesitance over rearming is understandable. Wouldn't it be so much nicer to rely solely on economic and soft power, leave the ghosts of conflict and imperialism in the past and concentrate on the good life?

Yet in a rapidly changing world, with Russia and China ready to exploit weaknesses and the U.S. a less reliable ally, Europe will have to shake off such complacent daydreams and act while it still can to catch up to its geostrategic rivals.