



# COLLECTIVE COLLAPSE OR RESILIENCE?

European Defense Priorities  
in the Pandemic Era

Edited by Corentin BRUSTLEIN

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Security Studies  
Center



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# Focus stratégique

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# Executive summary

To what extent has the COVID-19 pandemic affected defense priorities across Europe? When the pandemic reached its cities, Europe was already under severe internal and external stress. By throwing the continent and the world into an unprecedented economic crisis while security challenges abound, the pandemic has exposed Europe to a risk of irreversible loss of capacity for collective action, hampering its influence and control over its regional areas of interest. One year after, this report provides a comparative assessment of the impact of the pandemic on the foreign and defense policies and spending levels of ten different European countries. It not only aims at assessing the immediate impact of the pandemic on the defense posture of each country but more importantly at mapping in which areas the pandemic did or might prove disruptive for European defense priorities, whether directly or indirectly. Although uncertainty remains about the long-term effects of the current crisis, the different case studies highlight that, contrary to the most pessimistic scenarios, the pandemic has so far had a relatively modest impact on defense and security policies. Monitored European countries have so far shown resilience in their individual and collective responses to the crisis. If anything, changes brought by the pandemic are less striking than the continuity observed in most cases when it comes to foreign and defense policies, from stated levels of ambition to defense spending plans. It is, however, unclear how enduring this resilience can prove in the longer-term in the face of disruptive developments such as new variants of the virus, sweeping domestic political developments in Europe, radical changes in the US commitment to European security, or an intensified strategic competition in Europe's neighborhood and beyond it.



# Résumé

Dans quelle mesure la pandémie de COVID-19 a-t-elle affecté les priorités des politiques de défense des pays européens ? Lorsque la pandémie a atteint les villes d'Europe, celle-ci était déjà soumise à de graves tensions internes et externes. En plongeant le continent et le monde dans une crise économique sans précédent alors que les défis sécuritaires se multiplient, la pandémie a exposé l'Europe à un risque de perte irréversible de capacité d'action collective et, par conséquent, d'influence et de contrôle sur ses zones d'intérêt. Un an après le début de la pandémie, cette étude compare les effets de la pandémie de COVID-19 sur les politiques de défense, la politique étrangère et les dépenses de défense de dix pays européens. Elle évalue l'impact immédiat de la pandémie sur la posture de défense de chaque pays, mais surtout elle cartographie les domaines dans lesquels la pandémie a introduit – ou pourrait introduire – des changements significatifs dans les priorités de défense européennes, que ce soit de manière directe ou indirecte. Si les effets de long terme de la crise actuelle demeurent incertains, les études de cas soulignent que, contrairement aux scénarios les plus pessimistes, les effets de la pandémie sur les politiques de sécurité et de défense sont demeurés, pour le moment, d'une ampleur relativement limitée. Les pays européens étudiés ont jusqu'à présent fait preuve de résilience dans leurs réponses individuelles et collectives à la crise. Les ruptures provoquées par la pandémie sont en réalité moins frappantes que la continuité observée dans la plupart des cas en matière de politique étrangère et de défense, qu'il s'agisse des niveaux d'ambition affichés ou des projections en termes de dépenses de défense. Le devenir de cette résilience demeure néanmoins très incertain à long terme, en particulier face à des développements tels que de nouveaux variants du virus, des évolutions radicales des politiques intérieures en Europe, une réévaluation de l'engagement des États-Unis en faveur de la sécurité européenne ou une intensification de la compétition stratégique dans le voisinage de l'Europe et au-delà.



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# Introduction

**Corentin Brustlein**

When the COVID-19 pandemic reached its cities a year ago, Europe was already under severe internal and external stress. The brutal degradation of its security environment over the past decade and the growing spectrum of threats had confronted it with the lasting consequences of twenty years of chronic under-investment in its armed forces and reminded it of how militarily dependent it remained from its American ally. The 2016 election of Donald Trump to the presidency of the United States had shaken the already fragile comfort of the European capitals by reminding them that a strong convergence of visions and strategic goals between the two shores of the Atlantic was not a given, neither in the long term nor in the very short one. Finally, the protracted “Brexit” negotiations between the European Union and the United Kingdom maintained vivid for nearly four years the looming prospect of a mutually destructive no-deal that would further weaken the long-term ability of Europeans to mutually support each other in protecting their security interests.

By throwing the continent and the world into an unprecedented economic crisis while security challenges abound, the pandemic has exposed Europe to a risk of “strategic downgrade”<sup>1</sup> – an irreversible loss of capacity for collective action and, therefore, of influence and control over its regional areas of interest. The current crisis could suppress Europe's burgeoning “geopolitical ambition” to gain the ability to make itself heard as its neighborhood is increasingly unstable and military competition intensifies. Such a scenario would thus see European governments focus their attention and efforts on their bruised societies and on their economies devastated from the repeated lockdowns, to the point of neglecting the increasingly worrying security trends at both the regional and global levels. This would mean not only the interruption but the reversal of the upward trend in national defense expenditure that began after the annexation of the Crimea.<sup>2</sup>

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1. *Strategic Update 2021*, Paris: Ministry of Armed Forces, January 2021, pp. 25-26.

2. See for instance, *Defense Expenditure of NATO Countries (2013-2020)*, Brussels: NATO, Press Release, October 21, 2020, p. 2.

To monitor these trends as closely as possible, the French Institute of International Relations (Ifri) initiated a project in the summer of 2020 to assess the effects of the pandemic on the defense priorities of ten European countries. The goal of the ten case studies conducted as part of this project was to assess the immediate impact of the pandemic on the defense posture of each country, by comparing, for example, the way in which the armed forces of each state were used in support of public authorities, but more importantly to map in which areas, if any, the pandemic already proved disruptive for European defense priorities. Our goal was thus not only to focus on the national and collective response to the pandemic but to look beyond this horizon by questioning its medium- and long-term effects, both direct (e.g., readiness, operations, spending, procurement, etc.) and indirect (e.g., through domestic political change).

The project followed a comparative case studies approach, in which authors were requested to structure their inquiry according to a common set of guiding questions looking at the short- and longer-term effects of the pandemic in four specific areas: the state of national priorities; the role and centrality of allies, partners and cooperation; the level of defense spending; and the outlook for domestic politics and their potential effects. This approach ensured that the case studies would be standardized, comparable, and allow for a comprehensive overview of diverse cases.

Almost one year after Europe started to transition into a series of lockdowns to protect its populations from the virus, the following case studies underline that, while many areas of concern have unsurprisingly emerged, on the whole the European countries monitored have so far shown resilience in their individual and collective responses to the crisis. The scenario of a radical shift toward inward-looking policies to the point of damaging alliance relations and defense cooperation does not appear in sight. The same holds true for defense spending plans, which have been until now only marginally affected by the crisis. In many respects, changes brought by the pandemic are less striking than the continuity observed in most cases when it comes to foreign and defense policies. It would be simplistic to interpret such continuity only as a reflection of political and bureaucratic inertia. The following case studies provide evidence that the pandemic has largely been considered as a catalyst of preexisting geostrategic trends by current European governments. On the one hand, for those countries that already felt exposed to external threats, it heralds an era in which power rivalries may manifest themselves even more directly than in the past. On the other hand, and unsurprisingly, it did not lead those countries that did not feel the urge to increase defense spending to reconsider their policies.

While the outlook appears partly reassuring, the ten case studies that follow should only be read as an interim assessment. Despite recent progress in vaccination campaigns, and at the risk of stating the obvious, the pandemic is far from over yet, and it is unclear at this point how sustainable the resilience shown until now can be in the longer-term in the face of disruptive developments such as the repeated appearance and spread of new variants of the virus, sweeping domestic political developments in Europe, radical changes in the United States commitment to European security, or an intensified strategic competition in Europe's neighborhood and beyond it. There is, therefore, no room for complacency: the COVID-19 pandemic will remain an enduring challenge that will threaten to undermine efforts to ensure that European interests will be protected in a sustainable and adequate manner, by learning again how to "speak the language of power, without losing sight of the grammar of cooperation".<sup>3</sup>

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3. C. Beaune, « Europe after COVID », Atlantic Council, September 14, 2020, available at: [www.atlanticcouncil.org](http://www.atlanticcouncil.org).



# Finland

**Charly Saloniuss-Pasternak**

The immediate decisions made by the Finnish government in its effort to address the COVID-19 pandemic were severe but generally seen as appropriate and successful, despite their economic impacts. Unlike during the first spring wave, neither the autumn second wave nor the emerging virus mutations have caused the government to activate the Emergency Powers Act. The pandemic has not changed Finland's strategic priorities, but the government has had to adjust expectations regarding economic growth and employment goals set out in the 2019 government program. A major global resurgence of COVID-19, followed by a second economic shock like the one seen in the spring of 2020, necessitating similar stimulus measures (new loans equaling approximately 40% of the annual state budget), would have more serious implications; the ongoing second wave does not amount to this. Yet, even such an event would be unlikely to have a major impact on Finland's preparations for defense, including strategic procurement projects.

## National post-COVID-19 priorities

The idea of a pandemic causing severe societal and economic strain has been a part of Finnish security planning and preparation for over a decade, and the government's initial response followed the existing plans.<sup>4</sup> Thus, the strategic/security community – including politicians, civil servants and researchers – was accustomed to the idea of diverse non-military security threats challenging Finland. Unless a considerably more virulent and deadly mutation of COVID-19 emerges, the pandemic is likely to confirm pre-existing assessments about the broader security environment. How Finland was able to address the pandemic at a national level is seen in initial assessments as a vindication of existing policies. This assessment is strengthened when comparisons are made with some other countries. Finnish officials and politicians generally recognize that some mistakes were initially made, but in retrospect they seem not to have had a material

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4. C. Saloniuss-Pasternak, "Finland's Response to the COVID-19 Epidemic: Long-Term Preparation and Specific Plans", *FIIA Comment*, Helsinki: Finnish Institute of International Affairs, March 2020.

impact on the course of the pandemic in Finland, and efforts to address their causes were started during the spring; for example, changes in legislation to give authorities greater powers, without the need to activate the Emergency Powers Act. Overall, polls, data and anecdotal evidence suggest that the government and country have dealt reasonably well with the pandemic, partially because of preparations and plans that are an outgrowth of a ‘comprehensive societal security’ approach.

One of the newer aspects of Finland’s approach to security has been a significant intensification of cooperation regarding not only broader security issues and international (peacekeeping) operations, as was the case in previous decades, but national defense. This cooperation has taken place bilaterally and multilaterally, as well as within both established and new cooperative frameworks. The need for this cooperation has not changed, in terms of Finnish security policy actors. Rather, the pandemic has further emphasized the need for deeper cooperation across a range of security issues, from strategic dialogue to practical logistical and procurement projects.

The historic “common debt” solution to financing the European Union’s COVID-19 recovery efforts was not popular in Finland, but a domestic strategic culture of seeking to ensure the vitality of the European Union (EU) – seen as an underwriter of Finnish economic and political sovereignty – made it important for Finland to accept a compromise. France’s increased interest in security and defense issues in the Baltic Sea region, and politico-strategic cooperation/dialogue with France on various initiatives are part of the calculus that makes the unity of the EU and continued cooperation in defense matters of central interest to Finland.

The process of conducting a national foreign and security policy review, as well as a separate defense policy review, was already begun before COVID-19. The new foreign and security policy review was published on October 29, has already been debated in parliament, and, while the pandemic is of course included in the paper, it did not overshadow the more expected content. Climate change, great-power competition, economic strength (at both national and EU levels), extremist activity, societal stability, Russia’s destabilizing behavior, an increasingly troublesome security environment and the need for continued international cooperation in the defense sphere are all covered in the report.<sup>5</sup> In the parliamentary debate, a clear general consensus could be

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5. Suomen valtioneuvosto, “Government Report on Finnish Foreign and Security Policy”, *Julkaisut.valtioneuvosto*, October 2020, available at: <https://julkaisut.valtioneuvosto.fi>.

seen, across the political spectrum, while each party emphasized parts seen as most relevant to their supporters.

The defense review will emphasize the need to continue the measures similar to those followed during the past five years, based on increasing international cooperation, improving rapid reaction/deployment of forces, and ensuring that new strategic capabilities are integrated into defense planning. Beyond that, it is likely to include an initial positive assessment of the wholly revamped approach to training conscripts. COVID-19 has not had any impact on levels of ambition or force planning/sizing, and is extremely unlikely to have any – independent of the future development of COVID-19 and potential future waves; the reason is simply that the only sizing construct (Russian military capabilities) has not changed.

## **Domestic politics outlook and potential effects on foreign and defense policies**

The COVID-19 crisis has not reshaped Finnish domestic politics in any significant way, other than requiring the government to increase spending and take out more loans. While ‘regular politics’ has re-entered public discourse, the handling of the crisis by the government is generally seen to have been successful, with the government as a whole being seen to have taken both historic and hard decisions – ‘bearing its responsibility’. Polls show support for individual government parties (there are five in all) changing, but within margins of error. The next scheduled parliamentary elections are not expected until spring 2023. Regional elections will be held in April 2021, and while COVID-19 will impact practical voting arrangements, its impact on the political debate and major themes is unclear.

Finnish security and particularly defense policy is driven by consensus; thus, any change in government coalitions will have a limited impact on it. External changes to the security environment have traditionally been the cause of policy changes. The pandemic has, however, not changed the underlying analysis and reasons for chosen policies. The defense budget for 2021 sees an increase of 54% to €4.87 billion, largely due to the strategic project to replace fighter jets (the Hx-project). The decision on which of five manufacturers to choose will be made by the end of 2021, despite the schedule having been extended by some months, due to pandemic-related difficulties in organizing needed visits to finalize bids, etc. The project's overall budget of €10 billion has not been impacted by the pandemic.

## Changes in the roles and centrality of allies and cooperation

A significant increase in defense cooperation, both in depth and breadth, has been the most notable change in Finnish security policy during the past decade. The COVID-19 crisis has reinforced the idea that multinational cooperation is needed, but at the same time clarified to decision-makers that the Finnish approach of ensuring a robust national capability while putting effort into cooperation is the correct one. Finland is likely to continue pushing for both EU-wide and regional security and defense cooperation. Supporting cooperation within Permanent Structured Cooperation (PESCO) and the European Defence Agency (EDA) continues to be seen as important in principle and is thus supported. Because they are not expected to deliver concrete near-term operational capability improvements, the pandemic has not materially affected Finland's position on them.

North Atlantic Treaty Organization (NATO) is primarily seen as a military-political alliance, and thus not particularly relevant to Finnish domestic pandemic-related discussions. While useful at the individual member level, NATO's efforts were not seen to be of such significance as to change Finnish perceptions of the utility of membership, especially in non-military crises such as the COVID-19 pandemic.

At the bilateral level, Finland's defense cooperation has intensified especially with Sweden and the United States (US). In the most recent defense white paper of 2017, they are mentioned as the two most important bilateral cooperation partners. President Trump's behavior in addressing the pandemic contributed to the view that, under his leadership, the United States was a less predictable partner in general, though bilateral defense cooperation continued as planned throughout his administration. The election of Joe Biden as next US president was welcomed due to his views on the importance of transatlantic relations, and there is no expectation that it will cause any changes to the bilateral relationship. In the case of Sweden, the nearly complete lack of societal preparation and single-minded pursuit of a distinctive strategy, supported by a government averse to showing (from a Finnish perspective) sufficient leadership, has strengthened the case for being careful regarding the gap between Swedish defense cooperation goals and development of capabilities. The announcement in October 2020 of a large increase in the Swedish defense budget, of some 40% to 2025, was welcomed. However, among some security and defense civil servants, it did not diminish concerns about the balance between stated objectives and funding of Swedish security. Despite

these concerns, during the parliamentary debate on the foreign and security paper, there was notable support for pursuing cooperation with Sweden in such a manner that a state-level mutual defense agreement could - from a Finnish perspective - be possible in the future.

## Defense spending

In December 2020 the Finnish Ministry of Finance published its economic outlook, predicting that the economy would contract by 3.3% in 2020, many percentage points less than predicted earlier in the year (4.5% in October 2020 and 6% in June 2020). Gross Domestic Product (GDP) growth is expected to be around 2.5% in 2021 and 2% in 2022, mirroring the forecasts of the Bank of Finland and other financial institutions. The debt-to-GDP ratio is expected to increase to 71% in 2021, from 59% in 2019.

The ongoing pandemic and its economic consequences have not had any effect on defense spending plans. While the government's COVID-19-related fiscal actions in 2020 have a total price tag of nearly €20 billion, the additions and reallocations within the defense budget total only €30 million, increasing the defense budget to €3.2 billion. The additions have been used to cover operational costs incurred when the Finnish Defense Forces assisted other Finnish authorities, as well as approximately €4 million used to acquire personal protective equipment (PPE) and a trial project supported by the military to enable single-use PPE to be reused after decontamination.

The government's 2021 budget sees a 54% increase in defence spending over the previous year, for a total of €4.87 billion, but that is because initial costs for the fighter replacement project are included. Without the fighter replacement project, the actual increase in the defense budget is 0.7% over the previous year. The shape of the first 'COVID-19 budget', therefore, does not have an effect on operations, procurement or readiness. Readiness remains similar to previous years; even with COVID-19 risk-mitigation processes, operations are ongoing, and procurement remains a large portion of the defense budget: *not including* the fighter replacement and new ship class funding, material readiness/procurement makes up 38% of the budget.

While the Finnish defense industry produces some globally leading products, the industry itself is not a significant player in terms of national economy or employment, and is thus not a significant player in terms of efforts to recover from the crisis. If other countries do not go through with or delay expected purchases, this would negatively affect individual Finnish defense-sector firms. Finnish defense procurement is expected to continue

as planned. In an effort to support the national economy, the Finnish Defense Forces brought forward some acquisitions (to 2020) that were part of existing plans. The largest such orders are for tactical radio/communications-related equipment (€10 million), gas sensors (€1 million) and ammunition (€1 million).

While there is much pandemic-related uncertainty in almost every other aspect, a robust Finnish defense capability is supported across the political spectrum, as well as by the population. Looking at the public's view on defence spending, there is almost no difference between the two most recent polls (December 2019 and October 2020). In the most recent opinion poll, 46% wanted to maintain the existing level of defense spending (also 46% in 2019), while 32% wanted to increase it (34% in 2019). The numbers are consistent with long-term trends reaching back to the mid-1960s. Politically, there is strong consensus that not only should the defense budget be maintained but that it was important to continue the strategic projects – new fighter jets and new class of navy ship – as planned. Together, the two projects are expected to cost nearly €12 billion. The former prime minister and current Minister of Finance Matti Vanhanen summarized the logic when he stated that the strategic threat analysis upon which the procurement plans are based had not changed due to the pandemic, and therefore neither could the procurement plans or schedules be changed. Variants of this view have been voiced by nearly all major politicians in government and opposition, and by the president of Finland.

The fundamental assumption in the analysis, especially regarding the Finnish defense budget, is the same as the Finnish government's: that a similar economic shutdown as was experienced in the spring of 2020 will be avoided. Yet, even then, because of historical reasons and a culture of consensus on defense matters, the overall defense budget and strategic procurements are unlikely to undergo any cuts – because there has been no change in the security/defense environment, and it is not expected to change in the near or mid-term. The only COVID-19-related concerns for Finland, relating to partners in defense, are a reduction in multinational exercises and how partners' defense budgets will be affected by corona-related challenges. Otherwise, it is broader issues – to do with European unity, transatlantic relations, Africa, great-power competition and climate change – that Finland assumes will remain of central medium- to long-term concern to its political allies (EU members) and military partners, such as France.

# France

**Alice Pannier**

The COVID-19 pandemic, while it was a surprise in itself, did not contradict the strategic assessment of the French government. Rather, it confirmed or accelerated the systemic trends identified in the most recent defense policy documents and speeches. More than anything, in the French perspective, the pandemic and its effects confirmed the need for European strategic autonomy and even broadened its scope to include non-traditional concerns. Indeed, it has accelerated the need to pursue technological sovereignty, in addition to a more militarily capable Union. This came along more traditional French foreign policy priorities and military deployments, which remained little affected by the pandemic. Completed in early February 2021 as the vaccination campaign accelerates across Europe, this short analysis assumes that the worst part of the COVID-19 pandemic is now behind us.

## Strategic priorities

At the time of writing, the 2017 *Defense and National Security Strategic Review* (hereafter referred to as the *Review*) remains the main policy document that spells out the French government's strategic assessment and priorities. It was complemented in February 2020 by President Macron's speech on nuclear deterrence and defense policy, and more importantly in January 2021 by a *Strategic Update*.

Interestingly, the 2017 Review evoked the risk of "rapid, large-scale propagation of viruses responsible for a variety of epidemics",<sup>6</sup> including SARS. It added that "the risk of the emergence of a new virus spreading from one species to another or escaping from a containment laboratory [was] real",<sup>7</sup> and that the Ebola epidemic had demonstrated that cross-border flows of people made the containment of major health crises very complicated. Still, the most direct threat against French territory and security identified in the *Review* was terrorism. Three years later, the

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6. *Defence and National Security Strategic Review*, Paris: Odile Jacob/La Documentation française, 2017, p. 30.

7. *Ibid.*

terrorist attacks perpetrated during the short period when the COVID-19-induced confinement was lifted indicated that the issue is unlikely to lose prominence in France's threat perception.

That being said, the threat of terrorism features much less prominently in the 2021 update, which focuses more clearly on strategic and military competition among states. In 2017, the resurgence of the risk of war to the East and North of Europe due to Russia's actions, as well as strategic dynamics in Asia, notably with China's military and technological build-up, were already a cause for concern. Since then, the lack of leadership and unilateralism from the United States during the Trump administration further aggravated the weakening of the multilateral institutional order and of arms control regimes. While the incoming Biden administration is seen as a hopeful sign for transatlantic cooperation, the strategic environment has continued to degrade over the past three or four years, so that the challenges to be faced are to some extent greater. For instance, the French government now warns that, as the US disengages from unstable regions, other regional or global powers could try and seize the strategic opportunities this creates.

The 2017 *Review* highlighted the growing centrality of cyberspace and space in shaping the security environment and the dissemination of military or dual-use technologies as a strategic challenge. In his speech on defense policy and nuclear deterrence, Emmanuel Macron expressed growing concerns about the risks posed by globalization and international flows. He identified the digital space, global commons, and outer space as increasingly conflict-prone areas, and warned of the blurred border between inter-state competition and influence or nuisance activities. By 2021, that dimension had become even more prominent with the acceleration of the digitalization of a wide array of human activities due to the pandemic. Consequently, the 2021 *Strategic Update* points to the strategic importance of relying on trustworthy telecom infrastructure, data management technologies and software.

The pandemic also brought to the fore the risks associated with internationalized value chains in the defense sector, but also foreign dependencies more generally. The risks concerned in particular, dependency on single suppliers, particularly in China, for day-to-day products, such as IT equipment or medicine, but also dependencies for energy and raw materials. Thus, the pandemic highlighted the importance of having EU-based manufacturing capacity in a wider array of strategic sectors, as the digital domain, data, health, and critical infrastructure made their way into yet a broader understanding of security.

In sum, the pandemic confirmed in many ways Macron's view according to which economic, security and normative challenges are increasingly interrelated and should be addressed by a renewed investment in Europe's strategic autonomy: "To build the Europe of tomorrow, our norms cannot be controlled by the United States, our infrastructure, our ports and airports owned by Chinese capital, and our computer networks under Russian pressure".<sup>8</sup>

## Managing the pandemic: military and political aspects

The initial response to the COVID crisis saw President Macron repeatedly use a "war" rhetoric ("we are at war") to emphasize the need for the nation to come together when confronted to a unique challenge. While the rhetoric rapidly disappeared, some lasting institutional arrangements were introduced to manage the crisis. In particular, the president made a novel use of the *Conseil de défense et de sécurité nationale* (national defense and security council), a weekly meeting, chaired by the president, that normally gathers, among others, the Prime Minister, the defense minister and the minister for the interior, to discuss defense and security matters. In 2020, this council became the main decision-making body for managing the pandemic. It included the health minister, but also the chief of the defense staff. The political opposition parties condemned this practice, as it is a more restricted format for decision-making than the council of ministers – let alone the parliament.

When it comes to managing the pandemic, France, like many other countries, initially turned to its armed forces for support. French troops were deployed in response to the COVID-19 pandemic as part of Operation *Resilience*: among other initiatives, they helped transport and distribute medical equipment and patients; a field hospital was deployed in the heavily infected area around Mulhouse to ease the burden on the local public health system; and the air force sent aircraft to repatriate French nationals from Wuhan, China. In late May, when the peak of the crisis passed, the Mulhouse military medical unit was dismantled, and back-ups were sent to the French overseas territories of Mayotte and Guyana. The Ministry for the Armed Forces also helped in the fight against the pandemic via R&D efforts and, in March 2020, launched an urgent call for innovative projects to help in the fight against coronavirus. Priority areas

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8. Élysée, "Discours du Président Emmanuel Macron sur la stratégie de défense et de dissuasion devant les stagiaires de la 27<sup>e</sup> promotion de l'École de guerre", February 7, 2020, available at: [www.elysee.fr](http://www.elysee.fr).

included individual and collective protection, mass testing, and decontamination, diagnosis, digital continuity, or the management of the psychological impact of the pandemic.<sup>9</sup> The ministry, via its Defense Innovation Agency, ended up investing €10 million in 37 innovative projects.

The French government also took a number of measures to support the economy more generally and re-invest via a stimulus package or “Plan de Relance”. In the midst of the pandemic, it announced the creation of the Haut Commissariat au Plan (high commission for planning), echoing the commission which existed from 1946 to 2006. In a document published in December 2020,<sup>10</sup> the commission identified “vital” functions for the country: the provision of health, food, water, energy and telecommunications. It added to that “strategic” domains that fulfill the countries’ priorities, including technologies that contribute to the green transition and to digital sovereignty. The stimulus package itself did not include the defense industry, as public spending in that sector was covered in the seven-year military spending law (2019-2025), which remained unchanged (see below).

The pandemic affected the popularity of the French president with ups and downs. He gathered between 32% and 38% of positive opinions over the year 2020, while the Prime Minister Jean Castex (whom Macron nominated in the Summer 2020) – a position which can be used as a fuse by French presidents – quickly became very unpopular for his management of the pandemic<sup>11</sup>. Overall, support for Macron during the pandemic remained significantly higher than during the Gilets Jaunes crisis (November 2018-Spring 2019), at which point positive opinions of the president went down to 22%. Besides, political figures of the opposition, whether to the left (such as Mélenchon) or to the right of Macron (the *Républicains* or Marine Le Pen), did not benefit from the mood swings about the government’s management of the crisis.

When it comes to international politics, public perception of the EU improved significantly in France over the year 2020. Approval of the EU grew by 10 point, to 61%, which is a more significant increase than in any

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9. Ministère des armées, “Appel à projets de solutions innovantes pour lutter contre le COVID-19”, April 17, 2020, available at: [www.defense.gouv.fr](http://www.defense.gouv.fr).

10. Commissariat au Plan, “Produits vitaux et secteurs stratégiques : comment garantir notre indépendance ?”, December 21, 2020, available at: [www.gouvernement.fr](http://www.gouvernement.fr).

11. I. Ficek, “La cote de confiance d’Emmanuel Macron en baisse malgré le déconfinement”, *Les Échos*, December 3, 2020, available at: [www.lesechos.fr](http://www.lesechos.fr); A. Lemarié, “COVID-19 : malgré la crise, Emmanuel Macron enregistre un regain de popularité”, *Le Monde*, November 19, 2020, available at: [www.lemonde.fr](http://www.lemonde.fr).

of the other major economies of the EU.<sup>12</sup> At the same time, positive opinions of the US reached a record low, with 31% of favorable views in 2020, which is slightly less than during the 2003 diplomatic crisis over Iraq.<sup>13</sup> Favorable views of China were not far below, with 26% of positive views (the highest score in Europe, behind Italy and Spain).<sup>14</sup>

## Trends in defense spending and procurement

At the time of writing, public spending in defense was not affected by the pandemic. Budgetary efforts in favor of defense have indeed been sustained since 2014, and spending has been increasing since then. The 2014-2019 military spending law was effectively implemented as planned – a first since 1994 – but only in 2017 did French defense spending reach levels (in constant 2010 US\$) similar to those before the 2008 financial crisis. During the Macron presidency, the perception of an increasingly dangerous international environment triggered a renewed effort toward the modernization of the armed forces, including via a gradual but substantial increase of the defense budget. The current military spending law, adopted for the 2019-2025 period, aimed to reach a 2% share of GDP spent on defense by 2025, amounting to €295 billion in total.

As of mid-December 2020, the French GDP was expected to have declined by 9.5% in 2020.<sup>15</sup> Over the course of the year, a debate logically emerged as to whether defense spending targets should and could be maintained as planned, and, if so, not only in relative terms (2% of GDP in a context of economic contraction would imply less funding for the armed forces) but also in absolute numbers. Eventually, in September 2020, the government announced that in 2021, the spending pledged before the crisis would be fulfilled. The 2021 budget for the ministry of Armed Forces will be €39.2 billion, that is to say €1.7 billion more than in 2020. This represents a 4.5% increase, in accordance with the spending law. As a consequence of the decision to maintain defense spending as planned in absolute terms despite COVID-19, the GDP share of defense spending grew

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12. “Approval of the EU Has Fluctuated Over Time but Rose in Some European Countries Over the Last Year”, Washington, DC: Pew Research Center, November 16, 2020, available at: [www.pewresearch.org](http://www.pewresearch.org).

13. “In Some Countries, Ratings for U.S. Reached a Record Low in 2020”, Washington, DC: Pew Research Center, November 18, 2020, available at: [www.pewresearch.org](http://www.pewresearch.org).

14. “Negative Views of Both U.S. and China Abound Across Advanced Economies Amid COVID-19”, Washington, DC: Pew Research Center, October 6, 2020, available at: [www.pewresearch.org](http://www.pewresearch.org).

15. M. Dauvin *et al.*, “Évaluation au 11 décembre 2020 de l’impact économique de la pandémie de COVID-19 en France et perspectives pour 2021”, *Policy Brief*, No. 81, Paris: Observatoire français des conjonctures économiques, December 11, 2020.

dramatically in 2020. NATO figures show a 15% boost in French defense spending as part of GDP, from 1.83% in 2019 to 2.11% of GDP in 2020.<sup>16</sup> Minister Florence Parly acknowledged that this figure is “purely an arithmetic consequence of the crisis” and does not mean that the effort to modernize and better equip French forces is over.<sup>17</sup>

Reflecting the willingness to stick to the ambitious plans laid out in the 2019-2025 spending law, the government announced in December 2020 its decision to replace the *Charles de Gaulle* nuclear-powered aircraft carrier with a new, larger one by 2038. Aside from this announcement, the government launched in 2020 its €200 million defense innovation fund, as planned.<sup>18</sup> These important decisions were in line with pre-pandemic plans, themselves part of the greatest defense effort since the end of the Cold War. Overall, even though the defense sector can be considered neither as a loser nor as a beneficiary of the recovery package itself, the decision to keep increasing the defense budget despite the economic crisis speaks of the strong commitment of the current government to rebuild and modernize the French military.

## Military operations

Despite most multinational military exercises being suspended, the COVID-19 crisis generally had a limited impact on French military operations. Early on in the pandemic, a small controversy happened when it was found that more than two thirds of the crew of the *Charles de Gaulle* aircraft carrier (around 1,000 sailors), were infected with COVID-19, forcing the ship to return to its harbor in Toulon. Beyond the headlines, however, the pandemic brought no substantial change in terms of operational activity or priorities.

In late March 2020 France repatriated from Iraq “until further notice” 200 soldiers deployed in the context of Operation *Chammal*, due to Iraqi troops being under lockdown.<sup>19</sup> French soldiers were until then participating in training missions for the Iraqi forces or working within the coalition headquarters in Bagdad. France’s decision to withdraw troops from Iraq must also be examined in light of the regional security context. In January 2020, the coalition training mission had been suspended after

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16. *Les dépenses de défense des pays de l’OTAN (2013-2020)*, North Atlantic Treaty Organization, October 2020, available at: [www.nato.int](http://www.nato.int).

17. “Présentation de Mme Florence Parly, Ministre des Armées”, *Compte rendu intégral des débats*, Paris: Assemblée Nationale, December 3, 2020.

18. Ministère des Armées, “Le ministère des Armées lance le Fonds innovation défense”, December 21, 2020, available at: [www.defense.gouv.fr](http://www.defense.gouv.fr).

19. “Coronavirus : la France retire ses troupes d’Irak sur fond de crise sanitaire”, *Le Monde*, March 25, 2020, available at: [www.lemonde.fr](http://www.lemonde.fr).

an increase in rocket attacks and the American strikes that killed Iranian general Qassem Soleimani and Iraq's top paramilitary leader Abu Mahdi al-Muhandis in Baghdad. In August 2020, President Trump reaffirmed that he planned to pull all American troops out of Iraq as soon as possible. Nonetheless, France continued to be engaged in the coalition's headquarters in Kuwait and Qatar, and in air support missions via its bases in Jordan and Qatar, and as of January 2021, 600 troops were still deployed as part of operation *Chammal*.

Besides, the year brought about new developments in the eastern Mediterranean. Relations between France and Turkey, already tense over Syria, soured after Turkey signed of a maritime agreement with the GNA that infringes Greece and Cyprus' sovereignty in late November 2019 and started exploring gas in Cyprus' waters. Over the summer 2020, France joined Italy, Greece and Cyprus to conduct naval exercises.

Finally, operations also continued in the Sahel, where 5,100 were deployed on a permanent basis in 2020. Although a partial withdrawal unrelated to the pandemic was rumored in late 2020 and early 2021, President Macron announced on February 16, 2021 that the troop level would stay the same until further notice. The deployment of the French-led, European special forces mission *Takuba* continued despite the pandemic, even though its full capacity was postponed to 2021.



# Germany

**Claudia Major and Christian Mölling**

## Analyzing a moving target

Any analysis of COVID-19 effects on German defense can only be a snapshot of an evolving situation. When this analysis was written, the pandemic was still ongoing and new restrictions had been imposed. Its duration, its economic, social and political consequences, but also the way national governments, the EU and international actors react will define its long-term impact.

As it stands now, while COVID-19 dominates political decision-making in Germany, it has not changed the strategic direction of German defense policy. Thus, while the government is taking decisions with high frequency to cope with COVID-19, it has not yet fundamentally changed policies, and seems to be planning to return to pre-corona policies in many areas, including defense. How profoundly the pandemic has influenced defense policy can hence only be answered in a long-term perspective. The next generation of strategic documents will show whether COVID-19 altered the threat assessment. Likewise, the public budgets in the coming years will reveal the extent of financial cuts in the defense domain, with repercussions on various areas, such as procurement.

In general, the German defense policy agenda is driven by three main topics: the dysfunctional procurement system; potential adaptation of the capability profile (the document that translates the political guidelines of the 2016 White Paper on Security and Defense into capabilities), and the financial impact of the pandemic.

## National priorities

### *Little change*

Germany's security policy values, interests and strategic priorities are identified in the 2016 *Federal Government's White Paper on Security Policy and the Future of the Bundeswehr*. This is the framework for the

missions and tasks of the German armed forces, the Bundeswehr.<sup>20</sup> The overarching objective for the armed forces is to establish operational and alliance-capable armed forces. Multi-nationality and integration remain the defining factors. Since the Russian annexation of Crimea in 2014 and the subsequent NATO decisions, the primary focus of the Bundeswehr is on collective defense. Further tasks include international crisis management, homeland security, and subsidiary support services in Germany. The tasks of the Bundeswehr have grown in quality and quantity but are not yet entirely reflected in capability development.

Despite overall continuity, three pandemic-induced developments need to be mentioned. First, the Bundeswehr is playing an unprecedented role in supporting public entities during the pandemic, such as by helping with contact tracing and public logistics.<sup>21</sup> The demand is growing and, since late 2020, the Bundeswehr has also been supporting the vaccination campaign with both medical personnel and logistical support.<sup>22</sup> This visible and substantial role, including setting up a dedicated structure and personnel for COVID-19 relief services, revealed several structural problems in the military (such as an ill-adapted command structure and lack of stockpiling). Pressure to address those problems might arise. Yet, this concerns the inner functioning of the Bundeswehr, not its role in internal security. Given that the use of armed forces in internal security contingencies is a highly contentious issue, both politically and legally, especially in German society, it is unlikely that the tasks and priorities of the Bundeswehr will change.

Second, debates have started in government and among the public as to what extent the pandemic required an adaptation of German planning documents. This concerns mainly the implementation of objectives, and not so much the above-mentioned long-term strategic goals. For example, as in many other countries, pandemics and so called “Heimatschutz” (best translated as homeland protection) featured in the 2016 White Book, but were not, or only marginally, translated into capabilities, plans or training. The same applies to resilience.

Third, debates about the necessity to develop a stronger focus on homeland protection, resilience, preparedness and prevention are growing. Like many European countries, Germany realized how dependent it was for

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20. *Weißbuch 2016 zur Sicherheitspolitik und zur Zukunft der Bundeswehr*, Berlin: Die Bundesregierung, June 2016.

21. C. Major, R. Schulz and D. Vogel, “Die neuartige Rolle der Bundeswehr im Corona-Krisenmanagement”, *SWP-Aktuell*, Vol. 2020, No. 51, Berlin: Stiftung Wissenschaft und Politik, June 2020.

22. T. Wiegold, “Coronavirus-Pandemie & Bundeswehr: Überblick zum Jahresende”, *Augengeradeaus!*, December 30, 2020, available at: <https://augengeradeaus.net>.

critical goods, such as personal protection equipment (PPE), on certain non-European countries, mainly China. Yet, many of the tasks required for prevention or resilience policies are not within the remit of the armed forces.

These debates might continue in 2021, but they are unlikely to generate structural change.

### ***A rather reactive German security policy to continue***

Germany's security policy is thus likely to show a high degree of continuity, despite the pandemic. While a contingency similar to the current crisis – a pandemic involving a SARS-type virus – was on the radar of the civil crisis-response community, it did not make it into the wider circles of policy-making or contingency planning, either in the Bundeswehr or elsewhere. Interestingly, there is no debate so far about reshuffling the general security approach. This might be due to two reasons:

- Ongoing crisis management still dominates current decision-making. One of the biggest immediate risks of the unfolding pandemic is the economic consequences; from a policy perspective, the defense realm seems less at issue. COVID-19 is perceived as a unique event, not a structural change. Economic recovery during and post-pandemic is likely to become *the* political priority. This focus risks lowering national attention on international violent conflicts, but also the willingness and capacity of national governments to act.<sup>23</sup> It might pave the way for a more inward-looking German security policy.
- The institutional responsibilities in the government and the federal state are unlikely to change – but this would be a pre-condition for altering the response to a pandemic and enable effective prevention. Given that the use of armed forces for internal security contingencies is highly contentious, the tasks and priorities of the Bundeswehr are unlikely to change.

Instead of a massive restructuring of the agenda, it is more realistic to expect the security policy to remain passive or reactive. This inclination for little engagement might, however, be increasingly driven by material constraints (such as lack of funding) rather than by a conscious retrenchment policy. The effect on the 2021 budget is limited (see section 6), but the subsequent years are expected to see bigger change.

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23. C. Major, "Catalyst or Crisis? COVID-19 and European Security", *Policy Brief*, Vol. 2020, No. 17, Rome: NATO Defense College, October 22, 2020.

Strategic priorities and threat perceptions are thus unlikely to change as a consequence of the pandemic. Once COVID-19 issues decrease in urgency and importance, there will be more space on the political agenda for “classic” security topics. Moreover, the new US administration is expected to put the German government under pressure to position itself on transatlantic security and defense, and its contributions.

A drastic change of the current German direction, for example towards greater international commitment, is unlikely given the current government constellation and the approaching election campaign. More likely is a renewed rhetorical commitment to greater military responsibility, which Germany is unlikely to live up to practically in terms of operations or external commitments. The real game-changer with regard to foreign commitment would be a government change resulting from the September 2021 elections.

In a longer-term perspective, financial constraints and the ongoing problems in the national procurement process might lead Germany to lower its level of ambition. The COVID-19 economic consequences are likely to drive a reconsideration of military strategy. Yet, a formal process is only likely to take place under a new government, from September 2021 onwards.

## **Changes in the roles and centrality of allies and cooperation**

### ***Little change in the role and value of European defense cooperation***

Germany’s view on defense cooperation is ambivalent: it can be both a means and an objective. For decades, after World War II (WWII), integration was the key goal of German foreign policy. It was the way out of its role as the pariah country that launched WWII, and an entry ticket into the family of Western countries. When Germany achieved full sovereignty in 1990, foreign policy remained on autopilot based on that understanding.

Cooperation today is something between an objective in itself and a means to achieve other goals. Some actors, especially in the German EU community, see it as an instrument to deepen European integration. Yet, the question of military efficiency (as distinct from integration) is rarely taken into account, and not always understood. Politically, Germany has emphasized its EU commitment, particularly since it was holding the EU presidency in the second semester of 2020. Those cooperation projects that are delivering take place on a mini-lateral level, such as between Germany

and the Netherlands in relation to land forces, or Germany and Norway in relation to submarines. Other projects, such as the Franco-German Future Combat Air System (FCAS), are still in early phases and their potential remains to be seen.

So far, the crisis has hardly affected defense cooperation. It has, however, triggered partly contradictory actions: a rhetorical demand for more Europe/EU in managing the pandemic, while the initial phase of the pandemic was characterized by primarily national and inward-looking reactions.

This debate about intensifying defense cooperation may only start once the financial and political pressure grows. So far, no preventive approach is being openly discussed. There is a concern that, if not Germany, allies at least may be severely hit by the economic repercussions of the pandemic, and closer cooperation might be a way to cope with cuts in defense budgets.

### ***NATO remains the central defense framework***

The pandemic has not changed the German government's conviction that NATO is the most important structure for organizing and guaranteeing Euro-Atlantic defense, and a crucial pillar of the transatlantic order linking the United States and Canada with Europe.<sup>24</sup> According to the 2016 White Paper on Germany's security policy and the future of the Bundeswehr, Germany's security is best served by "a strong NATO and a Europe capable of action" (p. 8). Therefore, "alliance solidarity [...] is part of the German reason of state".<sup>25</sup> There is no reason why the pandemic would affect this central conviction, particularly after the US election and the hope for a transatlantic reset under President Joe Biden. In addition, after initial difficulties, the Alliance improved its role in supporting allies in fighting the pandemic, further demonstrating its utility.

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24. C. Major, "Die Rolle der NATO für Europas Verteidigung", *SWP-Studie*, Vol. 2019, No. 25, Berlin: Stiftung Wissenschaft und Politik, November 2019.

25. *Weißbuch 2016 zur Sicherheitspolitik und zur Zukunft der Bundeswehr*, *op. cit.*, p. 49.

## Defense spending<sup>26</sup>

### ***Sharp economic downturn in 2020, but timid positive outlooks for 2021***

Macroeconomic plans point towards a new “black zero” in public spending in coming years. While the government is willing – under the current exceptional circumstances of COVID-19 – to increase public debt, it aims to keep this as an exception and discontinue it in the future. The debt ratio should even be lowered further.

As a result of the partial closure of economic and social life to fight the pandemic, the German economy suffered a sharp downturn in the first half of 2020. In its interim projection of September 2020, the German government expected GDP to fall by 5.8% (adjusted for prices) in the current year. The growth forecasts of national and international institutions for 2020 are currently (up to September 15, 2020) in a range of -7.8% to -4.7% in real terms.<sup>27</sup>

The outlook for 2021, based on data available in late 2020, is timidly positive. Despite the less dynamic catching-up process, economic output is likely to increase strongly again on average over the coming year. In its interim projection, the German government expects price-adjusted GDP to grow by 4.4% in 2021. However, the pre-crisis level is not expected to be reached until the first half of 2022. For 2021, the growth forecasts of national and international institutions (September 15, 2020) range from 3.2% to 6.4% in real terms.<sup>28</sup>

### ***Defense spending plans for 2020 and beyond***

In 2020, defense spending was only indirectly affected by the pandemic, due to a stimulus package and the plan of the Ministry of Defense (MoD) to keep key suppliers alive by spending money flexibly as soon as possible. Given the current outlook for the defense budget, the government is anticipating a downturn in the budget in the coming years, which also means a lack of sustainability of procurement projects in the future.

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26. The following assessment is based on information and assumptions made before the last wave of corona-induced restrictions entered into force in Germany in middle of December 2020.

27. Deutscher Bundestag, “Unterrichtung durch die Bundesregierung – Finanzplan des Bundes 2020 bis 2024”, Drucksache 19/22601, October 9, 2020, p. 5.

28. *Ibid.*

In the federal budget for 2021, as adopted on December 11, 2020,<sup>29</sup> the MoD's detailed plan estimates expenditure of over €46.93 billion, which means that the expenditure planned for 2021 is around €1.3 billion higher than the current financial plan.<sup>30</sup> In the financial plan up to 2024, this spending level will be maintained. However, the figures decrease slightly for planned spending in 2023 and 2024 (see both Table 1 and Figure 1).

In addition, the economic stimulus package will provide some €3.73 billion in additional funds up to 2024 (including some €1.2 billion in 2021), which will be used to invest in military procurement and digitalization and in a center for research into digitalization and technology.

This bonus, however, cannot compensate for the structural challenge that the government already anticipates. With the final stage of the budgetary process, it becomes clearer that more and more key procurement projects are at financial risk. The final choice is likely to involve criteria such as the maturity of the project, industrial policy and military needs. What is changing is that Germany intends to go back to normal in 2021 with regard to fiscal politics. Primarily, this means the return of the *Schuldenbremse* – the debt break that entered the constitution in 2009, whereby the government must maintain a balance between income and expenditure, without opting for new loans and, thus, increasing public debt.<sup>31</sup>

A payback of the debts incurred during the crisis is envisaged to start in 2021 – the election year. Hence, the governmental budget anticipates this and lowers spending in several areas.

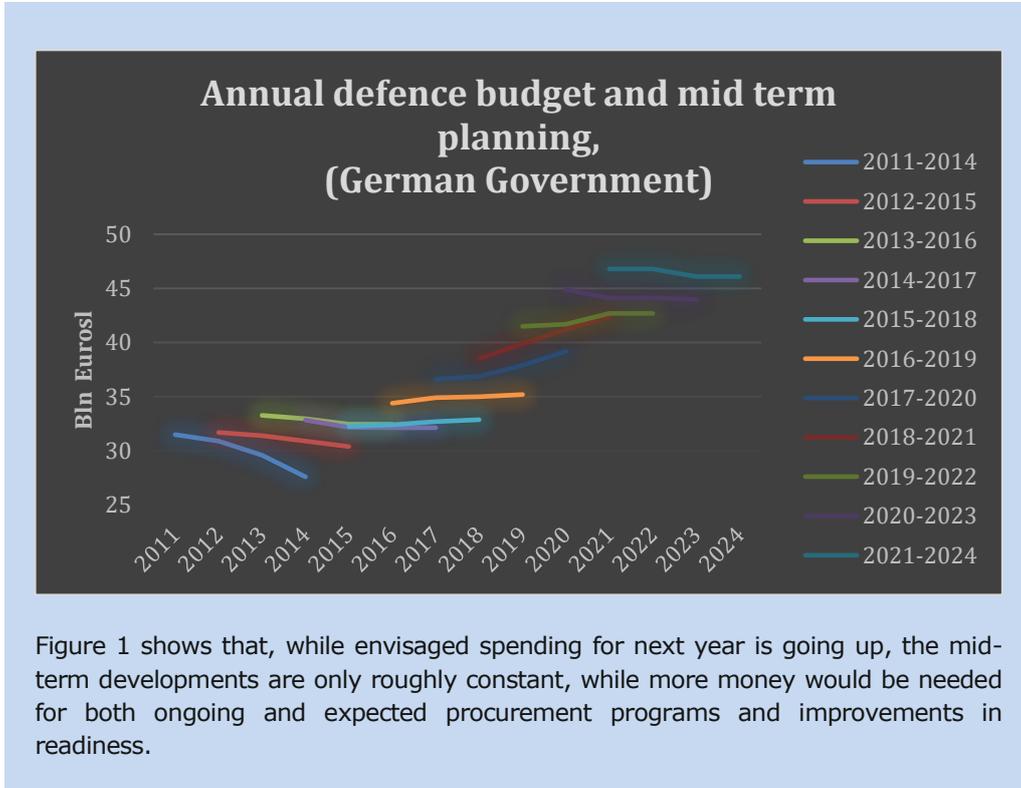
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29. Deutscher Bundestag, "Haushalt 2021 mit Ausgaben von 498,62 Milliarden Euro verabschiedet", *Deutscher Bundestag Dokumente*, December 11, 2020, available at: <https://www.bundestag.de>.

30. A. Schröder, "Bundeswehr erhält mehr Geld aus dem Bundeshaushalt", Bundesministerium der Verteidigung, November 27, 2020, available at: <https://www.bmvg.de>.

31. "Die Schuldenbremse fällt", *Frankfurter Allgemeine Zeitung*, March 20, 2020, available at: [www.faz.net](http://www.faz.net).

**Figure 1: German annual defense budget and mid-term planning**



This becomes even more visible in the mid-term planning for defense investments, in both relative and absolute terms: the ratio between overall budget and procurement (that is, all the investments that would generate new equipment) is expected to shrink – and so is the overall amount of investments (see Table 1 below).

**Table 1: Mid-term planning for defense investments: the ratio between overall budget and procurement<sup>32</sup>**

Year	2021	2022	2023	2024
Defense budget (billions of Euros)	46.8	46.8	46.1	46.1
Military procurement (billions of Euros)	17.6	16.7	16	15
Ratio: Procurement/overall budget (%)	37.6	35.7	34.7	32.5

32. This category of military procurement is not the same as in NATO statistics about defense investment. The figures here are higher.

The absolute decline in investment spending has implications for financial planning at the MoD: it is not allowed to take new projects/growing procurements into consideration if, foreseeably, no budget is available. This also means that, although defense spending *de facto* has increased every year since 2016 (see Figure 1), it does not allow the ministry to enter long-term planning and sustainable capability generation. In general, many projects are under-resourced; i.e. the budget planned for them is too low to pay all bills if 100% of the foreseen work in the fiscal year is to be completed. For 2021, key procurement projects are said to be at risk, having already been postponed or cancelled – e.g. the Tactical Air Defense System (TLVS) and the Heavy Lift Helicopter.<sup>33</sup>

Defense procurement is not considered to be a substantial part of the spending efforts to recover from the crisis. This would be the case if the defense economy were a major pillar of German GDP – which is not the case. German defense industries contribute less than 1% to GDP, where other real economy sectors such as car manufacturing still contribute about 6%.<sup>34</sup> As it stands, there are not enough significant empirical examples to show that defense spending contributes to the overall technological and industrial base in Germany.

Germany has shown a strange ambivalence since 2016. There is no public or official consensus on the level of defense spending. Although various polls in recent years have shown that around 50% of interviewees were in favor of spending more on defense, this support has not translated into the political mainstream. At the same time, Germany has experienced a significant increase in actual spending from year to year since 2016. As a result, it currently has one of the highest defense budgets in Europe, together with France and the United Kingdom (UK).

## **Relatively stable domestic politics, including in defense – Depending on further pandemic development**

Despite the massive impact of COVID-19, we did not enter a single-issue world. It is indeed difficult to isolate the COVID-19 factor: what is uniquely pandemic-driven, and what is the result of other influences, such as the changing US leadership, is not easy to determine. Looking into the future,

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33. D. Riedel, “Die Bundesregierung verspricht der Bundeswehr neue Waffen – doch es fehlt das Geld”, *Handelsblatt*, November 9, 2020, available at: [www.handelsblatt.com](http://www.handelsblatt.com).

33. Statistisches Bundesamt, “Bruttoinlandsprodukt Für Deutschland 2019 – Begleitmaterial zur Pressekonferenz am 15. Januar 2020 in Berlin”, January 15, 2020, available at: [www.destatis.de](http://www.destatis.de).

34. *Ibid.*

the consequences of the election of Joe Biden and those of the German elections scheduled for 2021 will be crucial intervening variables.

Whether the COVID crisis reshapes domestic politics and affects the elections in 2021 will, to a large extent, depend upon the crisis management still to come. As it stands now, structural change is unlikely.

As is often the case, crises are times of executive politics: parliament, especially the opposition, has difficulty in gaining visibility. Hence, there may be a growing appetite for parliament to challenge the government's agenda, and particularly for the opposition to play up controversial issues, such as defense spending or procurement decisions in Germany. The autumn 2021 elections will hence be a key determinant for current German politics. However, many decisions are likely to be taken from a tactical point of view: How can potential candidates position themselves for these elections or party nomination, with the latter still upcoming in the Conservative and Green parties?

# Greece

**Yvonne Efstathiou<sup>35</sup>**

The global pandemic and its economic repercussions may lead EU member states to reassess their priorities and thus reallocate their government budget. Resources are limited. Any decision to increase spending in one area would have an impact on another. Some high-level EU representatives have expressed worries that national defense budgets could be a victim of the economic crisis at a time when the security environment is expected to deteriorate.<sup>36</sup>

Potentially unlike other EU member states, Greece would not be part of the “defense spending cuts” group. In fact, it may be an outlier. During the peak of the pandemic on the European continent, Athens was called upon to face more direct threats to its national frontiers and security. In late March, the Hellenic security apparatus was mobilized to the country’s north-eastern land border with Turkey, where thousands of migrants had gathered there, aiming to enter Europe.<sup>37</sup> Following the Evros incident, challenges continued at sea. In August, and for an extended period of time, the Hellenic navy deployed its naval assets to deter Turkish exploration vessel *Oruc Reis* from drilling within Greece’s Exclusive Economic Zone (EEZ) and defend Greek maritime borders.<sup>38</sup>

While this context exacerbated the need to spend on the national armed forces, it was by no means a recent realization or a departure from original national priorities. Following a decade-long financial crisis and reduced defense spending,<sup>39</sup> in recent years Greek governments have aimed at boosting their armed forces’ inventories through acquisition and the modernization of platforms.

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35. The views and opinions expressed in this paper are those of the author and do not represent the position of her employer.

36. “EU’s Top Diplomat Warns Against Defense Cuts”, *Defense News*, May 12, 2020, available at: [www.defensenews.com](http://www.defensenews.com).

37. S. Amaro, “You Will Be Turned Back’: Greece Warns New Influx of Migrants Leaving Turkey”, *CNBC*, March 3, 2020, available at: [www.cnbc.com](http://www.cnbc.com).

38. “Oruc Reis within Greek continental shelf”, *Kathimerini Newspaper*, August 10, 2020, available at: [www.ekathimerini.com](http://www.ekathimerini.com).

39. *Defense Expenditure of NATO Countries (2013-2019)*, North Atlantic Treaty Organization, November 2019, available at: [www.nato.int](http://www.nato.int).

Based on the government's public discourse and cabinet reshuffle, the ruling party, New Democracy, does not appear to see a trade-off between prioritizing the state's economic recovery and strengthening national security and defense. Indeed, the August 2020 reshuffle underscores Prime Minister Mitsotakis' efforts to identify the most efficient way of spending the €32 billion euros secured from the EU's Recovery Fund.<sup>40</sup> At the same time, the acknowledgement that the "Armed Forces' combat readiness should be kept high, yet they should also be financed"<sup>41</sup> was an early indication of the government's intention to increase military spending. Indeed, on September 12, the prime minister announced an ambitious procurement plan,<sup>42</sup> setting the trend for the coming years. Fortunately, the rhetoric was matched by deeds, when in December 2020 the parliament voted a defense budget whose equipment spending levels saw a 300% increase compared to the previous year.<sup>43</sup>

Given the deteriorating security environment Greece is facing, apart from the increased funds directed towards its national defense, the country aims to shield its frontiers by strengthening its defense cooperation with EU, NATO and regional allies, as well as by concluding EEZ agreements with its neighbors. Athens will continue taking part in missions in its near abroad, such as *Operation IRINI* and *Operation Sea Guardian*, and deepening its defense relations with France, Egypt, Israel and the United Arab Emirates (UAE).

The illegal MoU between Turkey and Libya has accelerated Greek diplomatic momentum in reaching agreements on its maritime borders, as they are considered of paramount significance in securing the state's sovereignty and rebutting Ankara's claims in the Aegean and Eastern Mediterranean Sea. Since June 2020, Greece has been settling long-standing issues regarding the delimitation of its Exclusive Economic Zone (EEZ) with Albania, Italy and Egypt.<sup>44</sup> Unsurprisingly, the delimitation of its EEZ with Cyprus, Egypt,<sup>45</sup> Libya and Turkey will continue to feature high on the national priorities list.

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40. S. Papantoniou, "Mini-reshuffle Underscores PM's Priorities", *Kathimerini Newspaper*, August 5, 2020, available at: [www.ekathimerini.com](http://www.ekathimerini.com).

41. K. Mitsotakis, "Κ.Μητσοτάκης (Πρωθυπουργός) (Νομοσχέδιο Οικονομικών)", *Hellenic Parliament TV*, July 29, 2020, available at: [www.youtube.com](http://www.youtube.com).

42. "Κυρ. Μητσοτάκης: Νέα μαχητικά, φρεγάτες και προσλήψεις στις Ε.Δ.", *Kathimerini Newspaper*, September 19, 2020, available at: [www.kathimerini.gr](http://www.kathimerini.gr).

43. *National Defence Budget*, Ministry of Defence, 2021, available at: [www.minfin.gr](http://www.minfin.gr).

44. In June the Greek parliament voted in favor of delimiting the EEZ between Greece and Italy as well as between Greece and Egypt.

45. Only part of the Greek-Egyptian EEZ in the eastern Mediterranean was delimited.

## Towards increased defense spending

As a proportion of GDP, Greece has traditionally been one of the few countries meeting the NATO benchmark for defense spending. In 2019, Greece spent €4.2 billion (2015 constant prices) on its defense, constituting 2.28% of its GDP, an effort only surpassed by the US and Bulgaria.<sup>46</sup> Yet, neither the defense budget nor the share of the GDP says much about how effectively the funds are usually spent. Over 65% of the budget has been devoted to salaries and pensions. By contrast, limited funds have been channeled to acquisition, with the 2010, 2012 and 2015 memoranda<sup>47</sup> and austerity preventing the Ministry of National Defense to even draw up a five-year or ten-year defense equipment program.<sup>48</sup> Nevertheless, procurement is now urgent, as the modernization of many types of equipment is long overdue (e.g. fighter aircraft, frigates, torpedoes, etc.).

The International Monetary Fund (IMF) and the European Commission projected respectively a 10%<sup>49</sup> and 9%<sup>50</sup> drop in real GDP growth in 2020, registering the largest fall among developed and EU economies. Yet, regardless of the pandemic's severer hit on the economy, Athens has demonstrated its intention to boost its defense budget. In addition to the €1.5 billion for equipment spending in 2021, media are reporting that military spending on acquisition over the next 10 years will total €10 billion.<sup>51</sup>

The bolstered defense budget would allow for the procurement of 18 *Dassault Rafale* aircraft (six of them new aircraft and 12 second-hand), four multi-role frigates, four MH-60R Romeo naval helicopters, the upgrade of the *Hydra*-class (MEKO) frigates, and the acquisition of torpedoes, guided missiles and anti-tank missiles.<sup>52</sup> Although the prime minister clearly outlined the country's acquisition and modernization plan, he understandably did not provide details on costs and payments for all

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46. *Defense Expenditure of NATO Countries (2013-2019)*, North Atlantic Treaty Organization, *op. cit.*

47. Greece signed three Economic Adjustment Programmes, usually referred to as the bailout packages or the memoranda, that were MoUs on financial assistance to the Hellenic Republic in order to cope with the Greek government-debt crisis.

48. D. Pagadakis, "Προσκλητήριο Μητσοτάκη για Ταμείο Εθνικής Αμυνας", *Proto Thema*, January 15, 2020, available at: [www.protothema.gr](http://www.protothema.gr).

49. *World Economic Outlook Database*, Washington, DC: International Monetary Fund, October 2020.

50. Directorate-General for Economic and Financial Affairs, European Commission, "European Economic Forecast. Summer 2020 (Interim)", *European Economy Institutional Papers*, No. 132, July 2020.

51. K. Plantzos, "Σταϊκούρας: Θα ενισχύσουμε τις Ένοπλες Δυνάμεις και όχι μόνον εξοπλιστικά", *Proto Thema*, August 31, 2020, available at: [www.protothema.gr](http://www.protothema.gr).

52. "Κυρ. Μητσοτάκης: Νέα μαχητικά, φρεγάτες και προσλήψεις στις Ε.Δ.", *Kathimerini Newspaper*, *art. cit.*

projects. As he argued, it is impossible to set a fixed price as the tenders for the frigates have not been settled. Nevertheless, a rough timeline was provided for major procurement programs: the first *Rafale* aircraft is expected to be delivered by mid-2021; the frigate program, on the other hand, has a horizon of five to seven years. No further details were given about the remaining programs. Meanwhile, Greece has signed a contract to upgrade 85 of its 150 Lockheed Martin F-16 *Block 52* to the *Viper* configuration.<sup>53</sup> The program is carried out by Hellenic Aerospace (EAV) and is expected to be completed by 2027.

**Table 2: Greece defense spending 2008-2019**

Year	Defense spending current prices (in millions)	Defense spending constant prices (2015) in millions	Defense spending as a proportion of GDP	Percentage of total defense spending on equipment
2008	6.896	7.141	2.85%	16.4%
2009	7.311	7.376	3.08%	27.8%
2010	5.966	5.966	2.63%	18.0%
2011	4.934	4.092	2.37%	5.9%
2012	4.384	4.354	2.26%	7.5%
2013	3.999	3.908	2.21%	12.06%
2014	3.939	3.925	2.21%	8.17%
2015	4.073	4.073	2.30%	10.40%
2016	4.190	4.195	2.38%	13.45%
2017	4.208	4.192	2.34%	11.28%
2018	4.560	4.522	2.48%	11.03%
2019	4.320	4.259	2.28%	12.27%

Source: *Defense Expenditure of NATO Countries (2013-2019)*, North Atlantic Treaty Organization, November 2019.

53. "Lockheed Martin Program to Upgrade Greek F-16s to Start Monday", *AMNA*, September 13, 2019, available at: [www.amna.gr](http://www.amna.gr).

Historically, the defense budget has been voted by most parliamentary parties, with the exception of the Communist Party (KKE), which raises objections for ideological reasons. Nevertheless, the *required* level of defense spending and its distribution has never attracted much, at least public debate among the political establishment. The question is not only how much a state spends, but also how it spends it. Greece currently has compulsory military service, with active personnel numbered at 143,850 and those in reserve at 221,600.<sup>54</sup> Men and women in uniform absorb over 60% of the defense budget. Yet under the new defense budget, which was voted by the Hellenic Parliament in December 2020 (158 in favor, 95 abstentions, 16 against),<sup>55</sup> the disparity between personnel spending and equipment spending would be rectified, as effective deterrence requires apart from (wo)manpower, hardware and a high level of readiness too.

Although acquisition is a priority, it is only part of Athens' ongoing and future defense strategy. The country concurrently is stepping up its diplomatic muscle, fostering defense relations with both its fellow EU member states and regional powers.

## Allies and cooperation

Given its geographic location, at the meeting point of Europe, Africa and Asia, Greece has long advocated that its borders are the EU's frontiers, highlighting the importance of cooperating with neighbors and partners rather than adopting an inward-looking security policy. Indeed, although the political and military circles are convinced and prepared to face any potential threat independently, they are investing, nevertheless, in the country's alliances and EU defense frameworks.

Greece's approach to deepening its defense relations is prominent and set to continue. Aiming to secure its sovereignty and ensure regional peace and prosperity, Greece has been fostering regional alliances, particularly with Cyprus, Egypt, France, Israel and the UAE, conducting joint exercises, leasing military equipment, and signing MoUs that include mutual assistance defense clauses.<sup>56</sup> The country has benefited from the enhanced cooperation, especially in these turbulent times. Amidst the Turkish provocations in the eastern Mediterranean Sea, France and the UAE dispatched their aerial assets to conduct military drills with the Hellenic air force in Crete. At the same time, Abu Dhabi, Cairo, Paris and Nicosia have

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54. *Military Balance 2020*, International Institute for Strategic Studies, February 2020, p. 111.

55. "Πέρασε με 158 «ναι» ο προϋπολογισμός -Ψήφο εμπιστοσύνης στην κυβέρνηση έδωσε η Βουλή", *Iefimerida*, December 15, 2020, available at: [www.iefimerida.gr](http://www.iefimerida.gr).

56. V. Nedos, "Greece, UAE Commit to Mutual Defense Assistance", *Kathimerini Newspaper*, November 23, 2020, available at: [www.ekathimerini.com](http://www.ekathimerini.com).

condemned the illegal Turkish-Libyan MoU and Ankara's actions in the Eastern Mediterranean.

On the other hand, the Brussels leadership's visit to Evros in March, where they reiterated that the Greek borders are Europe's borders, represented a major diplomatic success for Greece. The mobilization of Cypriot, Austrian and Polish personnel to the country's north-eastern borders have all been welcome. But since the Greek EEZ and airspace are repeatedly violated by a NATO ally and neighbor, who threatens to use force, Athens would like to see its fellow member states consider not only a carrot but a stick approach towards Turkey too.<sup>57</sup>

Meanwhile, Athens is one of the most active members of the Permanent Structured Cooperation (PESCO), supporting the development of a common European defense, as envisioned in article 42(2) of the Lisbon Treaty, the fulfilment of the EU's level of ambition to act autonomously when necessary, as well as the enhancement of its domestic defense industry.<sup>58</sup> Seeking to modernize its military inventory, Greece will engage with other EU member states within PESCO to do so, as in the case of the European Patrol Corvette (EPC),<sup>59</sup> albeit not exclusively. While Athens acknowledges the significance of PESCO and welcomes EDF funding, it realizes that capabilities developed within the framework would take much longer to become operational than an off-the-shelf acquisition.

Greece is interesting in competing for European Defence Fund (EDF) funding, especially now that the country has successfully secured European Defence Industrial Development Program (EDIDP) financial capital.<sup>60</sup> EDIDP funding, on June 15, results of the call, is indeed perceived by Greece as tangible evidence that European funding would not only be available to countries with a large defense industry. The Hellenic Ministry of National Defence is currently working on the lessons learnt and best practices on how to replicate this success with the EDF. Thus, defense cooperation is prominent in Greek defense policy and is set to continue as the EU defense integration project advances.

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57. Y. Efstathiou, "How Common and Effective is the EU's Common Foreign and Security Policy in the Eastern Mediterranean?", Berlin: Henrich Boll Institute, January 8, 2020.

58. Y. Efstathiou, "PESCO: The Greek Perspective, The French Institute for International and Strategic Affairs", *Policy Paper*, No. 34, Paris: Institut de Relations Internationales et Stratégiques, Armament Industry European Research Group, November 2018.

59. PESCO Projects, "European Patrol Corvette", available at: <https://pesco.europa.eu>.

60. Y. Efstathiou, "National Expectations Regarding the European Defence Fund: The Greek Perspective", *Policy Paper*, No. 61, Paris: Institut de Relations Internationales et Stratégiques, Armament Industry European Research Group, July 2020.

## With a view to the future

The Mitsotakis, center-right wing government has been faced with two major crises since it assumed office in July 2019. On the one hand is COVID-19, on the other are the Turkish provocations in the Aegean and Mediterranean Sea, as well as in Evros. So far, the government has managed them both well, with the prime minister's popularity increasing.<sup>61</sup> Nevertheless, elections are three years ahead and it is too early to predict the ploy of the COVID-19 crisis, its financial repercussions, and the extent to which these will play a role in the election results.

However, even though it is probable that this government will seek re-election and have the time to carry out its foreign and defense priorities, it is important to acknowledge that Greek foreign and defense policy is not volatile. Parliamentary parties' commitment to NATO and the EU, with very few and, percentage-wise, unimportant exceptions, is unquestionable. The parliament is in favor of the country's EU and NATO trajectory and believes in furthering foreign policy and defense integration. Meanwhile, all elected Greek governments have sought dialogue with Turkey. Thus, a swing in Greece's foreign and defense policies appears unlikely in the coming years.

Nonetheless, certain assumptions were made to make this assessment. On the one hand, it was assumed the national economy will not be hit to the extent that defense procurement becomes unattainable and the pandemic will not necessitate procurement decisions to be pushed back. Thankfully, at the moment Greece is expected to rebound with a 7.9% GDP growth in 2021.<sup>62</sup>

Finally, it was assumed that Greece and Turkey would not rapidly reach a common agreement on where their borders lie. Turkey may not be listed on the latest White Paper that Greece published in 2014 for political reasons, yet it is still seen in Athens as the main conventional threat the country faces. Therefore, as long as tensions endure and threats continue, the need for modernization and acquisition of defense systems will also increase. It is, therefore, very likely for Greece to continue to feature on the short list of countries in NATO that spend at least 2% of their GDP on defense.

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61. "Δημοσκόπηση: Υπεροπλία Μητσοτάκη και ΝΔ, διαφορά 19,4% από ΣΥΡΙΖΑ – Ανησυχία για την οικονομία", *Iefimerida*, February 17, 2021, available at: [www.iefimerida.gr](http://www.iefimerida.gr).

62. Directorate-General for Economic and Financial Affairs, European Commission, "European Economic Forecast. Spring 2020", *European Economy Institutional Papers*, No. 125, May 2020.



# Italy

**Alessandro Marrone**

## **An analysis based on three major assumptions**

This paper is based on three major assumptions. The first is that COVID-19 will continue to severely strike Europe until Spring 2021, but not up to the intensity reached in Italy in March-April 2020. That means the Italian economy and society will not be forced again into a total lockdown for two months. Rather, local or specific lockdown would take place for a relatively short period. Accordingly, Italy's GDP should recover in 2021. In this context, the military is still called upon to support law enforcement agencies in implementing tailored lockdowns, to provide medical capabilities and logistical support to cope with high levels of contagion,<sup>63</sup> and to support the distribution of vaccines.<sup>64</sup>

The second major assumption is that the international security environment will continue to move towards an "aggressive multipolarity" scenario<sup>65</sup> whereby major poles, regional powers and even small states will confront each other across the board by resorting to proxy wars, cyber attacks, information warfare, strategic use of energy supplies, of trade and foreign direct investments without escalating to fully-fledge military conflicts. This tense and unstable situation will be particularly critical in the "Enlarged Mediterranean" region, which remains the priority for Italy's national security.<sup>66</sup> Major wars will be avoided, but Rome will be

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63. For instance, since the end of October the Italian Army is running 200 drive-through post managing about 30.000 COVID tests per day. See Ministero della Difesa, "COVID-19: Parte l'operazione Igea della Difesa, 200 Drive-through effettueranno 30.000 tamponi al giorno", October 21, 2020, available at: [www.difesa.it](http://www.difesa.it).

64. Ministero della Difesa, "Al via operazione Eos della Difesa per trasporto vaccini", December 23, 2020, available at: [www.difesa.it](http://www.difesa.it).

65. A. Marrone and K. Muti, "NATO's Future: Euro-Atlantic Alliance in a Peacetime War", *IAI Papers*, No. 28, Rome: Istituto Affari Internazionali, October 2020.

66. The concept of "Enlarged Mediterranean" is widely used in Italy to understand the regional security complex made up by Southern Europe, North Africa, Sahel, Horn of Africa, Middle East, the Black Sea region. See in this regard: A. Marrone, "Security Policy in the Southern Neighbourhood. A View From Rome", *Perspective. Peace and security*, Rome: Friedrich-Ebert-Stiftung, March 2020.

increasingly under pressure to (i) deal with the instability in its Southern and Eastern neighborhood with little support from Allies; (ii) contribute to NATO collective defense and transatlantic burden sharing even though threat assessment may diverge across the Atlantic and in Europe; (iii) take part in a European integration process which may accelerate under Franco-German leadership.

The third major assumption regards political and military priorities of major allies. First, under the Biden administration the US is not supposed to re-engage in the security and stability of Middle East and North Africa, but to focus instead on the containment and confrontation with China. Holding a rather negative view of Russia, Washington will remain committed to Europe's collective defense, but will increasingly ask allies to take more responsibilities for the security of their continent, as well as to stand with the US against Beijing. Second, France and Germany are supposed to move forward with European defense cooperation and integration, with a view to achieving EU strategic autonomy. In particular, Paris will continue to focus on Africa and the Middle East with an ambitious vision for Europe's role neighboring regions, asking European partners to support the French strategies in these regions.

## **National post-COVID-19 priorities: limited change, stable commitment**

While the COVID-19 has substantially altered the priorities of Italian fiscal and economic policies, when it comes to national security and defense policy the change brought by the pandemic appears quite limited. The transatlantic alliance and European defense remain the two main points of reference for the Italian government, as underlined by governmental statements made during the October 2020 US State Secretary visit in Rome<sup>67</sup> and the September 2020 European Intervention Initiative online meeting.<sup>68</sup> Rome continues to see NATO and EU defense as synergic and to push for a stronger partnership among the two, as recalled in the joint letter signed with French, German and Spanish Defense Ministers in May 2020.<sup>69</sup> At the same time, the Enlarged Mediterranean region remains a priority area of concern, as epitomized by the meetings held by the

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67. F. Sforza, "Pressing di Pompeo sull'Italia per il 5G: "Pechino vi usa per scopi strategici", *La Stampa*, October 1, 2020, available at: [www.lastampa.it](http://www.lastampa.it).

68. Ministero della Difesa, "Riunione dei Ministri della European Intervention Initiative", September 25, 2020, available at: [www.difesa.it](http://www.difesa.it).

69. Ministero della Difesa, "EU Defence and Security: Letter by Italy, France, Germany and Spain", May 29, 2020, available at: [www.difesa.it](http://www.difesa.it).

Minister of Defense Lorenzo Guerini in Beirut, Ankara, Madrid and other capitals since July 2020.

At the time of writing, Italy is expected to maintain its commitment to national defense, international security and to its partners under the new government to be led by Mario Draghi. An example of such continuity is the decree law to finance the military deployments abroad over 2020. Though it was only approved in June because of the pandemic, it not only confirmed all previous missions but launched two new ones in Africa, including the Italian participation to French-led task force Takuba.<sup>70</sup> Such a commitment is likely to remain in 2021, since it fits in a structural priority of Italy's defense policy since the 1990s.<sup>71</sup> It very much reflects a stable consensual political commitment to operations, as the 2020 decree law has been supported also by opposition parties, reaching the quasi unanimity of votes in the Italian Parliament.

Actually, the pandemic crisis and the way it has been managed by major countries in the world have been seen by the Italian defense community mostly as a confirmation of pre-existing trends. For instance, the shift towards multipolarity has been clearly confirmed by the way the international community failed to tackle the crisis in a collective, multilateral way. US-China confrontation has been exacerbated by COVID-19. The EU as a whole has had troubles dealing with the pandemic at first but in the end made some important steps toward further integration through the Recovery Fund, similarly to what had previously happened during other crises (e.g. the 2008 financial crisis).

Such a perception of COVID-19 as a “catalyst” of ongoing trends<sup>72</sup> rather than a “game-changer” does not lead to anticipate major changes on defense policy. There was no strategic review process in place before the pandemic, and the latter has not triggered a new one. In 2020, as the pandemic was unfolding, the Ministry of Defense has prioritized two lines of actions for the armed forces: (i) to support civil protection authorities in dealing with the internal security crisis; (ii) to prosecute missions, exercises and military activities abroad within NATO, UN, EU or other formats.

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70. Camera dei Deputati, Servizio Studi, “Authorisation and Extension of International Missions in 2020”, December 10, 2020.

71. A. Marrone, “Italian Military Operations: Coping with Rising Threats and Declining US Leadership”, *IAI Commentaries*, No. 15, Rome: Istituto Affari Internazionali, March 2020.

72. See, among others, S. Cont, “Geopolitical Shifts and the Post-COVID World: Europe and the Multipolar System”, *IAI Commentaries*, No. 43, Rome: Istituto Affari Internazionali, June 2020.

## The views on allies and European defense cooperation remain polarized

The crisis has been a stress test for the whole European integration process, particularly when it comes to EU civil protection mechanism, the Schengen agreement, and, above all, the fiscal policy from the Stability and Growth Pact to the Recovery Fund. While these elements have deeply affected the national debate on EU, defense has received only marginal attention from the public opinion.

Thus, the COVID-19 impact on Italy's stance on European defense cooperation has been both limited and mixed. It has been limited insofar as the general assessment is that the pandemic has not dramatically altered the *status quo ante* of European defense cooperation; and mixed because the EU's response to the crisis has triggered two types of effects on Italian perceptions. Among the majority already favoring defense cooperation, it enhanced the perception that cooperation is needed now more than ever. Among the minority euro-skeptics on European defense, the difficulties initially encountered to agree on a coherent and ambitious response considered as adequate by the Italians have deepened the mistrust towards European integration process, including in the defense domain. The July 2020 agreement on the Recovery Fund has re-launched trust on EU, but the public opinion remains polarized. Overall, the two effects have balanced each other, thus further limiting the COVID-19 impact on the national position, which remains rather stable and positive regarding defense cooperation.

Like European defense cooperation, NATO has received only limited attention in the public debate during the pandemic. Once again, experts and practitioners have noticed the way the Alliance has contributed to the military support for civilian authorities during the crisis.<sup>73</sup> Yet this has not produced a major change of the national view over the Alliance. Italy continues to consider its role as being both important and positive, with a focus on the Enlarged Mediterranean and NATO-EU cooperation.<sup>74</sup> Italy's stance on burden-sharing remains that national contribution to collective security encompasses not only cash – that is the defense budget – but also actual military capabilities and contribution to allied operations and activities – the so-called “3 Cs”. Obviously, this argument fits well the Italian

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73. K. Muti, “Cosa sta facendo la Nato?”, *Affari Internazionali*, Rome: Istituto Affari Internazionali, April 9, 2020.

74. L. Guerini, “Alleanza Italia-Usa/L'importanza del patto Nato contro le sfide emergenti - di Lorenzo Guerini”, *Il Messaggero*, September 29, 2020, available at: [www.ilmessaggero.it](http://www.ilmessaggero.it).

reality whereby military spending remains far from 2% GDP goal, while Italy is the second largest contributor to NATO operations after the US.

## A stable and more balanced defense spending

On November 2020 the European Commission has estimated for Italy a 9,9% decrease of GDP in 2020, and a sovereign debt leaning beyond 160% of GDP; as for 2021, economy is estimated to grow around 4,1%.<sup>75</sup>

Against this backdrop, there is a plurality of views on future levels of defense spending within the public opinion and the Parliament. While the radical left and the M5S are keen to reduce it, the vast majority of the political spectrum is fine with the current budget, while a tiny minority argues for its increase. In 2020, pacifist movements called for a reduction of defense spending to shift resources towards civil protection, but this happened only for very marginal funds – about €20 million.<sup>76</sup> As a matter of fact, over the last decade Italian military spending has not been slashed after the 2009-2011 financial crisis, nor radically augmented in light of the 2014 Crimea war, ISIS rise and related NATO defense pledge, proving its rigidity.

The overall defense spending in 2020 amounts to €22,94 billion and is set to slightly increase to €23 billion in 2021.<sup>77</sup> Looking at the budget share for the defense function,<sup>78</sup> personnel costs account for 67,6%, investments in procurement, research and technology activities for 18,4%, and operational expenses including for training and exercises only for the remaining 14%.<sup>79</sup> Such an unbalanced distribution is going to improve in 2021, when personnel line of budget should decrease to 66,3% and investments should rise to 21%. The goal of gradually increasing defense spending and focusing more on technology and investments was already stated by Defence Minister Guerini in the guidelines he presented to Parliament in 2019,<sup>80</sup> as well as by the early 2020 Chief of Defence

75. F. Basso, “Pil dell’Italia giù del 9,9% quest’anno. Gentiloni: «Due anni per tornare alla ripresa pre-pandemia»”, *Corriere della Sera*, November 5, 2020, available at: [www.corriere.it](http://www.corriere.it).

76. O. Credi, “L’impatto sulla difesa delle misure economiche dell’era COVID-19”, *Affari Internazionali*, Rome: Istituto Affari Internazionali, September 16, 2020.

77. *Documento Programmatico Pluriennale per la Difesa*, Ministero della Difesa, 2020.

78. That does not count the Carabinieri employed for internal security tasks.

79. O. Credi and A. Marrone, “La Difesa riporta l’attenzione sugli investimenti”, *Affari Internazionali*, Rome: Istituto Affari Internazionali, October 30, 2020.

80. “Audizione del Ministro della Difesa sulle linee programmatiche del suo Dicastero presso le Commissioni Difesa congiunte della Camera dei Deputati e del Senato della Repubblica”, Commissioni Difesa congiunte, Camera dei Deputati, Senato della Repubblica, October 30, 2019.

Strategic Concept.<sup>81</sup> After the pandemic Defense Technological and Industrial Base (DTIB) has been considered a driver of economic recovery and this helped to positively shape 2020-2021 defense budgets in terms of overall growth and more balanced allocation of funds.

Additional resources for defense may come from the Recovery Fund. Indeed, the Minister of Defense has contributed to the Giuseppe Conte government's preliminary list of projects applying for EU grants and loans focusing on capability development: dual platforms, next generation helicopters, sixth generation fighter aircraft, ships and underwater technology, unmanned systems, artificial intelligence.<sup>82</sup> Much will depend on the way the Draghi government will re-shape the national plan: early declaration points towards more effective and efficient investments, but it has to be seen which role will be attributed to defense. As mentioned before, the Italian DTIB is positioning itself as a positive contributor to the nation's economic recovery. At the same time, greater priority is attached to the European Defense Fund (EDF) and, broadly speaking, to industrial cooperation with European partners, in particularly France when it comes to shipbuilding and UK-Sweden concerning Tempest project.

## The impact on domestic politics

Over 2020, the COVID19 has somehow stabilized the Conte government. First, the state of emergency has legally granted more powers to the prime minister, and the priority to deal with the crisis has politically postponed other divisive issues. Secondly, the concrete difficulties and risks to hold an electoral campaign and general elections during the pandemic have made this option hard to pursue. These circumstances have not prevented the collapse of the ruling coalition on January 2021. But the necessity to present the national plan to access the Recovery Fund by April 2021 has been a compelling argument to avoid general elections already difficult to safely organize, as explicitly stated by the Head of State Sergio Mattarella.<sup>83</sup> As a result, Mario Draghi has formed a new government supported by a broad majority encompassing progressive, conservative and populist parties such as PD, Forza Italia, Movimento 5 Stelle and Lega.

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81. "Il Concetto Strategico del Capo di Stato Maggiore della Difesa", Ministero della Difesa, 2020.

82. P. Batacchi, "Recovery Fund, i progetti della Difesa", *Portale Difesa*, September 14, 2020, available at: [www.portaledifesa.it](http://www.portaledifesa.it).

83. See the full text of the speech gave by Sergio Matterella on February 2, 2021: "Crisi di governo, il discorso integrale del presidente Mattarella", *La Repubblica*, February 2, 2021, available at: [www.repubblica.it](http://www.repubblica.it).

Such a heterogeneous coalition led by a prestigious prime minister is likely to bring little change for Italy's foreign and defense policy. The Draghi government will primarily focus on the projects and reforms connected to the Next Generation EU, as well as on managing the pandemic and vaccination over the next months. At the international level, the support for both EU and transatlantic relations including through NATO will be crystal clear.<sup>84</sup> Against this backdrop, concrete choices on the armed forces will largely depend on the Defence Minister. The fact that Guerini has been confirmed in this role by Draghi speaks in favor of continuity with respect to 2019-2020 policy choices, with a further momentum for European and transatlantic defense cooperation.

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84. See in this regards the experts debate: S. Pioppi, "La cura Draghi sulla politica estera. Letture a confronto tra Bruxelles e Washington", *Formiche*, February 3, 2021, available at: <https://formiche.net>.



# The Netherlands

**Rob De Wijk**

The COVID-19 crisis has reinforced the impact of global power shifts, Brexit, and President Trump's America First policy in such a way that the traditional pillars supporting Dutch foreign and defense policies seem to have crumbled in a matter of weeks.

## National post-COVID-19 priorities

The COVID-19 outbreak revealed important weaknesses in Dutch foreign policy. For more than 200 years the Netherlands has effectively counterbalanced the great continental powers. To avoid being outflanked by Germany and France, the Netherlands teamed up with the United Kingdom and the United States. Through this close relationship, the Dutch were able to exercise considerable influence in the European institutions, the EU and NATO. At the same time, Dutch foreign and defense policy effectively became a derivative from British and American foreign policy. Within the EU, the Netherlands supported British economic views and was reluctant to accept closer European defense cooperation that could weaken the trans-Atlantic bond. The Netherlands has always been strong proponent of very stringent economic and monetary policies and wasn't a strong supporter of French ideas about a military role for the EU.

The historically close relation with the UK and the US major powers and a traditionally international outlook explains why the Netherlands became the best example of a country punching above its economic and demographic weight.<sup>85</sup> According to a survey carried out among more than 800 professionals who work on European policy in and outside governments, the Netherlands is the fourth most influential country within the EU behind Germany, France, and Italy. Despite this favorable ranking, the view of the country's influence is even more positive in The Hague itself. Thus, the survey concluded that the Netherlands was overconfident in its influence.<sup>86</sup>

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85. J. Janning, "Dutch Courage: Is the Netherlands Overconfident in Its EU Influence?", London: European Council on Foreign Relations, January 30, 2019.

86. *Ibid.*

However, due to geopolitical power shifts, which have been reinforced by the Trump presidency, the Netherlands has lost the US as its predominant ally. As China will be the first priority for the Biden-administration as well as the recognition that U.S. presidents can completely reverse America's foreign policy, there is now growing public and political consensus that some form of European autonomy is needed. This conclusion is reinforced by the recognition that President Biden must focus on curbing social unrest and that the economic crisis may reduce the budget for foreign and defense policy.

The Brexit distanced the Dutch of its other main ally. The consequences of these changes became visible during the weeks before the EU-summit of July 24-25, 2020.

Acknowledging that new allies were needed to counterbalance the major continental powers, the Netherlands aligned itself with Denmark, Austria and Sweden forming the 'frugal four' (later joined by Finland). However, both the Minister of Finance Wopke Hoekstra and Prime Minister Mark Rutte misjudged the sentiment in the EU and overestimated their power. They were unable to push forward stringent budgetary policies, block the agreement to borrow up to €750 billion on the markets, provide grants to member states and prevent the possibility to collect 'European taxes'. Had the UK been on board, the outcome of the summit would have been different and more in line with traditional Anglo-Dutch preferences.

Initially, the main driver for change was the security situation. In particular, the Russian assertiveness since the annexation of the Crimea in 2014 had a major impact on foreign and defense policies. Subsequently, the loss of old allies has had colossal implications for Dutch foreign and defense policy. This will not affect the formal strategic and budgetary review process but will accelerate change. Dutch politicians and bureaucrats are now fully aware that major change is coming.

First, the contribution to peace and stability outside the NATO area has been the focus of defense policies for almost three decades. However, due to the aforementioned power shifts, UN-mandates for interventions and stabilization operations will be more difficult to obtain. Furthermore, as China and Russia stick to a traditional interpretation of sovereignty and non-interference, a debate emerged in Parliament whether political support should be given to unmandated or 'illegal' interventions by allies and friendly states. A state commission concluded that there might be

circumstances that justify such support.<sup>87</sup> This could open the door to military support to unmandated interventions.

Second, the recognition that the new Russian assertiveness urges new emphasis on collective defense has led to studies on renewed collective defense concepts, especially for the Baltic States. This is in line with new ideas on NATO's Generated Response Plan.

Third, it is acknowledged that an attack on NATO or the EU could start at home. There is a genuine feeling that hybrid threats could constitute risks for the territory of the Netherlands. According to Russian military thinking, hybrid attacks on individual member states could be used to weaken a collective response by NATO or the EU. Moreover, as a densely populated, highly developed country with an important digital infrastructure and a fragmented political system, the Netherlands might be considered a lucrative target for hybrid threats aimed at weakening the resolve of NATO or the EU. Those threats could have major implications for the role and mission of the Dutch armed forces. Consequently, a debate has started about new priorities for homeland defense. The Netherlands should be better prepared for counter-hybrid operations and countering internal unrest. Moreover, the deployment of new Russian weapons systems after the termination of the INF-treaty by President Trump puts Sea Lines of Communications and land routes at risk. As the Netherlands is crucial for the transport of trans-Atlantic reinforcements to the NATO-partners in the east arriving in the harbour of Rotterdam this will put the concept of host-nation support in a different context.

In the context mentioned above, a new security strategy will merge the existing domestic and international security strategies. Furthermore, Parliament has initiated a debate on a new security assessment agency, which will be on the agenda of the coalition talks after the elections of 2021.

## **Changes in the roles and centrality of allies and cooperation**

Dutch politicians are gradually accepting the logic of European Strategic Autonomy, including enhanced European defense efforts as part of a major reorientation of national foreign and defense policies. They also concluded that a new approach towards the two major European powers, France and Germany, is necessary. The new approach was demonstrated by French-

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87. Expert Group on Political Support for Interstate Use of Force and on Humanitarian Intervention, "Humanitarian Intervention and Political Support for Interstate Use of Force", The Hague: Minister of Foreign Affairs of the Netherlands, December 2019.

Dutch deployments of frigates for the European Maritime Awareness in the Strait of Hormuz (EMASOH). This mission was clearly a response to the American withdrawal from the Joint Comprehensive Plan of Action (JCPOA) or the Iran nuclear deal and an American-led mission in the Gulf.

The COVID-19 outbreak accelerated the discussion on new foreign policy priorities. Recognition is emerging that America's pivot to Asia, Trump's America First policies and Brexit will have major implications, more than a resurgent Russia. Nevertheless, part of the security community still believes that under Trump's successor things will go back to normal. As a result of the 'outsourcing' of parts of Dutch foreign and defense policies, there appears to be a lack of strategic thinking among politicians and parts of the civil service. It may take some time before foreign and defense policy makers accept that radical change is required, and new policies are put into practice.

Consequently, it is impossible to predict the precise outcome of the reorientation. On the one hand, it is likely that Dutch foreign and defense policy will become more 'European'. On the other hand, the acceleration of European integration will invite more aggressive Euroscepticism in all segments of the political spectrum which will force any future coalition in Dutch politics to steer a 'middle way'. A shift away from NATO to defense cooperation within the EU is highly controversial.

In sum, the COVID-19 outbreak and the subsequent discussion on the recovery fund agreed upon during the July EU-summit revealed the need for radical change in Dutch foreign and defense policies. This will most likely enhance an outward-looking foreign and defense policy. But it will also unleash domestic nationalistic feelings as a counterweight.

## Defense spending

Within NATO, the Netherlands is a chronic underperformer in terms of defense spending. The Dutch felt comfortable under the American security umbrella. Moreover, one of the enduring themes in Dutch political and strategic culture is a degree of pacifism. This explains the sharp drop in the defense budget after the Cold War, one that continued during the second decade of the new century. As a percentage of GDP, there was a decline in defense expenditure between 1996 and 2014, hitting an all-time low of 1.1% in 2014 as compared to the NATO target of 2%.<sup>88</sup> However, as a result of the Wales agreement of 2014 and growing geopolitical turbulence, Dutch defense expenditure rose to 1.35% of GDP in 2020.

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88. Statistics Netherlands, "Defence Expenditure 1.2% of GDP in 2018", September 5, 2019, available at: [www.cbs.nl](http://www.cbs.nl).

As the government announced that spending will not be affected by the COVID-19 crisis, there are no indications that the defense budget will be cut any time soon. Indeed, the COVID-19 outbreak did not affect the 2021 defense budget.<sup>89</sup> The budget for 2021 is €11,728 billion, compared to €11,035 billion in 2020 and is set to rise to 1.48% of GDP. This is increase, however, is misleading due to shrinking GDP, which is foreseen to contract by 5% in 2020.<sup>90</sup> Nevertheless, as agreed with NATO partners, the government still wants the budget to grow to 2% of the GDP in 2024.

Investments are fixed at 25%. Other important elements of the defense budget are personnel costs (39%), pensions and entitlements (12%), maintenance (8%), housing and ICT (8%) and, some smaller expenditures such as deployment (2%).

In general, Dutch political parties are not very supportive of higher defense expenditures. This is the result of Dutch coalition politics, which usually prevents radical choices. Traditionally, left-wing political parties including the Greens (GL), the Social Democrats (PvdA), and the Socialist Party (SP) do not support higher defense spending. Center-right parties such as the liberals (VVD), the leading party in Parliament, traditionally support strong defense policies. Other parties are usually indifferent.

Nevertheless, due to a general recognition of the changing security situation and that geopolitical change demands European autonomy, it can be expected that the increase in defense budgets will be supported by Parliament. The most recent defense white paper even calls for a doubling of the budget by 2030.<sup>91</sup>

It is noteworthy that for the first time the budget includes a ‘Defense Equipment Budget Fund’ to counter undesired fluctuations in the procurement funds for materiel, ICT, and infrastructure. With the budget fund, financial resources earmarked for a specific purpose remain available for that purpose over a multi-year period. For the next 15 years, the fund will be €66 billion. In 2020, some €4.6 billion will be spent on materiel procurement. Mainstream political partners acknowledged that due to opportunistic political behavior, the armed forces have become underfunded and too vulnerable. Budget cuts traditionally focused on the most flexible part of the budget (i.e. procurement) and consequently, deployability and sustainability have been negatively affected over the last ten years. In parliament, there seems to be a general understanding that this is unacceptable. Left-wing parties are worried about the risks run by

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89. *X Defensie Rijksbegroting 2021*, Rijksoverheid, September 15, 2020.

90. *Augustusraming 2020-2021*, The Hague: Centraal Planbureau, August 17, 2020.

91. *Defensievisie 2035*, Ministry of Defense, October 2020.

deployed soldiers whilst right-wing parties also worry about the efficacy of the armed forces and the international standing of the Netherlands.

Overall, for the time being, the COVID-19 crisis did not negatively affect defense expenditure since with the creation of the Defense Equipment Budget Fund resources available for procurement have been fixed for the next 15 years.

## Domestic policies outlook

The COVID-19 outbreak did not reshape the Dutch political landscape in a fundamental way. Initially, as in most EU-member states, the support for the government increased as did the support for Prime Minister Rutte. In March, 64,4% of the population supported his management of the crisis. However, in August this started to change and support for Rutte dropped to 45,2%, with some 30% supporting him ‘somewhat’.<sup>92</sup> Despite the fall of his Cabinet in January 2021, the liberal Prime Minister does not seem to have a real challenger during the upcoming elections.

The population has now split into two camps:

- One camp led by radical right populists (PVV), calling for stronger measures for fighting the virus.
- The other camp, which is not led by a particular party but consists of groups and individuals calling for weaker measures or no measures at all.

The big question is whether the general elections of March 2021 will result in a center-right or a center-left coalition. Extreme parties either on the left or the right will have insufficient support for changing the political landscape. Parties at the center are likely to exclude them from the government, but in an attempt to attract their voters moderate parties may again incorporate some of the ideas of those extreme parties. This explains the present Eurosceptic views in Parliament.

Support for the EU among the population remains stable: to various degrees, some 72% of the populace believes that the EU is in the interest of the Netherlands.<sup>93</sup> At the same time, less than 10% of the populace feels strongly connected to the EU.<sup>94</sup> As the results of the EU July-summit were cleverly diverted to the discount of €1.92 billion. The Netherlands will

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92. N. Klaassen, “Flinke optater voor vertrouwen in coronabeleid: ‘Deze fase is lastiger, met meer polarisatie’”, AD, September 7, 2020, available at: [www.ad.nl](http://www.ad.nl).

93. Liaison of the European Parliament in the Netherlands, “Steun voor EU is stabiel maar vooruitzichten zijn somber”, no date, available at: [www.europarl.europa.eu](http://www.europarl.europa.eu).

94. P. Dekker and J. den Ridder, “Wat willen Nederlanders van de Europese Unie?”, The Hague: Sociaal en Cultureel Planbureau, May 2019.

receive on the annual EU budget, as well as on using the subsidies from the recovery fund, the agreement did not lead not political and public outcry.

## Assumptions made during the case study analysis

Finally, some assumptions underly this case study. For the past 15 years, a pandemic was considered to be amongst the most likely security risks for the Netherlands. Underlying studies of the National Security Strategy assessed the consequences quite accurately.<sup>95</sup> Also, early assumptions of the economic consequences by the Dutch Central Bank (DNB) were surprisingly accurate.<sup>96</sup>

Furthermore, we assumed that the crisis would not fundamentally change globalization and the existing levels of interdependence. *The Economist* argued that the golden age of globalization was between 1990 and 2000. Subsequently, the world entered a period of *slowbalization*.<sup>97</sup> This was caused, among other things, by increased labor costs in China and its transformation into a service economy. Slowbalisation was accelerated by Trump's trade war. As expected, COVID-19 accelerated this trend. Globalization slowed down and China and Russia tried to take advantage of the situation by improving their global position. China tried to tighten its control over the South China Sea, increased domestic oppression, expelled Western journalists, tried to buy European pharmaceutical companies and attempted to enhance its soft power through medical aid. Russia became more assertive and used medical aid to enhance its influence in Europe as well. Similar Chinese and Russian responses were visible during the financial crisis of 2009-2012. The main differences between the two crises are the lack of American leadership and that aggressive propaganda from both countries has now nullified their soft power gains.

Just as during the financial crisis, European integration accelerated during the COVID-19 crisis. As far as we can assess now, the COVID-19 crisis has made the EU relatively stronger. The July-summit undoubtedly turned the EU into a more unified and therefore stronger geopolitical player.

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95. Directie Nationale Veiligheid, "Eindrapport project Continuïteit bij griepvloedemie, Voorbereid op griepvloedemie", The Hague: Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, January 2010.

96. *Griepvloedemie: potentiële bedreiging voor economie en financieel systeem*, The Hague: De Nederlandsche Bank, March 2006.

97. "The Steam Has Gone Out of Globalization", *The Economist*, January 24, 2019, available at: [www.economist.com](http://www.economist.com).

We also expected the Trump-presidency to abstain from global leadership during the crisis. This seems to have contributed to European integration as well. The president's reluctance to support NATO and subsequent articles in the press echoing his temptation and potential personal willingness to leave NATO contributed to this as well.

These observations and assumptions did not however, result in completely different ideas about military priorities in the Netherlands.

All told, the COVID-19 outbreak accelerated trends that were already visible, such as the global power shift, European integration and changes in the international security situation, including the recognition of emerging hybrid threats.

# Poland

**Marcin Terlikowski**

The COVID-19 pandemic struck unexpectedly and deeply affected not only healthcare systems and economies all across Europe, but also the approach of European governments to security and defense. Several nations deployed armed forces in a civil defense role on a scale long unseen, providing relief to strained healthcare and other public workers. More importantly however, a debate began about how to shield defense budgets and the planned investments into new capabilities from the expected economic crisis and further changes in popular threat perceptions, likely to focus even further on non-military security challenges.

In the opening weeks of 2021, as another wave of COVID-19 pandemic is sweeping across Europe with record-breaking numbers of daily cases caused by new mutation of the SARS-CoV-2 virus, it is still impossible to grasp its full impact. This is also true for Poland, which suffered relatively little in the initial phase of the pandemic in Spring 2020 with few resulting changes in its economic, social and also defense policies. Yet, the Autumn wave struck Poland badly. The near-collapse of the healthcare system at the regional level and a second lockdown, extended well into 2021, undermined previous expectations about the post-pandemic condition of national economy, society and political elites.

## The spring miracle

Unlike Western and Southern European states, Poland was not hit severely by the COVID-19 pandemic in its early phase. From March, when the first case was reported, till the end of June, when the last lockdown-related limitations were eased, Poland reported less than 35,000 cases and 1,500 deaths in total. The daily death toll was never higher than 40.<sup>98</sup> Still, the lockdown was very restrictive and gradual opening of economy only started in late May. In summer the daily number of cases went to all-time lows, below 200 (mid-July) countrywide, which enabled a return to normal life with no social distancing and almost no masks. As those figures went down, however, the society gradually lost interest in the risk from COVID-19

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<sup>98</sup>. Source: National statistics of the Poland's Health Ministry.

and began to treat it lightly. The lockdown began to be seen as an exaggerated tool to hamper the spread of the pandemic and polls showed that more than 50% of Poles considered the use of masks detrimental to their health.<sup>99</sup>

A particularly good economic situation of Poland over the last 5 years, with dynamic GDP growth (4,5% in 2019), translated into optimistic prognoses regarding the scale of lockdown-caused economic downslide and the recovery path. Following the adoption of a huge coronavirus stimulus package in March, worth ~212 billion Polish zlotys (~€49 billion),<sup>100</sup> the government expected a relatively mild recession and a V-shaped recovery, with strong GDP growth in 2021. Early data confirmed these assumptions in full. Poland's national statistical agency announced in January 2021 that the recession in 2020 stood at minus 2,8% GDP.<sup>101</sup> The economy was expected to rise in 2021 by above 4%.<sup>102</sup> Earlier, International Monetary Fund also projected a mild recession in Poland in 2020 and a strong growth of Polish GDP in 2021. This way Poland found itself among the EU Member States struck the least by the economic crisis. Polish success was, however, accompanied by a dramatic increase of public debt, to a record level of 64,7% GDP (almost €350 billion).<sup>103</sup>

## The first wave and the reaffirmation of polish strategic priorities

A relatively light course of the opening phase of the COVID-19 pandemic in Poland resulted in the lack of public debate questioning Poland's core interests and priorities. The low number of COVID-19 cases and deaths, the fact that the healthcare system was not overwhelmed and a very strong restart of economy following lockdown contributed altogether to upholding the tenets of Poland's foreign policy, including security and defense.

What the pandemic did confirm, however, was the centrality of NATO in Poland's thinking about alliances. Despite a belated reaction, NATO proved to be effective in coordinating bilateral assistance between allies and in enabling transports of medical equipment, mostly personal

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99. *Polak w maseczce lub bez maseczki*, Opinion Poll, Vol. 2020, No. 110, Warsaw: Centrum Badania Opinii Społecznej, September 2020.

100. Average EUR/PLN exchange rate for 2019, current prices. All sums in this article are calculated according to this methodology.

101. M. Ambroch (ed.), "Socio-economic Situation of the Country in 2020", Warsaw: Statistics Poland, January 29, 2021.

102. *Stan i prognoza koniunktury gospodarczej*, Instytut Prognoz i Analiz Gospodarczych, February 5, 2021.

103. D. Szymański, "Rekordowe 1,5 biliona złotych długu", *Business Insider Poland*, August 27, 2020, available at: <https://businessinsider.com.pl>.

protective equipment (PPE) from outside Europe, like China. Poland quickly decided to make a full use of NATO's capacities in this regard. Assistance was provided by Poland through NATO's EADRCC agency to Allies struck more badly by the pandemic. At the same time, Poland used NATO's SALIS and SAC mechanisms to import lacking PPE.<sup>104</sup>

While there have surely been different factors driving the decision to actively use NATO in fighting the effects of the pandemic, one played a particular role: Poland's willingness and readiness to invest in the political cohesion of the Alliance, seen as the prerequisite of the credibility of NATO's defense and deterrence. And making sure that NATO remains relevant to security needs of all its members has been traditionally seen by Poland as the best way to build cohesion within the Alliance. In this particular case it implied quickly adapting NATO to play a novel role, one it has not really been prepared to, in order to keep the Alliance visible in supporting nations in their fight with COVID-19. As the use of NATO mechanisms was widely covered by Polish media, the popular perception of the Alliance as the cornerstone of Poland's security, also in a non-military dimension, was further reinforced.

Against this backdrop, the EU reaction was clearly less visible and little discussed in Poland. In the early weeks of the pandemic, there was some criticism of the EU's inability to swiftly react to the dramatic shortages of PPE and other medical equipment in some badly-struck European states, as well as to come with financial help to lockdown-hit economies. This began to change with the adoption of the record-breaking recovery package for EU economy ("Next Generation EU") with Poland becoming its major beneficiary. It was taken as a proof that the EU can still effectively underwrite Polish economic policies, like in case of cohesion funds or Common Agriculture Policy. Yet, it also confirmed the perception of the EU as having no real role in healthcare. Another change of perception in this regard appeared to come in Autumn, when the perspective of the EU-wide effort to deliver on COVID-19 vaccine in early 2021 became somewhat more tangible.

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104. The EADRCC is Euro-Atlantic Disaster Response Coordination Centre, tasked to coordinate disaster relief efforts of Allies. The SALIS is Strategic Airlift International Solution, a mechanism allowing to use pre-chartered private sector-owned airlifters (Ukrainian Antonovs and Ilyushins) for NATO transport purposes. The SAC, or Strategic Airlift Capability, is a joint programme of a few Central European Allies, which together operate three C-17 airlifters. More on NATO response to COVID-19 pandemic, see: M. Terlikowski *et al.*, "NATO and the Coronavirus: Navigating Unchartered Waters", *PISM Strategic File*, No. 91, Warsaw: The Polish Institute of International Affairs, July 30, 2020.

As regards European defense specifically, the pandemic did not affect the Polish approach. Regardless of the pandemic, Poland remains a staunch atlanticist, seeing European defense initiatives as tools which should reinforce NATO, rather than provide an alternative to the transatlantic bond and U.S. security guarantees for Europe. Poland remains skeptical towards ambitious interpretations of the concept of European strategic autonomy, which could lead to undermining NATO and decoupling US from their European Allies.

In this context, the COVID-19 pandemic did not prevent Poland from reaffirming its strategic preferences and further developing its bilateral defense cooperation with the US, seen as a pillar of national security, along with the membership in NATO and strong national military capabilities. 2020 thus saw a landmark step in this regard with the signing of the Enhanced Defence Cooperation Agreement (EDCA) between Poland and the US on August 15.

The agreement establishes legal framework for implementing three joint declarations of presidents Donald Trump and Andrzej Duda from 2019 and 2020, which specified what extra US troops would be deployed to Poland (~1,000 soldiers, on top of the ~4,500 currently rotating to Poland)<sup>105</sup> and what locations would be used by those forces. The importance of EDCA lays in the fact that it confirms military infrastructure investments, which Poland committed to finance to allow the basing of US forces, both at the currently foreseen level (up to 5,500) and also at a much bigger one, if the need arises (up to 20,000).<sup>106</sup> Further, in Summer 2020 the US decided to deploy to Poland the Forward Headquarters of the recently re-established V Corps of the US Army. At the same time, and contrary to some expectations, none of the US units announced by the US in July to be ultimately relocated from Germany (though with unconfirmed schedule) was designated to be moved to Poland at any point in time.<sup>107</sup> In this way, Poland embarked on a way to become a center of gravity of both current and future US military presence to the NATO's Eastern Flank, including reinforcements required in contingencies involving Russia.

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105. Since 2017 US Armoured Brigade Combat Teams (ABCTs) have been rotating to Poland every 9 months (~3,500 soldiers) together with some smaller US Army units (up to 1,000), which form American contribution to Poland-based multinational battle group of NATO, established under Enhanced Forward Presence. See: A. Kacprzyk, "The European Deterrence Initiative: Record and Perspectives", *PISM Bulletin*, No. 118, Warsaw: The Polish Institute of International Affairs, June 4, 2020.

106. J. Graf and J. Palowski, "Defence24 Reveals Details of the Enhanced Defence Cooperation Agreement", *Defence24.com*, August 14, 2020, available at: [www.defence24.com](http://www.defence24.com).

107. U.S. Army V Corps Headquarters, "V Corps Headquarters (Forward) in Poland to Be Located in Poznan", U.S. Army, September 9, 2020, available at: [www.army.mil](http://www.army.mil).

The package negotiated with the US reflects a balanced and structured approach to the needs of effective defense and deterrence of NATO easternmost members against Russia, and – at the end of the day – turned out not to be controversial for other European NATO Allies. Hence, Poland eyes its swift implementation by the Biden administration, which is expected to keep the defense and deterrence on the Eastern Flank of NATO high on its agenda, and regardless the further course of the pandemic.

## The ambitious defense overhaul

Optimistic economic prognoses let the government to uphold all its major economic policy goals throughout 2020. Not only social efforts like the flagship child benefit program were sustained, but very ambitious plans of overhauling Polish military were being implemented throughout the year.

Poland was struck by the COVID-19 pandemic while on the road to comprehensively transform its military: both a broad modernization of the force and an increase in size were underway in 2020, reflecting a changed threat perception as regards Russian threat and national willingness to implement its commitments under NATO Defence Planning Process, as well as to establish a solid foundation for its bilateral defense cooperation with the US, which has been developing rapidly since 2017.

With regards to the composition and the size of the military, reforms involve three elements: establishing a 53,000-strong, mostly all-volunteer Territorial Defence Force (TDF) as a new service branch; building a new, fully-equipped armored division (bringing the number of heavy, divisional-level units to 4); and developing a dedicated cyber-defense force. The technical modernization involved a broad array of projects. The flagship programs involve fifth-generation multirole fighter (F-35), air and missile defense (MIM-104 Patriot), rocket artillery (M142 HIMARS), assault helicopters, new tracked APC (developed indigenously), next-generation MBT (suggested by Poland as a project which could be implemented in an European format, possibly within PESCO). To finance investments into these and other new capabilities a Technical Modernization Program 2021-2035 was established in 2019 with a multi-year budget line to the record sum of 524 billion Polish zlotys (~€122 billion).<sup>108</sup>

By the opening weeks of 2021, the COVID-19 pandemic has not had any effect on these plans. Neither the defense expenditure for 2020, nor for plans for 2021 has been affected. The 2020 defense budget, set at 49,9 billion Polish zlotys (~€11,6 billion) was actually increased in Summer

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108. M. Szopa, "Poland to Spend USD 133 billion on Modernization of the Armed Forces. New F-16 To Be Ordered", *Defence24.com*, October 14, 2019, available at: [www.defence24.com](http://www.defence24.com).

by 6%.<sup>109</sup> The 2021 defense budget was set at 51,8 billion Polish zlotys (~€12 billion), a 3,7% increase comparing to 2020 which would put it at 2,2% of GDP.<sup>110</sup> Considering the optimistic economic data and prognoses, presented in January and February 2021, it may be assumed that Poland will sustain these plans.

At the same time, the Polish government denied any suggestion that the pandemic-related economic crisis could undermine the procurement process of its flagship armament programs, such as the F-35 or the air and missile defense. The only visible effect so far of the pandemic on investment plans was that Poland stated its intention to speed-up the fulfillment of some contracts awarded to Polish companies in order to keep them afloat in the adverse economic conditions. These were, however, relatively small programs, worth less than 220 mln euro. Thus, Poland did not make extensive use of defense procurement as an economic tool to help recover from the crisis, for structural reasons: top armament programs involve US technologies (F-35, Patriot, HIMARS) and accelerating their procurement would be difficult as further negotiations with the US would be necessary. More importantly, these programs are bound to have only limited effect on Polish companies, mostly through some technology transfer planned under offset agreements (apart from F-35 program). Hence, Poland has much less flexibility in using defense investments as an economic policy tool than the biggest armaments producers in Europe, not to mention the US. This may change when big land platforms programs are launched, one regarding the next generation tracked APC, which is meant to be developed exclusively by indigenous companies, and the other being the future MBT, which is proposed as an European project (possibly established through opening-up the MGCS by France and Germany) with Poland taking some workshare.

Poland has benefited from a multi-partisan and social consensus over the need to provide ambitious funds for national defense. It has been possible mainly thanks to a constantly improving economic condition, which has never suffered from recession since it began its transformation from a centrally-planned economy to the free market. Since 2001 a special bill has been in force, providing for an open-ended obligation of the government to spend at least 1,95% of GDP on defense. The bill has never been disputed in the parliament, even though during some fiscal years the actual defense expenditure of Poland fell short of this threshold (mostly

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109. "Poland Increases Its Defence Spending – Extra Funds in This Year's Budget?", *Defence24.com*, August 24, 2020, available at: [www.defence24.com](http://www.defence24.com).

110. "Projekt wydatków obronnych na 2021 rok", *Dziennik Zbrojny*, August 29, 2020, available at: <http://dziennikzbrojny.pl>.

due to the technical inability to spend the entire available funds). In response to the debate on burden-sharing in NATO, including the uncompromising approach of president Trump to the issue, it was updated in 2017 to provide for an even bigger defense expenditure level – 2,5% of the Polish GDP, to be reached in 2030. Importantly enough, there was no further debate at that time, either in the parliament or government, questioning the validity of the goal to increase defense spending.

Domestic consensus on defense spending is, however, one area marginally affected by the pandemic. The governmental proposal from Summer 2020 to increase the current defense budget by 6% was criticized heavily in the parliament by opposition parties. Despite the fact that additional funds were meant to be spent on investments into new capabilities, planned under the Technical Modernization Program, some counter-proposals were filed to fund education, healthcare budgets and local governments instead of defense. Ultimately these motions fell and the government proposal was adopted in the parliament in its original form. Interestingly enough, arguments supporting proposals to cut defense spending of Poland did not challenge the validity of defense expenditure itself, but rather pointed to the need to properly fund public services, deemed more important given the pandemic. It is hard to say if this challenge was a singular case or the sign of a new trend, in which defense expenditure would become a politicized issue in Polish public and expert debate.

## The autumn fight and its potential consequences

The Autumn phase of the COVID-19 pandemic took an entirely different turn in Poland than in Spring. The number of cases skyrocketed in early October and remained at a very high level throughout November and December despite some sanitary restrictions in place. The total number of new infections recorded from October 1 till of December 31 rose from a little below 100,000 to almost 1,3 million with a peak of 32,000 new daily cases in mid-November. The number of daily deaths rose more than twenty-fold from thirty on October 1, to almost 700 for a number of consecutive days in November<sup>111</sup>. As a result, a deep lockdown was introduced with schools, restaurants, hotels, and even non-essential shops closed.

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111. Source: National statistics of the Poland's Health Ministry.

The result of a rapidly increasing number of cases was a near-collapse of the healthcare system, albeit only locally. While the ability of hospitals to treat COVID-19 patients was not compromised at the national level (a buffer of free “COVID beds” and respirators was quickly expanded), the situation in big cities became difficult. A number of patients were forced to seek care in distant healthcare centers due to lack of capacity of local hospitals. Yet, this situation did not last longer than about two weeks, and already at the beginning of December some restrictions were lifted, mostly with pre-Christmas commerce in mind. With the number of daily cases continuing to decrease, the public opinion quickly began to criticize restrictions again, particularly that a deep lockdown was unexpectedly reinstated after Christmas and remained largely in place till late February (as a precautionary measure). In January and February 2021, despite the average daily number of new cases at the level of 5,500 and deaths at about 270, the attitude of the broader public towards the restrictions became largely critical again, leading this time to the emergence of a wider protest movement. Organizations of closed branches of economy began seeking legal loopholes and some businesses – like hotels and fitness centers – re-opened despite restrictions and threat of administrative penalties.

Hence it seems safe to assume that it would take a truly dramatic sweep of the pandemic – and a much more prolonged one than the Autumn episode – to question the core assumptions of Poland’s defense policy, or the framework in which national defense policy is conceptualized, developed and implemented. The main reason for that lays in Poland’s security environment and threat perception. There is a widespread understanding among Polish political elites that the pandemic will not change Russian revisionist policy towards the post-Soviet space, its close neighborhood and NATO. Recent developments in Russia, with the jailing of Alexey Navalny and the brutal crackdown of protests in his support, only reinforced the popular perception of Russian threat. It is also seen as unlikely that NATO itself will cease to be the pillar of European security (though tensions between Allies and the gradual redefinition of the transatlantic bond are expected, mostly due to the increasing US focus on China), or that Europe will come up with a credible alternative to transatlantic security guarantees, either within the legal and political framework of the EU, or outside of it.

Hence, it can be assumed that Russia will continue to be recognized in Poland as an actor able – and perhaps willing – to threaten Polish sovereignty. In April 2014, just after Crimea was illegally annexed by Russia, 47% of Poles saw an imminent security threat to Polish independence. In following years, this number went down to

approximately 30% in February 2020, just before the pandemic broke out. Still, this was much bigger figure than 12-21% noted between 2005 and 2013.<sup>112</sup> Consequently, membership in NATO and the transatlantic bond will still be perceived in Poland as the key means of deterrence and defense against Russia. This will, in turn, continue to define Polish approach to defense cooperation and strategic partnerships in general. What will remain priority for Poland will be military cooperation projects, run within the framework of NATO, and – perhaps in the first place – the implementation of the ambitious agenda of bilateral cooperation with the US, based on troops rotating to Poland and the infrastructure investments. European defense projects, like the EU's Permanent Structured Cooperation (PESCO) will remain a lower priority, as will bilateral collaboration with European NATO Allies. The latter will not mean, however, that Poland will turn inwards and stop its contributions to reinforcing common security in NATO. Driven by the principle of solidarity and willing to practically reinforce political cohesion in the Alliance, Poland is likely to continue deployments both in the Eastern Flank and in the Southern neighborhood of Europe.<sup>113</sup>

Yet, in recent years the general public has become more concerned with non-military security challenges such as climate-change or biological threats. The pandemic may reinforce this trend. The result may appear in the medium-term in Poland's funding plans for defense, particularly if the economic conditions worsen and threaten the sustainability of Poland's ambitious military modernization and expansion plans. It cannot be ruled out that adjustments may have to be made to reflect a pace of the GDP growth which can be expected to be lower than assumed in original plans. Trade-offs may involve scrapping some projects, delaying others, or changing entire concepts of capabilities to invest in. More fundamentally, the very idea of spending ever-increasing amounts of money on defense can at some point become a contentious issue among parts of the public opinion and political elites. Nevertheless, any future criticism regarding defense budget of Poland will likely be focused on spending beyond the agreed 2,5% of GDP – or possibly beyond 2% in a worst-case scenario. It appears very unlikely that a consensus might emerge in Poland supporting the idea of giving up the 2% GDP goal agreed in NATO, as the

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112. *Perception of National Safety and Attitude to NATO*, Opinion Poll, Vol. 2020, No. 28, Warsaw: Centrum Badania Opinii Społecznej, March 2020.

113. Currently Polish troops are deployed to Latvia, where a Polish armoured battalion is a part of NATO's multinational battle group, and to Romania, where a company forms a part of a multinational brigade. Poland also deploys to KFOR operation in Kosovo, RSM mission in Afghanistan and NATO Training Mission in Iraq.

importance of the Alliance for Poland's security is widely recognized across the mainstream political spectrum.

Finally, however, a final caveat must be made. What may, in the long run, affect Poland's security and defense policy would be changes on the Polish political scene induced by the pandemic and its economic and social consequences. The pandemic may serve as a catalyst for both parties from the left side of the political spectrum and anti-systemic political movements.<sup>114</sup> The latter managed to gain some visibility by protesting against lockdown and sanitary restrictions and sometimes even by openly questioning the very existence of COVID-19. While there are currently few politicians in the parliament, who represent such views, it seems that some groups of society may increasingly support them for the economic and social fatigue caused by the pandemic restrictions.<sup>115</sup> The left, in turn, may rebuild popular support by campaigning on the abortion law. The October 2020 ruling of Poland's Constitutional Court, pointing to illegality of abortion under the 1997 Constitution (previously assumed but never formally risen), sparked a wave of street protests. Using this momentum, the left began to raise also other social issues, like the quality of social services (mostly healthcare and education), which may be affected by the pandemic. These potential changes are however unlikely to occur before 2023, when the next parliamentary elections are scheduled. Even in such a scenario, changes in Poland's defense policy are still unlikely to be revolutionary as only few politicians or activists, occupying margins of the political scene, present for instance an anti-transatlantic or anti-EU agenda. Hence, an evolution of priorities is more likely, like setting the balance between the transatlantic and European dimension of Polish defense anew, without, however, undermining the primacy of NATO for Poland's security.

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114. Poland's political scene has been dominated by right-wing and centrist parties ever since the collapse of communism. The left, which was in power in 1993-1997 and 2001-2005, implemented a liberal agenda. Some leftist policies – like those emphasizing social benefits – have been in turn expanded by the right-wing, incumbent coalition after it took power in 2015.

115. The most lockdown-sceptic party in Polish parliament has been "Konfederacja", which is an amalgamate of radical liberals and nationalist political movements. In 2019 elections it won 11 mandates in the 460-seats parliament.

# Spain

**Félix Arteaga**

COVID-19 has changed the priorities of the Spanish public agenda, although the final extent of the changes depends on the evolution of the economic crisis in the years to come. Public policies such as health, investment and social assistance will escalate to the top of the agenda, but it is still too early to know to what degree these changes will affect the remaining public policies, such as the foreign and defense ones.<sup>116</sup> The government presented a draft national budget for 2021 to Congress in October 2020, with a record increase in spending: 33% above 2020 to reach €383,542 million. Most of the surge is devoted to employment and social policies (+1167%), health (+946%), research (+391%) and industry (+337%), either to compensate for the impact of the pandemic or to boost the recovery. The evolution of these priorities in the budgets of the following years depends on the capacity of Spain to borrow and the pace of its economic recovery.

For the national security community, COVID-19 has not changed the strategic security context, although the consulted officials and experts foresee potential impacts on transatlantic relations, European strategic autonomy, and the missions and operations of the armed forces, among others.<sup>117</sup> These drivers of change in the strategic context have been in the making for a long time; it is still too early to know if the pandemic will affect them in the future. Up to now, the government maintains the strategic vision contained in the National Security Strategy (NSS) of 2017, and the last update of the National Defense Directive (NDD) approved in June 2020 kept the same level of ambition on maintaining international peace and security as a priority goal for the national defense.<sup>118</sup> In any case, the current NSS is under review; this could register any significant impact of the pandemic in the strategic context, which in turn could pave the way for updating the 2020 NDD.

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116. C. Powell, I. Molina and J. P. Martínez, “España y la crisis del coronavirus: una reflexión estratégica en contexto europeo e internacional”, Madrid: Real Instituto Elcano, June 2020.

117. F. Arteaga, “Implicaciones de la COVID-19 para la Defensa”, *Elcano Policy Paper*, No. 3, Madrid: Real Instituto Elcano, May 2020.

118. Gobierno de España, “National Defense Directive 2020”, *Defensa.gob.es*, June 2020, available at: [www.defensa.gob.es](http://www.defensa.gob.es).

The defense budget for 2021 takes advantage of the extraordinary increase in spending, increasing by 4.7%. Unlike what happened in the economic crisis of 2008, when the MoD suspended the execution of the budget and reduced those of the following years (from €12,756 million in 2008 to €9,508 million in 2014), the MoD has now continued meeting its financial commitments, even approving new acquisitions when the economic impact of the pandemic on the national economy was already visible.

According to this scenario of short-term continuity, the crisis has not so far triggered any major change in the defense planning process. The MoD is going ahead with implementing the €15,000 million modernization program approved in 2018, to support national industry (wheeled combat vehicles, frigates and aircraft) as well as to take part in the EU PESCO projects and in cooperative programs with other European countries (e.g. the NGWS/FCAS with Germany and France). Besides, the military reorganization approved in May 2020 preserves the same force structure as before COVID-19, with minor changes in the Operational Command Structure to create a new Cyberspace Command and a Force Development Division in the Defense General Staff.<sup>119</sup> Finally, the draft budget for 2021 maintains the same target as in recent years of 79,000 professional soldiers.

While the abovementioned strategic and budgetary indicators remain stable so far, a poor evolution of the economic recovery could disrupt the business-as-usual scenario in the coming years. As will be noted below, COVID-19 has affected the Spanish economy more than other advanced economies. This handicap could affect the economic recovery as well. If so, the government could revise the priorities of the agenda to the detriment of defense.

## Changes in the roles and centrality of allies and cooperation

Spain is a firm advocate of multilateralism, although the 2020 Directive recognizes its setback and its loss of effectiveness due to the current geopolitical context. Spain continues to promote the Common Security and Defence Policy, and considers the EU to be the main axis of action of its defense policy. Consequently, it will continue to participate in all EU missions and operations, being one of the largest contributors to them, as long as the economic situation allows. However, while Spain is boxing

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119. Royal Decree 521/2020 of May 19, *Boletín Oficial del Estado*, No. 143, May 2020, pp. 33781-33793.

above its weight to fulfill its international commitments, many EU member countries box below their weight, increasing the gap between the declared level of ambition and the real commitment to European defense. For this reason, Spain has supported the Permanent Structured Cooperation (PESCO) review and the elaboration of a “strategic compass”, ordered as requested by the European Council to balance progress among the strategic, operational and industrial elements of European strategic autonomy.<sup>120</sup>

The industrial sector also shares high expectations for the European Defence Fund (EDF) to promote its integration into the European Defence Technological and Industrial Base (EDTIB), hence the massive participation of Spanish industry in tenders for the Preparatory Actions in Defense Review (PADR), PESCO and the European Defence Industrial Development Program (EDIDP).<sup>121</sup> However, the reduction of EDF funding by half raises doubts about the priority that the 27 will assign to their defense policy in a post-COVID-19 environment, and whether the remaining funds will benefit more the “European Champions” than the Spanish SMEs and MIDCAPS. The uncertainty about the future encourages Spain to maintain, on the one hand, its close relationship with the European countries most committed to European defense, such as Germany, France and Italy, and, on the other, explore bilateral or “minilateral” cooperation alternatives outside of the EU such as the European Intervention Initiative.

Regarding NATO, transatlantic relations were already under stress well before the pandemic due to disputes over burden-sharing, the hostile statements by President Trump, the trade war, the sanctions on Iran, and the involvement of third parties in defense industrial programs financed with common funds, among many other divisive topics. Nonetheless, the 2020 NDD continues to consider NATO as the pillar of collective defense in Europe, and NATO holds a strong political consensus. However, the consensus is even greater for keeping military spending as low as possible, despite the complaints of NATO allies, and the United States in particular. Thus, all Spanish governments, regardless of their ideology, have discarded

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120. According to the Recommendation of the Council 2020/C 204/01, June 15, more than two-thirds (30) of the 47 PESCO projects remained at their ideation phase, and the annual report of the High Representative and the Council highlighted as not sufficient the commitments related to the European collaborative approach, as well as the operational ones (paragraphs 11 and 21 respectively).

121. Spanish companies have taken part in 31 out of 47 PESCO projects, third after French and Italian companies, according to the assessment of the Council Decision (CFSP) 2019/1909 of November 12, 2019. In the EDIDP/PADR call of 2019, 40 Spanish companies of a total of 400 managed to lead four of the 16 selected projects and joined 17 consortia. See C. Calvo, “Resultados de las convocatorias EDIDP/PADR 2019”, *e Dossier*, No. 10, *Infodefensa*, July 13, 2020, available at: [www.infodefensa.com](http://www.infodefensa.com).

fulfilling the 2014 NATO pledge to increase the level of defense investment by up to 2% of GDP in 2024. Should NATO demand that Spain increase its military spending in the COVID era, this could provoke a political and social debate that would put at risk the abovementioned consensus. In the operational field, Spain contributes to the allied deployment on the eastern flank as well as to NATO missions though, as highlighted in the 2017 NSS and the 2020 NDD, the greatest operational challenges for Spanish security lie in the conflict scenarios of North Africa and the Sahel, where NATO is not conducting any significant action.

Multilateralism is not a victim of the pandemic but of the declining liberal order that diminishes the effectiveness of the security and defense organizations. Although the official position continues to support multilateralism, geopolitical tensions first and then the pandemic raise doubts about its effectiveness, and justify diversifying partnerships to reduce potential risks.<sup>122</sup> With this new strategic pragmatism, the 2020 NDD seeks to review the Spanish contribution to the major international organizations (EU, NATO, UN) by taking into account the added value of the different missions and operations for the national defense interests in the immediate European environment, the Mediterranean, the Western Sahel and the Atlantic Ocean.

## Defense spending

The pandemic has aggravated the structural problems of the Spanish economy, which, at its outset, had public debt close to 100% of GDP, unemployment around 14%, and a deficit of 3%. In addition, the economy heavily depends on sectors that have been largely affected by the pandemic, such as tourism. The International Monetary Fund (IMF) supports the estimate of a 12.8% reduction in Spanish GDP, the greatest fall among Organisation for Economic Co-operation and Development (OECD) countries in 2020.<sup>123</sup> The IMF also foresees a rate of unemployment close to 16.8%, an increase of 14.1% in the public deficit (around €140,000 million), and public debt close to 123% of GDP at the end of the year. This is a similar assessment to that of the European Commission in

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122. L. Simon and F. Arteaga, “¿Más allá del multilateralismo? COVID-19, autonomía estratégica europea y política exterior española”, *Análisis del Real Instituto Elcano*, No. 43, Madrid: Real Instituto Elcano, May 5, 2020.

123. *World Economic Outlook: A Long and Difficult Ascent*, Washington, DC: International Monetary Fund, October 2020.

November 2020, and indicates that the economic crisis will be harsher and last longer in Spain than in other developed countries.<sup>124</sup>

Defense is neither a strategic sector for the national economy (all the defense industries remained closed during the lockdown, except for basic maintenance tasks) nor a high priority among public policies. Major parties avoid public debates in the agenda-setting of defense expenditures, and the political leaders refuse a high profile in defense affairs due to the strategic culture of Spanish society.<sup>125</sup> Defense budgets are not enough to meet the planned commitments, and the Ministry of Defense is forced to request extraordinary credits every year from the Contingency Fund and the Ministry of Industry.<sup>126</sup> The budget shortage is chronic because defense planning lacks a multiannual framework on long-term spending, and the implementation of the budgets depends on the economic situation every year. As personnel costs are fixed, cuts mainly affect payments for acquisitions, maintenance, and research, thus weakening the defense industrial and technological base as well as the operational readiness of units.

To avoid the repetition of such a disruptive economic scenario, this time the national security community reacted proactively to prevent defense from once again being the scapegoat of economic crisis, as happened in 2008.<sup>127</sup> Representatives of the military, academia and the industrial sectors asked the government to defend the priority of defense spending in the pandemic environment.<sup>128</sup> On this occasion, Minister of Defense Margarita Robles has taken advantage of the prestige that the armed forces and the industrial sector have acquired during the fight against the pandemic to justify the need to sustain the budget effort in order to ensure their contribution to the recovery of the national economy, the maintenance of employment, and the development of the national defense industrial and technological base.<sup>129</sup> She has also proactively engaged with her German, French and Italian counterparts in order to

124. Directorate-General for Economic and Financial Affairs, European Commission, “European Economic Forecast. Autumn 2020”, *European Economy Institutional Papers*, No. 136, November 2020, pp. 94-95.

125. F. Arteaga, “Spain”, in: H. Biehl, B. Giegerich and A. Jonas (eds.), *Strategic Cultures in Europe*, Wiesbaden: Springer, 2008, pp. 333-342.

126. As a result, the implemented budgets exceed the initial ones and they have reached deviations above 20% since 2000. See F. P. Muínelo, *Gasto de Defensa en España, 1946-2009*, Ministry of Defense, 2009, p. 162.

127. A. Marrone *et al*, “European Defense should not be the casualty of the Great Lockdown?”, *Euractiv*, April 17, 2020, available at: [www.euractiv.com](http://www.euractiv.com).

128. F. Arteaga, “Implicaciones de la COVID-19 para la Defensa”, *op. cit.*

129. “Comparecencia de la ministra de defensa, Dña. María Margarita Robles Fernández, ante la comisión de defensa, para informar sobre las líneas generales de la política de su departamento”, *Diario de Sesiones del Senado*, No. 43, Comisión de defensa, Cortes Generales, May 22, 2020.

make sure that security and defense continue to be a priority for the European Union.<sup>130</sup>

The National Budget for 2021 does not reduce the MoD budget, as might be expected; indeed, it shows a slight increase, of 4.7% (from €8,642 million to €9,072 million).<sup>131</sup> Even the budget of the Ministry of Industry has been expanded to finance the major programs of the MoD (€676 million for the F-110 frigates, VCR 8x8 vehicles, S-80 submarines and NH90 helicopters).<sup>132</sup>

## Assumptions made during the case-study analysis

The key assumption is that the economic impact of the pandemic in Spain will be deeper and more lasting than for other developed economies. COVID-19 has amplified the structural weaknesses of the Spanish economy and its economic model. The paralysis of the productive economy, the long period of confinement, the reduced financial capacity and the uncertainty about EU support measures, among others, will change the priorities of the public agenda. The government can resort to public debt and deficit increases to mitigate the pandemic damage, as it does in the National Budget for 2021, but these extraordinary measures cannot be sustained indefinitely without an economic recovery. Accordingly, no radical changes in defense policy are expected so far, all other things being equal (short-term continuity). However, if the economic recovery does not match current expectations, the EU funds do not arrive on time, or the ability to borrow decreases, the situation could evolve towards a disruptive scenario. The more critical the economic and social situation becomes, the more difficult for the government to maintain the defense budgets as usual.

It is also assumed that COVID-19 has not altered the security context. Most of the drivers of change in the strategic context were in train before the pandemic, and there is no clear evidence of its impact on the drivers so far. Any significant change in the security context will force Spanish security planners to adjust both the National Security Strategy and the National Defense Directive. The updating of the last one in June 2020

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130. Government, "Joint letter from the defense ministers Florence Parly, Annegret Kramp-Karrenbauer, Lorenzo Guerini and Margarita Robles to their counterparts of the other 23 Member States of the European Union as well as to High Representative for Foreign Affairs and Security Policy, Josep Borrell", May 29, 2020, available at: [www.gouvernement.fr](http://www.gouvernement.fr).

131. Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021.

132. "El Ministerio podría financiar otros programas", *Infodefensa*, November 2, 2020, available at: [www.infodefensa.com](http://www.infodefensa.com).

validates the continuity of the security context, though it forecasts the increased role of the armed forces to cooperate with and support civilian authorities in crisis and/or emergency situations.

The last assumption has to do with the decline of multilateral organizations for enhancing military cooperation. Tensions are accumulating in transatlantic relations, and European defense is losing the momentum it gained since 2016. The pandemic may aggravate the ideological and geopolitical differences, especially those related to burden-sharing and industrial collaboration, despite favorable expectations after the ending of the Trump administration. Given the uncertainty of the multilateral cooperation frameworks, Spain should diversify its security commitments, combining its commitments to the abovementioned multilateral organizations with bilateral/minilateral ones or in coalition with strategic partners that share the same level of ambition and commitment. The 2020 NDD underlines the diminishing effectiveness of the multilateral security organizations and the need to contribute to them under a new strategic pragmatism, so as to give more priority to those international security operations in the areas of interest for national defense.



# Sweden

**Magnus Petersson**

The aim of this chapter is to analyze how the COVID-19 pandemic has affected Swedish security and defense policy and priorities. Since the pandemic is far from over, it is impossible to draw definitive conclusions. The Swedish Defense Research Agency (FOI) published a preliminary report on the initial consequences of the virus from different perspectives in June 2020.<sup>133</sup> In July 2020, the Swedish government appointed a “corona commission” (Coronakommissionen), which is tasked with evaluating how the Swedish state has handled the situation and assessing the effects of the virus. The commission will also compare Sweden with other relevant countries and deliver a final report to the government at the end of February 2022. It delivered its interim report in December 2020 about the elderly care in Sweden which, according to the commission, had failed.<sup>134</sup>

This chapter will rely on the FOI report, articles and data that have been published so far. It starts with the national security and defense priorities, continues with changes in the role of allies and cooperation, and after that discusses defense spending. It will conclude with a more general outlook.

## National security and defense priorities

As said in the introduction, the pandemic is far from over, which makes it impossible to draw definitive conclusions about priorities. Some patterns can be seen, however. First, Swedish national security policy priorities have changed. The policy has become more focused on internal security, with a strong emphasis on civil and total defense, resilience, etc.

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133. E. Mittermaier, N. Granholm and E. Veibäck (eds.), *Perspektiv på pandemin – Inledande analys och diskussion av beredskapsfrågor i ljuset av coronakrisen 2020*, Stockholm: Totalförsvarets forskningsinstitut, 2020.

134. Regeringen, Socialdepartementet, Coronakommissionen, “Äldreomsorgen under pandemin”, *Statens offentliga utredningar*, No. 80, July 3, 2020. The summary of the interim document was published in English in December: Regeringen, Socialdepartementet, Coronakommissionen, “Summary of SOU 2020:80. Elderly care during the pandemic”, *Statens offentliga utredningar*, December 15, 2020.

These tendencies were present even before the pandemic, as a consequence of Russia's more and more aggressive behavior since 2008, and in particular since the Ukraine crisis started in 2014.<sup>135</sup> What the pandemic added were the consequences of not having planned for resilience, especially regarding the supply of critical goods such as food, toilet paper, face-masks, sanitizers, raw materials, etc. During the Cold War, Sweden (and other similar countries) stored goods so that it could supply the armed forces and citizens for months (in the Swedish case, the goal was six months).<sup>136</sup> When the pandemic struck, the authorities and citizens became aware that this was no longer the case, and that the trusted global economy – expected to deliver such goods “just in time” – did not actually deliver enough. This was a wake-up call for the Swedish government. Articles appeared in the Swedish media about how far-sighted Finland – which had retained the total defense concept, and not trusted the global economy to deliver critical goods just in time – had been.<sup>137</sup>

The increased focus on internal security and total defense issues will probably continue in the coming years. Especially important is the issue of creating crisis management systems that are robust and can handle the next crisis, which may not look like this one. Adaptation and flexibility are key words here, according to several experts.<sup>138</sup>

However, despite a more inward-looking security policy the pandemic has not, so far, been a game-changer in terms of defense policy. Already in May 2019, all the political parties in the Swedish parliament agreed that the Swedish armed forces should grow, and be able to fight independently for at least three months.<sup>139</sup> In October 2020, the government submitted a long-term plan for defense that includes increasing defense spending by around 40% and the size of the armed forces by around 50% (from 60,000 to 90,000 troops) within the next five years. This will include reactivating several regiments and an air force base that were shut down after the end of the Cold War, and double the size of the army from two to four

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135. Försvarsberedningen, “Motståndskraft: Inriktningen av totalförsvaret och utformningen av det civila försvaret 2021–2025”, *Departementsserien*, No. 66, Stockholm: Försvarsdepartementet, 2017.

136. J. Lindgren, A. Odell and A.-S. Stenérus Dover, “Beredskapslager som en del av försörjningsberedskapen – lärdomar från pandemin”, in: E. Mittermaier, N. Granholm and E. Veibäck (eds.), *Perspektiv på pandemin – Inledande analys och diskussion av beredskapsfrågor i ljuset av coronakrisen 2020*, *op. cit.*

137. J. Höglund, “MSB om Finlands krislager: ‘Vi behöver en egen buffert’”, *Göteborgs-Posten*, April 6, 2020, available at: [www.gp.se](http://www.gp.se).

138. See, especially, P. Eriksson, “Glöm pandemin”, in: E. Mittermaier, N. Granholm and E. Veibäck (eds.), *Perspektiv på pandemin – Inledande analys och diskussion av beredskapsfrågor i ljuset av coronakrisen 2020*, *op. cit.*

139. Försvarsberedningen, “Värnkraft: Inriktningen av säkerhetspolitiken och utformningen av det militära försvaret 2021–2025”, *Departementsserien*, No. 8, Stockholm: Försvarsdepartementet, 2019.

brigades.<sup>140</sup> Sweden will still depend on other Western countries' capabilities and will to resist a potential armed attack by Russia, but recent decisions clearly show a trend toward renationalizing defense that started long before the pandemic and can be expected to continue.

## Changes in the roles and centrality of allies and cooperation

Sweden has been a formal NATO partner since 1994, and an EU member since 1995. During the Cold War, Sweden was not only non-aligned, but also intended to remain neutral in case of war. That meant that it kept its distance from both NATO and the EU, since cooperation with these institutions was perceived by the government as compromising its “neutrality policy”. Since Sweden became a NATO partner and an EU member, this policy has been fundamentally revised. Sweden is still non-aligned, but cooperates intensively and deeply with NATO, and is fully integrated in the EU, including in its defense cooperation architecture. In fact, Sweden has been one of the most active promoters of deepening the EU's common security and defense policy, and is sometimes described as NATO's “allied partner”.<sup>141</sup>

From what we have seen so far, Sweden's active and promoting role regarding both European defense and cooperation with NATO has not changed. Several planned meetings, and not least multinational exercises on land, have been postponed because of the pandemic; for example, the multilateral Norwegian exercise *Cold Response* that was supposed to include 14,000 troops from 10 countries, including Sweden. Sweden's own huge multilateral exercise *Aurora 20*, intended to include 25,000 troops from 12 countries, was also postponed. However, navy and air force exercises – for example, the multinational *Baltops 20* navy exercise, including 19 NATO nations, Finland and Sweden – have not been canceled.<sup>142</sup> The Swedish army has exercised nationally and locally, but not in large formations, which is negative for interoperability.<sup>143</sup>

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140. Regeringens proposition 2020/21:30, *Totalförsvaret 2021–2025*.

141. M. Petersson, “The ‘Allied Partner’: Sweden and NATO through the Realist-idealist Lens”, in: A. Cottey (ed.), *The European Neutrals and NATO: Non-alignment, Partnership, Membership?*, Basingstoke: Palgrave Macmillan, 2018.

142. Försvarsmakten, “Försvarsmaktsövning Aurora 20 flyttas fram”, April 3, 2020, available at: [www.forsvarsmakten.se](http://www.forsvarsmakten.se); Försvarsmakten, “Baltops 20”, no date, available at: [www.forsvarsmakten.se](http://www.forsvarsmakten.se).

143. Försvarsmakten, “Värld 20”, no date, available at: [www.forsvarsmakten.se](http://www.forsvarsmakten.se).

However, Sweden's will to cooperate militarily within the EU and with NATO has not changed. Sweden is, for example, actively participating in the European Intervention Initiative, and actively underscores the importance of the transatlantic link for European and national security.<sup>144</sup> In addition, bilateral defense cooperation between Sweden and Finland has deepened since the pandemic broke out. Sweden is now prepared to give/receive, military assistance to/from Finland. A new law, which was prepared during spring 2020 and became effective in October 2020, allows the Swedish government to send troops to Finland (at Finnish request), and receive troops from Finland at Swedish request.<sup>145</sup>

On September 23, 2020, Finland, Norway and Sweden signed a "Statement of Intent on Enhanced Operational Cooperation", which opens the way for trilateral operational cooperation in the northern parts of the countries, located close to Russia's Northern Fleet. In a common article, the three ministers of defense argued that this will increase interoperability between the three countries, and "the possibility to conduct joint military operations".<sup>146</sup>

## Defense spending

The expected effects of the current crisis on Sweden's GDP and growth is, according to the OECD, that GDP will fall by between 6.7% and 7.8% in 2020 and increase by between 0.4% and 1.7% in 2021, depending on a single- or double-hit scenario.<sup>147</sup> According to the Bank of Sweden (Sveriges Riksbank), Sweden should have recovered to figures comparable to before the pandemic by the summer or end of 2021.<sup>148</sup>

As already noted, this will not influence defense spending. The Swedish government has launched crisis packages in response to the pandemic, amounting to around SEK200 billion (~€20 billion), to support business, culture, sports, etc.,<sup>149</sup> but there has been no discussion about how these resources may relate to defense spending. The planned increased defense spending has not been affected by the crisis packages within the government, at least not in public.

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144. Regeringen, "Regeringsförklaringen den 8 september 2020", September 8, 2020, available at: [www.regeringen.se](http://www.regeringen.se).

145. Lag (2020:782) om operativt militärt stöd mellan Sverige och Finland.

146. Regeringen, "Finland, Norge och Sverige fördjupar sitt trilaterala operativa försvarssamarbete", September 24, 2020, [www.regeringen.se](http://www.regeringen.se).

147. *OECD Economic Outlook*, Vol. 2020, No. 1, Paris: Organisation for Economic Co-operation and Development, 2020, pp. 311–314.

148. *Monetary Policy Report*, Stockholm: Sveriges riksbank, February 2021.

149. Finansdepartementet, "Ekonomiska åtgärder för 2020 till följd av virusutbrottet" November 25, 2020, available at: [www.gov.se](http://www.gov.se).

The long-term defense plan is a general push to strengthen national defense, including the doubling of the number of army brigades by creating two new ones (including one that should be able to fight in Finland), reopening an air force base in Uppsala close to Stockholm (from three to four air force bases) and re-establishing an amphibious regiment in Gothenburg (which could protect the harbor in Gothenburg, the biggest in the Nordic countries), the infantry regiment in Arvidsjaur in northern Sweden, and two additional regiments in northern Sweden.<sup>150</sup> It is now clear that the Swedish armed forces will receive a lot more resources in the coming years – an additional SEK5 billion (~€500 million) in 2022, SEK10 billion in 2023, SEK15 billion in 2024, and SEK20 billion in 2025) despite the pandemic.

However, Swedish defense spending has been at an all-time low during the last ten years. Only about 1% of GDP has been spent on defense during this period, compared to 2% at the end of the Cold War, and around 4% during the 1960s. This is the lowest figure in all the Nordic countries, even though Sweden has the largest economy. Now the general aim is to reach 1.5% of GDP to start with, and to reach 2% during the next long-term plan, 2026-2029, which is NATO's general goal. The consensus on the figures among Swedish political parties has been lost in the process.<sup>151</sup> But the most important thing is that all parties, including the Left Party (left-wing) and the Sweden Democrats (right-wing), have underscored that the Swedish armed forces must get increased funding, and this consensus has not been influenced by the pandemic.

## Domestic politics outlook and potential effects on foreign and defense policies

To summarize, the current crisis has not reshaped domestic politics in a significant way in Sweden, and it will probably not weigh heavily on the next national elections, in September 2022. The Swedish COVID-19 policy has been assessed both positively and negatively, both internally and externally. But, in general, Swedish people are satisfied with the government's handling of the situation, and among experts the view is that the pandemic will not reshape domestic politics. The government gained increased public support during the first months of the pandemic, but since then the situation has more and more normalized.

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150. Försvarsberedningen, "Motståndskraft: Inriktningen av totalförsvaret och utformningen av det civila försvaret 2021–2025", *op. cit.*

151. M. Eriksson, "Regeringen skjuter till miljarder till försvaret", *sverigesradio.se*, September 18, 2020, available at: <https://sverigesradio.se>.

As said above, following the onset of the pandemic there has been more focus on internal security – especially total defense – than before in Sweden, but that change has not affected foreign and defense policy priorities in an important way. Sweden is still quite ambitious regarding the need to strengthen its civil and military defense (increasing the defense budget by 40% between 2021 and 2025), supporting the EU's security and defense policy as before, actively engaging in its NATO partnership as before, and increasing and deepening its defense cooperation with Finland, and also – lately – with NATO member Norway.

# United Kingdom

**Peter Watkins**

For the United Kingdom, the Coronavirus pandemic came at a particularly sensitive time. The UK had finally left the European Union on January 31, 2020 – and had entered the “transition” period during which it planned to negotiate its future relationship with the EU. The Conservative Government, led by Boris Johnson, had been re-elected with a substantial parliamentary majority in mid-December 2019 – promising a degree of political stability which had been largely absent since the inconclusive election in June 2017. In its program for the forthcoming five-year parliamentary term, the Government announced its intention to conduct an “Integrated Security, Defence and Foreign Policy Review”,<sup>152</sup> described in short-hand as the *Integrated Review*. Previous governments had committed themselves<sup>153</sup> to conducting such reviews – known since 2010 as Strategic Defence & Security Reviews – every five years. So a review was expected, but both the context and the change of title indicated that this one would be different – in particular, it was to define the UK’s post-Brexit place in the world. In late-February 2020, the Prime Minister affirmed that the “main bulk” of the review would conclude in line with the Government’s wider Spending Review.<sup>154</sup> This would set out detailed spending plans for all government departments and agencies for the next parliamentary period – specifically, for financial years 2021/2022 to 2023/2024 – to be published in July 2020.<sup>155</sup>

The stage had been set. But then came the virus. The subsequent months saw a series of twists and turns with the *Integrated Review* – including, in mid-November 2020, the surprise announcement of the biggest one-off increase in the defense budget for a generation and a further postponement of the publication of the *Integrated Review* itself.<sup>156</sup> The latter is now expected to appear in March 2021, along with further

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152. “Queen’s Speech”, Hansard, Vol. 801, London: UK Parliament, December 19, 2020.

153. *Strategic Defence & Security Review*, London: HM Government, October 2010, p. 9.

154. HM Government, “PM Outlines New Review to Define Britain’s Place in the World”, *Press Release*, February 26, 2020, available at: [www.gov.uk](http://www.gov.uk)

155. HM Treasury, “Budget Speech 2020”, *Speech*, March 11, 2020, available at: [www.gov.uk](http://www.gov.uk). British government financial years run from April 1, to March 31.

156. “Integrated Review”, Hansard, Vol. 684, London: UK Parliament, November 19, 2020.

details of defense plans. This article offers a preliminary analysis of what happened and why.

## The response to COVID-19 and the initial impact of the pandemic

Cases of COVID-19 began to grow exponentially in the UK in mid-March 2020 and, on March 23, the Government announced a first national “lockdown”. Over the subsequent months, the UK experienced among the highest number of infections, hospitalizations and deaths among European countries, in both absolute and relative terms. It also experienced one of the sharpest economic downturns.<sup>157</sup> The *Integrated Review* and the *Spending Review* were delayed. Hopes of a “V-shaped” economic recovery as the spread of the virus was brought under control in the early summer soon dissipated: an emergent “second wave” in the late summer led to the incremental re-imposition of localized restrictions on daily life. Given the need to “prioritize the response to COVID-19”, the Treasury announced in October 2020 that the *Spending Review*, now to conclude in late November, would cover financial year 2021-22 only.<sup>158</sup> Since then, there have been two further national lockdowns.

From a relatively early stage, there has been widespread debate about the adequacy of the British Government’s response to the pandemic. While the National Health Service is generally seen as having risen well to the challenge, there has been criticism that the Government was ill-prepared for the pandemic even though the risk of such an event had figured highly on the National Security Risk Assessment. It has also been criticized for imposing lockdown restrictions too slowly and for rolling out mass testing too late (and then somewhat unevenly). The response to the pandemic also varied considerably in terms of the precise restrictions imposed in England by the Government in London and in the other three “nations” of the UK by their devolved administrations, raising questions about national cohesion and apparently enhancing popular support for independence in Scotland. More positively, the recently-launched vaccination campaign has enjoyed general approbation.

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157. A quarter on quarter reduction in GDP in April-June of 19.8%. See *GDP quarterly national accounts, UK: April to June 2020*, Office of National Statistics, September 30, 2020.

158. HM Treasury, “Spending Review to conclude late November”, *Press Release*, October 21, 2020, available at: [www.gov.uk](http://www.gov.uk).

## COVID-19 and the level of ambition for UK security and defense policies

As in other major European states, the British Government accepted that dealing with the health and economic implications of the pandemic was its top priority. But it did not want this to displace entirely other priorities. For example, it rejected suggestions that it should seek an extension of the Brexit transition period, and proceeded with planning both to implement a trade agreement and manage a “no deal” outcome. To soften the economic impact of the pandemic, there has been a massive increase in public expenditure funded by a similarly massive increase in government borrowing.<sup>159</sup> During the crisis, the Government made no attempt to “balance the books” by trimming public expenditure elsewhere, including on defense – although Ministers have warned that the public finances would need to be put back on a more sustainable footing at some point in the future and overseas aid expenditure has been subjected to a “temporary” reduction. While some commentators in the ubiquitous online webinars speculated that the defense budget would (have to) be squeezed, there were no official indications of such an intention – and neither was it borne out in reality.

But there was, inevitably, some impact on the Government’s plans. It had billed the *Integrated Review* as the “deepest review of Britain’s security, defense and foreign policy since the end of the Cold War”<sup>160</sup> and said that it would largely conclude by July 2020 – an extraordinarily ambitious timetable even at the best of times. However, the review had to be “paused” for about three months during the spring/summer period. Ministers initially suggested that it would not recommence until the end of the year,<sup>161</sup> concluding sometime in 2021. The Government subsequently said in early July that the review had restarted, but that its approach had been amended to meet the “additional and pressing objective of setting a strong direction for recovery from C[OVID]-19, at home and overseas.”<sup>162</sup> The review would “remain closely aligned with the Spending Review”<sup>163</sup>

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159. See *Public sector finances, UK: October 2020*, Office of Budget Responsibility, October 21, 2020.

160. HM Government, “Queen’s Speech 2019: Background Briefing Notes”, *Policy Paper*, December 19, 2019, p. 141, available at: <https://assets.publishing.service.gov.uk>.

161. “Oral Evidence by the Defence Secretary”, House of Commons Defence Committee, London: House of Commons, April 22, 2020.

162. “Letter from Deputy National Security Adviser to the Chairs of the Foreign Affairs, Defence and Development Committees”, London: UK Parliament, July 8, 2020. Included in House of Commons Defence Committee, “In Search of Strategy – The 2020 Integrated Review”, HC165, August 13, 2020.

163. *Ibid.*

and it was indicated informally that both reviews would conclude in mid-to-late November. Following the Treasury's October announcement on the Spending Review, there was more speculation on the fate of the *Integrated Review* – until the mid-November announcements mentioned above.

As elsewhere, the onset of the pandemic led to much deliberation internally within government and across the broader expert community in academia and think-tanks about its implications for the strategic environment. The consensus view across the broader community – and one which appears to be shared by UK government officials – was that the pandemic would accentuate and accelerate already evident trends, notably the shift in economic power from the “West” to the “East”; a tempering of the hyper-globalization of trade, with some rebalancing towards more localized supply chains; and growing “great power” competition, especially between the US and China. All this went with the grain of the *Integrated Review* – Ministers had already raised expectations that it would seek to upgrade the UK's national security capabilities for a more competitive world and that it would increase the UK's focus on the Indo-Pacific region under its “Global Britain” tagline.<sup>164</sup>

The pandemic also prompted calls from the broader expert community and politicians for a wider definition of “national security”, encompassing security against non-traditional risks such as infectious disease and accelerating climate change. From a relatively early stage, the Armed Forces played a visible part in the Government's response to COVID-19 such as through helping with the provision of stand-by hospitals and running testing facilities. The MoD stood up a 20,000 strong “COVID Support Force” to assist the relevant civil authorities<sup>165</sup> – in the event, only about one fifth of this number was actually deployed during the first wave. There were relatively early indications from government that such support might be seen as a model for more extensive use of the Armed Forces in other non-military scenarios. Conversely, the UK Government did not seek to use defense procurement to mitigate the economic impact of the pandemic, either through accelerating the placing of contracts or expanding their scope. Such a step would have been problematic in the middle of a Review which was re-evaluating the Armed Forces' future equipment requirements; it would also have had a relatively limited impact in an economy optimized towards services. The MoD did, however, seek to

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164. See “Foreign Secretary's Statement on Global Britain”, Hansard, Vol. 671, London: UK Parliament, February 3, 2020.

165. Ministry of Defence, “Military Stands Up COVID Support Force”, *News Story*, March 19, 2020, available at: [www.gov.uk](http://www.gov.uk).

sustain the main defense companies' cash-flow position by interim payment of invoices.<sup>166</sup>

So far, therefore, the pandemic has had relatively limited impact on UK defense. From around the middle of the year, Ministers sought to emphasize that the Armed Forces were going about their normal duties, exercises and so on (subject of course to complying with government regulations on staying safe from the virus). The use of the Armed Forces in the response to the pandemic increased towards the end of the year, with military personnel taking a significant role in the vaccination campaign.<sup>167</sup> But normal military activities continued, with an increasing public focus on plans for the first operational deployment of the UK's new aircraft carrier, HMS Queen Elizabeth, in the summer of 2021. As the *Integrated Review* slipped backwards, two major defense documents were published: an outline of the future *Integrated Operating Concept (IOPC)*<sup>168</sup> of the Armed Forces in late September and, a few weeks later, the MoD's *Science & Technology Strategy*<sup>169</sup>. These suggested that the Defense elements of the *Integrated Review* were driven primarily by the need to be able to respond more effectively to "grey zone" or sub-threshold threats from other states, particularly Russia, and to accelerating technological change. The *IOPC*, in particular, sketched out a world of "persistent competition" between states, using all instruments of statecraft.

The Government's early briefings on the *Integrated Review* had highlighted the need to "strengthen cooperation with Europe on security" (despite Brexit) and to "consider how to strengthen British investments in space and the most advanced quantum technologies (computing, communications, sensors)."<sup>170</sup> Nine months (and a pandemic) later, the *Integrated Operating Concept* signaled that the Armed Forces would adopt a "campaigning posture", involving an active, forward presence to deter adversaries and reassure allies. There would be less emphasis on force "structures" optimized for traditional, heavy war-fighting. It also signaled a desire to invest more heavily in "information age" (or "sunrise") technologies (cyber, Artificial Intelligence, space) at the expense of "industrial age" (or "sunset") ones. And it highlighted the importance, in this more amorphous strategic environment, of close cooperation with allies and partners – in operations, training, research and acquisition –

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166. *Annual Report and Accounts 2019-2020*, Ministry of Defence, October 22, 2020, p. 18.

167. Ministry of Defence, "COVID Support Force: the MoD's Continued Contribution to Coronavirus Response", *Guidance*, October 30, 2020 (updated January 29, 2021), available at: [www.gov.uk](http://www.gov.uk).

168. *Introducing to the Integrated Operating Concept*, Ministry of Defence, September 30, 2020.

169. *MOD Science & Technology Strategy*, Ministry of Defence, October 19, 2020.

170. HM Government, "Queen's Speech 2019: Background Briefing Notes", *op. cit.*, pp. 141-142.

asserting that the British Armed Forces will become “Allied by design”.<sup>171</sup> In comments coinciding with the regular NATO Defence Ministers meeting in October, the Defence Secretary underlined the UK’s “leading role” in NATO and its importance for the UK’s global reputation.<sup>172</sup>

There is no indication, therefore, that the trajectory of UK defense thinking has been strongly influenced by the pandemic – the phrase “Allied by design”, for instance, is a modification of a similar phrase used in the 2015 Strategic Defence & Security Review, “International by design”. But details of the approaches set out in the IOpC and other official briefings remain sparse. It looks likely that the UK will want to strengthen its contributions to Euro-Atlantic security by putting British participation in NATO’s Enhanced and Tailored Forward Presence activities on a more enduring and systematic basis. It also looks likely that the UK will want to optimize its footprint of facilities and bases in the Gulf region and the Indo-Pacific, as well as deepen cooperation with partners in both regions – a process that has already begun, as indicated by recent announcements on links with Oman and Australia.<sup>173</sup>

And the extent and speed of the shift in investment priorities will depend on the detailed working through of the new budgetary settlement discussed below. There was an outbreak of (apparently informed) media speculation during the summer that the Army’s heavy armor would be cut, although this has been dampened down since by Ministers. But a further reduction in the number of regular uniformed personnel seems plausible. It also remains to be seen how far the UK is prepared to deepen *practical* cooperation and mutual dependency with NATO and European Allies and partners in the future. Given its longstanding “open” procurement policy, the UK has accepted a greater degree of dependency on foreign countries for defense technology than, say, France – and, recently, this has involved greater dependence on US technology as the UK has enhanced its capabilities in C4ISTAR (where US companies generally have the edge). It has also been an active participant in major multilateral European armaments programs (such as Tornado, Eurofighter Typhoon, Meteor) since the late 1960s. But, although the UK/Netherlands Amphibious Force has existed since 1972 and the UK and France took some significant steps towards mutual dependency following the Lancaster House Treaties in

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171. *Introducing to the Integrated Operating Concept, op. cit.*, p. 10.

172. Ministry of Defence, “Defence Secretary Reaffirms UK Commitment to Leadership on Euro-Atlantic Security”, *Press Release*, October 23, 2020, available at: [www.gov.uk](http://www.gov.uk).

173. Ministry of Defence, “Defence Secretary Announces Investment in Strategic Omani Port”, *News Story*, September 12, 2020, available at: [www.gov.uk](http://www.gov.uk); Ministry of Defence, “UK and Australia Commit to Shipbuilding Partnership”, *Press Release*, October 20, 2020, available at: [www.gov.uk](http://www.gov.uk).

2010 (including the formation of the Combined Joint Expeditionary Force and the Teutates joint nuclear capability), the UK has tended to be more cautious than some other European states in establishing combined or integrated units – the formation of a combined river-crossing capability with the German *Bundeswehr* in October 2018 was a recent exception.<sup>174</sup> While the MoD's rhetoric (and potential post-pandemic budget pressures) may point towards more such cooperation, wider political reservations are likely to continue and possibly become stronger in the context of Brexit.

## New priorities

However, if all this suggests a high degree of continuity, there are two respects in which the pandemic could have a more profound impact – China and national (domestic) resilience.

On China, the recent UK political narrative has tended to emphasize the economic opportunities stemming from the rise of China. A government report published in July 2019 noted that “Our relationship with China is broad and deep, bringing enduring benefit to both countries.”<sup>175</sup> However, since about 2015/16, there had been growing awareness of the security risks from China. While there were few attempts – by politicians or the media – to “blame” Beijing for the impact of COVID-19, the pandemic clearly caused perceptions to shift further towards the security side of the balance. First, with respect to China as an economic partner, the pandemic – and particularly the need for vast quantities of Personal Protective Equipment – highlighted the UK's dependency on global supply chains linked to China. Secondly, with respect to China as a geopolitical actor. Even before COVID-19 took hold in the UK, there were signs of growing unease about what the Chinese leadership's handling of the initial outbreak – notably the lack of transparency – indicated about its priorities and values.<sup>176</sup> These concerns were then exacerbated by suspicions that the Chinese leadership was exploiting the crisis to pursue other agendas, such as the decision to impose the national security law on Hong Kong and intensify military drills in the vicinity of Taiwan.

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174. Ministry of Defence, “UK Deepens Defence Cooperation with Germany”, *Press Release*, October 5, 2018, available at: [www.gov.uk](http://www.gov.uk).

175. *National Security Strategy and Strategic Defence & Security Review. 3<sup>rd</sup> Annual Report*, HM Government, July 2019, p. 32.

176. See G. Magnus, “China and COVID-19: A Shock to Its Economy, a Metaphor for Its Development”, *Strategic Update*, London: LSE IDEAS, February 2020, pp. 6-7.

By the mid-summer of 2020, the UK Government's tone on China had become much harder.<sup>177</sup> In particular, on July 14, 2020, it announced that it was largely reversing its decision in January to allow Huawei to have a significant role in the British 5G network. It remains to be seen exactly how this shift colors defense activities and investment – and whether China's military capabilities become a “force driver” of UK ones. However, it seems more likely than before that the postulated greater defense activity in the Indo-Pacific will be presented as part of a more robust policy stance vis-à-vis China and that Chinese defense technology developments will be highlighted alongside Russian.

On domestic resilience, the signs are that this will be a much bigger theme in the *Integrated Review* than originally planned. Traditionally, the British Armed Forces have played a relatively limited role in the domestic sphere, providing “last resort” support to the Police in dealing with terrorism or to other civil authorities with disaster relief. As the British Isles have become increasingly subject to extreme weather events, the Armed Forces have been deployed on flood relief more frequently in recent years. In the welter of think-tank webinars on the coat-tails of the Review, there has been advocacy from various defense and security experts for a Nordic “Total Defence” model – with the Armed Forces having a larger and formalized role in domestic resilience, whether to “grey zone” threats or hazards such as the next pandemic. It remains to be seen how far the *Integrated Review* goes in this direction.

## The November 2020 defense budget settlement

Within days of the announcement that the Spending Review would cover one-year only, the Defence Secretary and the Chief of Defence Staff indicated publicly (an unusual step) that they were still pushing for a multi-year settlement for defense. The Defense budget in 2019-20 was £39.8 billion and £41.3 billion in 2020-2021.<sup>178</sup> In its election manifesto, the Government had recommitted itself to the target – first set in 2015 – of increasing defense expenditure by 0.5% above inflation annually. But the defense budget was widely known to be under significant pressure, the independent National Audit Office reporting that the 10-year 2019-2029 Equipment Plan could be underfunded by as much as £13 billion (including

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177. See “National Security Legislation in Hong Kong: Foreign Secretary's Statement in Parliament”, London: House of Commons, July 1, 2020; “Hong Kong and China: Foreign Secretary's Statement in Parliament, 20 July 2020”, London: House of Commons, July 20, 2020.

178. *UK Defence in Numbers 2019*, Ministry of Defence, March 2, 2020, p. 4.

a £6 billion shortfall in the first five years).<sup>179</sup> The big risk for the MoD of the conclusion of an *Integrated Review* with only a one-year budget was that it would have been committed to an ambitious defense program – with a more active “campaigning posture” globally by the Armed Forces (which would increase support and running costs) and commitments to invest more in new technologies – without assurance of adequate funding over the medium term. In past reviews, the MoD has sought to bridge the gap between commitments and funding by accepting targets to achieve “efficiencies” – namely, reducing the costs of acquiring new equipment and infrastructure as well as cutting day-to-day running and administrative costs. Examples include the adoption of new acquisition processes, the disposal of under-utilized land and buildings, the merging of headquarters, etc. But the associated budgetary targets have frequently proven unachievable, leaving the Ministry struggling financially and forced to make (often inefficient) short-term savings.

The defense budget announced on November 19, was significantly more generous than expected. Over the next four years, the budget will increase by £16.5 billion more than the manifesto commitment – a cash increase of £24.1 billion – taking UK defense expenditure from about 2% to 2.2% of GDP. The increase was presented as a response to an international situation “more perilous and intensely competitive than at any time since the Cold War” – and a self-conscious break with the practice of previous governments who, in the Prime Minister’s words, had “trimmed and cheese-pared our defence budget”.<sup>180</sup> That reflected Boris Johnson’s agenda – pre-dating COVID-19 – for the UK to present a more confident and robust demeanor in the world. The announcement gave unusual prominence to the potential economic and employment benefits of the budget increase, promising 10,000 new jobs per year. This did reflect the impact of the pandemic on the Government’s wider priorities, as the Defence Secretary acknowledged: “...Defence will be at the forefront of creating the jobs and business opportunities that will help us build back from the pandemic”.<sup>181</sup>

But, in other respects, the narrative was little changed from the end of 2019. The Prime Minister described the budget as enabling a “once in a generation modernization of our armed forces”, and highlighted new investments in space systems, cyber and Artificial Intelligence. In his comments, the Chief of Defence Staff said that the budget “...funds a

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179. *The Equipment Plan 2019-2029*, National Audit Office, February 27, 2020, pp. 9-10.

180. “Integrated Review”, Hansard, Vol. 684, *op. cit.*

181. Ministry of Defence, “Defence Secures the Largest Investment Since the Cold War”, *News Story*, November 19, 2020, available at: [www.gov.uk](http://www.gov.uk).

pathway to modernization and the digital force we need for the 2030s...”<sup>182</sup> It remains to be seen exactly how much of the “new money” will be invested in new capabilities rather than alleviating existing budgetary pressures. And there have been continuing informal indications that some divestments in more traditional capabilities will still be necessary to fund the modernization in full. Further details are now expected to be published alongside the *Integrated Review* in March 2021.

## Conclusion

Assessing the impact of COVID-19 since March 2020 on the UK’s national priorities and defense plans has been subject to a high degree of uncertainty – as illustrated by the halting progress of the Government’s own *Integrated Review* of security and defense policy. The UK was already entering a period of transition, as a result of its exit from the EU and the domestic political changes that this had accelerated. The Government elected in December 2019 – with a good prospect (given the size of its parliamentary majority) of serving for two legislative terms – had signaled an ambitious domestic and international agenda. The latter was expected to be codified in the *Integrated Review* – which would herald an internationalist, outward-looking stance, with the UK playing an active leadership role in the G7 (which the UK chairs in 2021), the World Trade Organization and NATO. The Government’s instinct was clearly to try to stick to this course. But questions were mounting as to the degree to which this would be possible given the economic headwinds – and, in the delayed Spending Review, the Government announced a “temporary” reduction in UK overseas development expenditure from 0.7% of Gross national product (GNP) to 0.5%,<sup>183</sup> a decision which attracted widespread political criticism. Given defense’s importance to the UK’s contemporary national narrative and self-image, it always appeared unlikely that defense spending would be significantly reduced. But the scale of the increase announced on November 19, was greater than many observers expected and sent a strong message to NATO Allies that the UK was prepared to prioritize defense and security in post-pandemic national budget setting; it should also enable the UK armed forces to acquire transformative new technologies while retaining (and enhancing) their core conventional capabilities. But transformation is expensive – and some trade-offs will still need to be made. As ever, to cite an old proverb, the devil will be in the detail.

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182. *Ibid.*

183. Foreign, Commonwealth & Development Office, “Changes to the UK’s Aid Budget in the Spending Review”, *News Story*, November 25, 2020, available at: [www.gov.uk](http://www.gov.uk).





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