

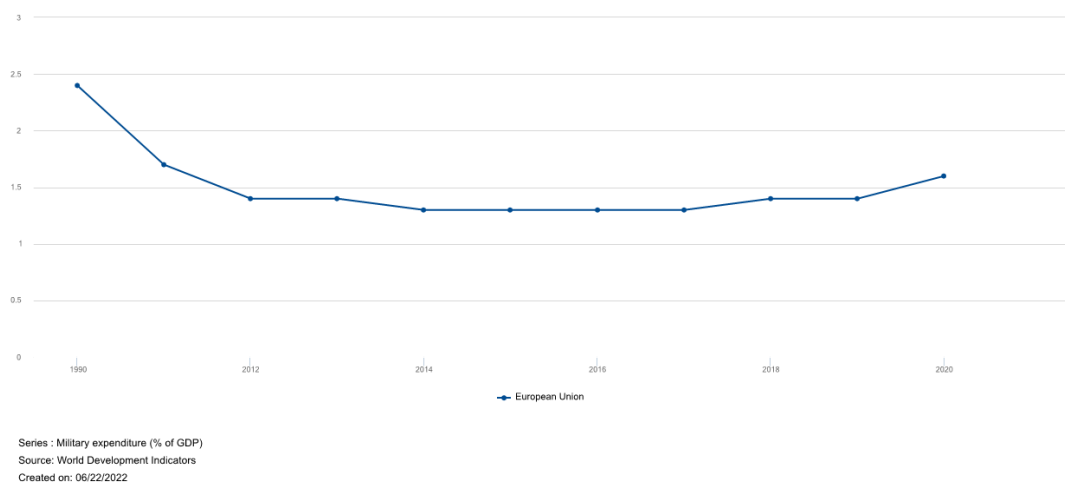
War Business Game Strong: How Russia's Insanity Affects European Defence Procurement?

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Many European countries have been caught off guard by unprecedented Russian aggression against Ukraine and, for the time being, the European states are right on their way to strengthening their defence capabilities. Flooding Ukraine with weaponry remains the top priority nowadays, precipitating worthy efforts to make this weapons transfer happen. This Info Flash seeks to outline Europe's options to face up to challenges posed by the Kremlin in terms of its military capabilities. The IF will review the 'war-economy' dimension of the Russian aggression against Ukraine, attending to its impact on arms manufacture and sales.



The retrospective overview of Europe's military expenditures indicates that if the military spending has been decreasing over the recent decades, the Russian invasion of Ukraine became a turning point even for those actors that shared sceptical views towards enhancing defence capabilities. The problem with funding has become one of the main issues for the successful implementation of the security policy for Europe (Novaky, 2016). It might be explained by the fact that most of the countries are also members of NATO and prefer to spend less on their defence, having the US security umbrella. However, with Russia's full-scale invasion of Ukraine and numerous recently articulated threats towards Lithuania, Poland, and the Baltic States, the funding issue can be mitigated with solid evidence of Russia's cruel intentions. According to the Strategic Compass, the EU should "make a quantum leap forward and increase its capacity and willingness to act". It includes but is not limited to strengthening the EU's resilience and "investing in better defence capabilities" (Strategic Compass, 2022). In this regard, transforming the defence industry in Europe becomes crucial, significantly strengthening its strategic autonomy.

In his opening remarks on the 15th biennial Eurostatutory land armaments exhibition, French President Emmanuel Macron stated the necessity to build upon the European capacity in terms of manufacturing weapons to reduce the dependence on other states such as the US. The latter became clear when Germany announced its intent to purchase American F-35 fighter jets. According to Macron, Europe holds the potential to reinvigorate its defence capabilities by building upon its strategic autonomy. However, at the same time, France has confirmed its intent to purchase the US-made loitering munitions to strengthen the at-a-distance weapon system (Machi, 2022). Obviously, the process of investing 'inwards' will take a while.

On the fifth day of Russia's aggression, Germany announced its intent to ramp up its defence spending up to €100 billion, marking 2% of GDP. Such an amount was highly recommended by NATO and so far, has been achieved only by the US (3,7%), the UK(2,29%), France (2,01%), Estonia (2,28%), Latvia (2,27%), Lithuania (2,03%), Poland (2,10%), Croatia (2.79%), Romania (2.02%), and Greece (3.82%) while Iceland (0% - no standing army), Slovenia (1,28%), Portugal (1,54%) and Belgium (1,12%) comprise the camp with the lowest defence spending (The World Bank; NATO, 2021). In light of the Russian aggression against Ukraine, German Chancellor, Olaf Scholtz, claimed that European countries should invest more in defence (Insinna, 2022).

If the outlined claims articulated by Germany are implemented, Berlin might become a high defence roller (Mackenzie, 2022). However, how the funds will be allocated depends on the industry entering the 'war-time' era (Mackenzie, 2022). The justification for the latter can be found in increasing defence spending across European countries. For instance, on the second day of the Russian invasion, Belgium announced it would ramp up its defence spending up to €6.9 billion (1,54% of GDP) compared to the current €4.4 billion (1,12% of GDP) to (1.54% of GDP) by 2030. Regardless of spending over 2% of GDP, Romania announced its plans to invest more into defence with an expected increase of up to 2,5% in 2023. Poland flagged its intentions to increase spending by up to 3% of GDP (Mackenzie, 2022). The Polish authorities remain determined to secure their border and come prepared in case of Russia's imperialist aspirations. The Italian officials reported their eagerness to increase the defence budget up to 2% (not establishing the deadline for meeting a new requirement). It means that Italy will spend around €39 billion. One more member of NATO – Norway – revealed the plans to allocate additional costs (€325 million) for reinforcing its military forces along with the land and maritime border with Russia.

The Chief Executive Director of Nexter, Nicolas Chamussy, claimed that the investors should be cautious about investing in a new production means as it is not for the industry to make decisions regarding transformation into war-time manufacturing (Mackenzie, 2022). However, in terms of strengthening the defence capabilities, the European states aspire to be prepared for any types of attacks and weapons. Russia's security strategies also contained provisions on the methods of waging the wars by applying new techniques. These clauses have been ignored for a long time, but only amid the current developments do they start adding up. For example, Article 38 of contemporary Russia's security strategy mentions that the Russian Federation aims to improve its methods of warfare, including introducing new weapons (Decree of the Russian Federation, 2015). In this context, the situation in July 2020 in the Donbas is worth noting. The Ukrainian side could not determine from which weapon the military medic was killed because representatives of the Russian occupation forces seized the affected organs and bones and harmful elements in the Horlivka morgue in the temporarily occupied Donetsk region (Censor.NET, 2020). This suggests that Russia deliberately took this step to make it impossible to identify the type of weapon from which the fatal injuries were inflicted. It can be inferred that this could be the latest weapon designated by Russia and had been tested at that time in Ukraine.

To sum up, the current developments in Ukraine give satisfactory justification to put into motion the European deployment capabilities, including but not limited to strengthening technological capacity, planning, establishing common standards, aligning the legislation, and transforming the armament industry. It weaves a basis for collaboration and cooperation among European countries and can help make Europe more united and homogeneous in terms of delivering security. The Russian invasion of Ukraine is supposed to test Europe and its capabilities to face the current challenges. One of such challenges lies in accommodating the wartime economy and transforming the armaments industry in Europe.

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