

RSIS Commentary is a platform to provide timely and, where appropriate, policy-relevant commentary and analysis of topical issues and contemporary developments. The views of the authors are their own and do not represent the official position of the S. Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS and due recognition to the author(s) and RSIS. Please email: RSISPublications@ntu.edu.sg for feedback to the Editor RSIS Commentary, Yang Razali Kassim.

Asia: Displacing Europe as a Centre of Defence Innovation?

By Richard A. Bitzinger

Synopsis

Europe's relative decline as a military-technological power has provided an opportunity for Asian-Pacific powers to rise in its stead. Europe's military-technological establishment could recover, but it requires significant additional funding and a renewed commitment to international arms collaboration that currently does not exist.

Commentary

WHENEVER EUROPEAN defence experts gather to talk about the future of their regional military capabilities, the debate invariably descends into despair and resignation. And with good reason: criticisms of Europe's failure to dedicate sufficient resources to defence, to spend these monies efficiently, and to keep pace with the technological state-of-the-art are not new. For decades, there have been grumblings about Europe's failure to devote sufficient resources to regional defence, and yet little has ever been done to arrest this decline.

Now, however, this debate is taking place against a backdrop of new urgencies. Russian aggression against Ukraine, growing instability in the Middle East, and even rising insecurities in Asia caused by the challenges of China's military rise, are all creating new worries that these developments could threaten stability and security in Europe. In this light, many are calling for a programme of regional military renewal. It is still highly uncertain, however, whether Europe will heed the call.

European defence's never-ending death spiral

As already stated, Europe's decaying military capabilities – and the ensuing disparagements over this fact – are nothing new. European defence officials and experts have for decades been lamenting shrinking defence budgets and diminishing military capacities. European defence spending contracted 12 percent in real terms between 2005 and 2012, according to data put out by the European Defence Agency. The number of Europe's ground troops that can take part in sustained NATO operations is less than 8 percent of all regional land forces.

Perhaps even more important, military research and development (R&D) spending – the seed corn of

future military capacity – has fallen by half, from €9.8 billion (S\$15.7 billion) in 2006 to €4.8 billion (S\$7.7 billion) in 2012.

One result is that the trans-Atlantic gap in defence capabilities is, if anything, widening. The United States outspends its NATO allies by better than 3:1 when it comes to procurement, and it spends more than *ten times* as much as Europe on military R&D. Moreover, European defence R&D activities are spread thinly across a highly fragmented and zealously protected European arms market, diluting its impact on technology development and defence innovation.

More ominously, however, the Asia-Pacific began to challenge Europe for the number two spot when it comes to military expenditures. While European defence spending has collapsed, it is soaring in Asia. Some of the world's biggest military spenders are located in Asia, including China, India, Japan, Pakistan, and South Korea. China, in fact, is already the world's second largest defence spender; its estimated military R&D budget (perhaps S\$13 billion) is twice as great as all of Europe combined.

Asian defence-technological innovation: Catching up

When it comes to defence innovation and acquiring new military capabilities, therefore, Asia – and especially China – could catch up simply by benefit of Europe basically standing still. While it is true that Asian militaries still import large chunks of their arms from the West, this trend will not last. Most of the biggest military spenders in Asia also possess sizable arms industries, and their governments are committed to reducing their reliance on foreign suppliers by increasing their purchases from local manufacturers.

Consequently, the epicentre of global armaments production is gradually shifting from the North Atlantic to the Asia-Pacific. Europe's relative decline as a defence innovation cluster is evident in the absence of new cutting-edge R&D programmes. At present, there is little going on in the European defence industry at the level of R&D. For example, the European aerospace industry has no indigenous fifth-generation fighter programmes (that could compete with the US F-35 Joint Strike Fighter) in the works. Asia, meanwhile, has at least four such projects in development.

Beijing could especially benefit from this hiatus in European defence R&D. While China may not supplant Europe as the world's second most important centre of defence innovation, it does appear to be gaining capacities to at least match Europe in certain niche areas.

Can Europe turn things around?

At a recent conference in Estonia on the future of technology and its impact on military affairs (to which the author was the only Asia-based expert to be invited), there was considerable discussion on how to maintain the West's military-technological dominance. The solutions most often put forth were not novel: more money for defence, and more international (and particularly more pan-European) cooperation when it comes to defence R&D.

Now, arms industries believe in larger defence budgets the same way that a drowning man believes in life jackets. That said, Europe is going to require a shock even greater than the current crises in Ukraine, the Middle East, or the South China Sea before it raises defence spending significantly.

In the second place, increasing defence budgets has, paradoxically, often turned out to be counterproductive when it comes to encouraging military-technological collaboration. More money for defence R&D has usually meant *less* incentive to cooperate with other parties – unless that cooperation is the price for getting the money in the first place.

In other words, funding and commitments to collaborative defence R&D have to proceed in parallel – a daunting challenge to say the least, politically, militarily, and economically. It can be done, but Europe's recent history when it comes to devoting more effort and resources to defence development makes one sceptical that it will reverse its decline anytime soon.

Richard A. Bitzinger is Senior Fellow and Programme Coordinator of the Military Transformation Programme at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological

University. Formerly with the RAND Corp., the Asia-Pacific Centre for Security Studies, and the Defence Budget Project, he has been writing on defence issues for more than 20 years.

Nanyang Technological University
Block S4, Level B4, 50 Nanyang Avenue, Singapore 639798
Tel: +65 6790 6982 | Fax: +65 6794 0617 | www.rsis.edu.sg