

---

# Consent, Dissent, Misunderstandings

## The Problem Landscape of Franco-German Defense Industrial Cooperation



**Christian Mölling**  
is deputy director of the  
DGAP's research institute



**Jean-Pierre Maulny**  
is deputy director of the  
French Institute for Interna-  
tional and Strategic Affairs  
(IRIS)

Defense industrial cooperation between Germany and France is beset by difficulties. In a series of interviews, government and industrial stakeholders from both countries have described the differences and misperceptions concerning the strategic political framework, defense exports, and defense industrial policies. These interviews have resulted in a problem landscape which can help stakeholders find solutions.

- 
- **Areas of consent:** Germany and France especially agree on measures and projects that need to be done in the future. Stakeholders need to actively keep this consensus alive as it is not a given.

---

  - **Areas of dissent:** Where France and Germany have differences about threat perceptions, ways to define capabilities, and procurement projects, they mostly agree to disagree. To move forward, they need to aim for a balanced and sustainable compromise.

---

  - **Areas of misperception:** This is the most difficult and most frequently occurring category: talking at cross purposes. To mitigate mistrust and frustration, stakeholders have to define problems jointly, prioritize them, and agree on the ways they want to work on solutions.
-

Germany and France are embarking on a new era of defense industrial cooperation. If this cooperation succeeds, it will shape the overall European technological and industrial landscape and serve as a point of crystallization for defense industrial cooperation across the continent. This structuring effect results from the unprecedented amount of resources that the two countries aim to invest: more than 100 billion euros over the next decades. With this investment, the two countries and the companies involved will develop new technologies and weapon systems and influence industrial relations within Europe and beyond.

Yet for decades, cooperation between the two countries has been chronically cumbersome. Identifying the problems that have the potential to hamper or even prevent a new defense industrial cooperation among Germany and France is a crucial first step toward finding solutions. To measure the scope and quality of these problems more precisely, this study maps the perceptions of government and industrial stakeholders on the French and German sides with regard to three questions: 1) Which problems for defense industrial cooperation exist on the German side? 2) Which problems for defense industrial cooperation exist on the French side? 3) What could stakeholders contribute to solving these problems?

With the answers to these questions, a landscape emerges of shared problem assessments, dissenting views, and misunderstandings, i.e. problems that are perceived or framed by one side only. This landscape is the base for a potential second phase, in which actors could start a moderated discussion about the “problem landscape” and what to do to ensure sustainable defense industrial cooperation.

### THE GERMAN VIEW OF PROBLEMS IN DEFENSE INDUSTRIAL COOPERATION

German stakeholders think of cooperation problems mainly in terms of comparing their own circumstances to those of their French counterparts. They see the French government’s support to its industry as a disadvantage because German industry does not receive support of this kind or magnitude. Given that Germany lacks a defense industrial strategy, German actors are also worried about the French strategy. They question how the French concept of strategic autonomy relates to

defense industrial cooperation, sharing, and consolidation. Furthermore, production in Germany and for the German customer has to conform to regulations and a procurement process that the French industry is not bound to.

At the same time, German stakeholders are conscious that several of the problems identified in this study result from different approaches to defense policy, capabilities, defense industry, and technology. A case in point are defense exports, where Germany has often changed its policy rather abruptly due to domestic policy considerations. All in all, German stakeholders are not quite as certain as their French counterparts that their cooperation is necessary for building a common security and defense policy and the next generation of armament systems.

### THE FRENCH VIEW OF PROBLEMS IN DEFENSE INDUSTRIAL COOPERATION

French stakeholders consider that Germany does not have the exact same threat assessment and therefore may not have the same requirements. In their view, Germany’s procurement procedures and its management of complex armament programs are ill-adapted to deliver the equipment required by the armed forces in time. This is partly because Germany’s and France’s operational needs do not match: The French armed forces have a precise understanding of their needs because they have combat-proven equipment types, which often define what kind of equipment they will require in the future.

France’s defense industrial policy is based on the assessment that it is necessary to develop national and European strategic autonomy. This entails being able to develop and control certain technologies, to benefit from security of supply for those that will not be developed domestically, and to protect companies from unfriendly foreign investments. France also considers it necessary to define a national position on the future consolidation of the European Defense and Technology Industrial Base (EDTIB). French stakeholders want Germany to draw up its own defense industrial policy, which is currently not actively defined by the government but developed by German companies by default.

## CONSENT, DISSENT AND MIS(SING) PERCEPTIONS

In France, the reluctance of German companies to cooperate with their French counterpart – based on the German perception of the French government's influence – is often understood as a wish to develop a national industry in Germany instead of consolidating the EDTIB. Problems arise in three areas: the political strategic framework, defense exports, and defense industrial policies. In these areas we found three categories of problems: German and French actors either a) consent to common problem perceptions, or b) their perceptions are dissenting or c) they have mis(sing) perceptions. With regard to the first category (**'consent'**), Germany and France especially agree on things that need to be done in the future. Regarding the second category (**'dissent'**), while there are not many areas of dissent, both sides agree to disagree on important issues like threat perceptions, ways to define capabilities, and ways to transfer those definitions into procurement projects. Once solutions are sought, there will likely be more consent.

The third category – **mis(sing) perceptions** – is possibly the most difficult and at the same time the most important and most frequently occurring one: Germany and France talk at cross purposes, which potentially leads to mistrust and frustration. This category is multifaceted. It can just mean that more information needs to be included with open questions, lest they be answered on the wrong basis. One example is the fact that the French stakeholders frequently do not know who the key actors and procedures in German capability development are. But it can also mean that one side perceives a problem that the other side does not detect. Misperceptions can also mean that a problem gets identified in the same area but framed in different ways. A case in point is that neither France nor Germany clearly explain the content and rationale of their defense industrial policy to each other. While the French find it difficult to believe that Germany does not have an overall defense industrial strategy, German actors believe that France is ambiguous about whether to aim for national strategic autonomy or for European strategic autonomy.

We see these three categories – consent, dissent and misunderstanding – as stages of problem perception as the stakeholders' readiness to solve the

problems increases. Accordingly, we sketch out three different ways forward, depending on the category. For areas of consent: Stakeholders need to actively keep the consensus alive as it is not a given. For areas of dissent: work on balanced and sustainable compromise. In areas of mis(sing) perceptions: Stakeholders need to explain to their counterparts those national practices and meanings that are misperceived. To solve problems, stakeholders ultimately have to define them jointly, prioritize them, and agree on the ways they want to work on solutions. Constant or repeated explanations may be needed, taking into account institutional turnover. Also, activities have to be in line with the explanations to be able to work against ambiguities that can lead to distrust.

In line with these general observations, the stakeholders interviewed and we as authors have suggested some elements of the way forward. These comprise: a) a joint approach to armament, procurement, and defense industry; b) initiating one or several short-term capability programs to generate experiences that would contribute to the successful implementation of the next generation of larger programs; c) mitigating misperceptions and prejudices through a joint and constant assessment of facts, figures, and foresight and cross-strategizing.

## INTRODUCTION

In their joint declaration of July 13, 2017, France and Germany envisaged to launch a number of joint initiatives and projects in the defense industrial domain. A key element of success will be the smooth cooperation between industrial and governmental actors on both sides.

Unfortunately, Franco-German defense industrial cooperation has an ambiguous track record. Today, actors from both sides perceive cooperation as difficult to achieve and to sustain. According to them, insufficient levels of trust, suspicion about the other side's objectives, but also serious differences in

This paper identifies such perceived problems and classifies them according to whether they are shared or only advanced by one side. The aim is to offer a starting point for further discussions and initial recommendations for solutions.

In strictly off-the-record interviews, industrial and governmental actors in Germany and France<sup>1</sup> were asked to provide input on three questions:

- Which problems for defense industrial cooperation exist on the German side?
- Which problems for defense industrial cooperation exist on the French side?
- What could you contribute to solving these problems?

The result is a mapping of the perceived problems, that is areas where German and French stakeholders either share a common perception of the issues at hand, differ in their perceptions, or misperceive each other. Potential solutions are also presented. In addition, the mapping offers some indications about responsibilities, readiness, and ability to solve these problems. This mapping process could lead to a second phase, in which actors start a moderated discussion about the "problem landscape" and how to engage with it to ensure a sustainable defense industrial cooperation.

## CONTENTS

INTRODUCTION	4
THE FRENCH VIEW OF PROBLEMS IN DEFENSE INDUSTRIAL COOPERATION	4
THE GERMAN VIEW OF PROBLEMS IN DEFENSE INDUSTRIAL COOPERATION	7
CONSENT, DISSENT AND MIS(SING) PERCEPTIONS: THE PROBLEM LANDSCAPE	10
THE WAY FORWARD	12

## THE FRENCH VIEW OF PROBLEMS IN DEFENSE INDUSTRIAL COOPERATION

French stakeholders consider the Franco-German defense industrial cooperation a political and industrial necessity for the future of the European Union and the future of CSDP – without prejudice to the objective of a "European army." They see the Franco-British defense cooperation as smoother, given some practical aspects like a common military culture or the similarity of management of armament programs – notwithstanding the perceived smaller appetite on the UK side for building a common foreign and defense policy. Thus, Franco-German cooperation is looked at in terms of risk management.<sup>2</sup>

the respective national systems and approaches, are the main reasons for the current problems. Partners fear being overtaken or believe that the other government intervenes in favor of its national industries.

However, it is not clear if these problems exist objectively, or if they are simply misunderstandings or the result of long held stereotypes about one's own and the other country. As a consequence, it is difficult to grasp, verify, and differentiate the problems. Yet this is a necessary first step to be able to envisage and discuss solutions acceptable to all partners. It is remarkable how little has improved in recent years. Essentially, the analysis and outline of the problems have not changed much over the last decade.

<sup>1</sup> The interviews were conducted in 2019.

<sup>2</sup> Methodological note: There is a general coherence between the remarks made by the French on the Franco-German defense industrial cooperation, even if some points were more emphasized than others. All points reflected in the text have been made by more than one person. Interviews were conducted with representatives from industry (top management in Paris) and with government officials from the relevant ministries.

### Different defense policies

France and Germany do not share a common understanding of security threats. Germany is increasingly aware of the Russian threat, both because of its geographical position in Europe and because of the threat perception originating with its immediate neighbors in the East (Poland) or in the Baltic Sea (Sweden, Baltic countries). In the French view, the Framework Nation Concept (FNC) initiative launched by Germany within the framework of NATO in 2014 aims to pool the capabilities of countries that define their defense essentially based on collective defense within NATO. Yet France progressively revised its threat assessment of the European territorial security. It increasingly sees the necessity to reinforce collective security assets and seeks to increase armament cooperation either in the Franco-German context or within the European initiatives aiming at a Permanent Structured Cooperation (PeSCo) and the establishment of a European Defense Fund (EDF).

In terms of military requirement, the more equipment is used in combat with a high-risk level for soldiers – in general by land forces – the more precise the specifications of equipment in France, and therefore the greater the risk of divergence with Germany.

### Different ways to define military requirements

In France, the definition of equipment is the subject of a very precise and centralized procedure in which the military staff (état-major des armées, EMA) – who use the equipment – and the directorate general of armament (Direction générale de l'armement, DGA) – which has knowledge of the technologies – are very closely integrated. French methodology to develop new equipment is capability-based, effect-based, and system-of-system driven. Moreover, if French capability planning and the method of program development are highly centralized, this does not exclude some flexibility in the evolution of specifications of the program during the development period.

The French perception is that this methodology for developing operational requirements with all the related process organization does not exist with the same scope on the German side. There is also the perception that the German system is very rigid at the level of the ministry of defense (MoD, in German Bundesministerium der Verteidigung –

BMVg). This is due to the fact that the Bundestag is involved in the armament approval process, which is not the case with the Assemblée Nationale. As a result, there is a feeling that in Germany, the industrial sector has the strongest influence over defining military requirement.

---

## France and Germany do not share a common understanding of security threats

---

### Institutional factors related to the organization of the ministries of defense and the respective roles of the French and German parliaments

The German and French MoDs are not organised in the same way. The Bundeswehr inspector general (Generalinspekteur der Bundeswehr) and the French chief of defense staff (chef d'état-major des armées, CEMA) do not have the same function. The role of the Bundeswehr inspector general in the expression of military need is much less important than the French CEMA.

The German state secretary responsible for armament and the French DGA do not have the same function either. This lack of similarity is an obstacle to Franco-German defense industrial cooperation and is also both the cause and the expression of the lack of correlation in the planning methodologies of the two countries.

At the higher level of dialogue and coordination, the FGDC, established by the Additional Protocol of January 22, 1988, to the Elysée Treaty of January 22, 1963, remains a consultative body that does not fully play its role in the definition and the management of armament cooperation programs.

The role of parliament is also slightly different. In Germany, all programs over 25 million euros must be approved by the Bundestag, a prerogative that

---

does not exist in France. Even if the French and German parliaments' arms export control policies are both based on posteriori control, German members of parliament are more involved in the definition of arms export policy than their French counterparts. In France, it is considered that parliamentary control over the launching of an armament program can cause delays which could hamper its development.

The French perception is also that parliamentary relations in the field of defense involving the defense committee of the Bundestag and its counterparts in the National Assembly and Senate in France remain limited, despite the recent creation of a Franco-German Interparliamentary Assembly. Yet these links could create a better understanding of the respective role of the two parliaments to control defense governmental policy and a better understanding of the perception of Franco-German defense industrial cooperation in each country.

## *In contrast to Germany, France has a strategic perception of arms exports*

### **Export procedures and policies**

France and Germany do not have the same arms export policies, and they will need to define rules for exporting Franco-German cooperative programs and nationally developed programs that include components coming from the other country. In France, arms export is considered necessary to reduce the costs of developing equipment and preserve the competitiveness of the defense industry. In contrast to Germany, France also has a strategic perception of arms exports in terms of influence and security partnerships with, for instance, Australia in the Asia Pacific region or Saudi Arabia in the fight against terrorism. In addition, the French point of view is that their technical control is very effective, though exports delays still happen. Moreover, the French consider that at the political level, German export culture is both more pacifist, linked in particular to history, and tied to greater control by the Bundestag. There is no criticism of German arms export policy

by the French public. Yet officials and the French industry worry about the current difficulties of exporting French armaments with German components to Gulf countries. They fear economic penalties to French companies or worse, the bankruptcy of small and medium defense enterprises.

This question has become a strategic issue due to the significance of some armament cooperation projects launched, like the Future Combat Air System (FCAS) and the Future Main Ground Combat System (MGCS), and the need to define the prospective export framework for this equipment. The Aachen Treaty of January 22, 2019, set the general objective for jointly manufactured arms exports. A text defining the framework for such joint exports was agreed by the two countries at the Franco-German summit in Toulouse on October 16, 2019. France sees this as a great step toward solving the question of exporting common equipment program, but it may face significant hurdles in implementation.

### **The defense industry factor**

French defense actors have mixed feelings about cooperating with Germany. Historically, the Franco-German cooperation is seen as a success story: Armament cooperation in the 1960s (Transall aircraft, Milan missile), the 1980s (Tiger and NH 90 helicopter), and 2000s (Airbus A 400 M and Meteor missile), and the unique merger of two main defense civil and military companies, DASA and Aérospatiale/Matra to create EADS, now Airbus, attest to that. Taking into account the necessity to consolidate the European arms industry, the merger of Nexter and Krauss Maffei Wegmann in 2014, even though it remains of limited practical importance, is also perceived as a success.

However, the dialogue with their German counterparts always seems difficult to French representatives of the defense industry. Here, the importance of cultural differences needs to be taken into account. They are rooted in the political, social, and economic history of each country and difficult to change.

### **The objective of defense industrial policy**

France has been pursuing the objective of strategic autonomy for nearly 60 years. Even if there is no single key document on this matter, French defense industrial policy consistently points to the need for France to act freely in certain circumstances. France is now moving more and more from a national notion

of strategic autonomy to a European notion of strategic autonomy. For France, the tools of defense industrial policy are:

- France's procurement policy, taking into account European regulations. The 2017 defense and security review explains when European cooperation is seen as the preferred way to acquire armaments, but also when national procurement would be chosen.
- The R&T defense budget which aims at developing key defense technologies for the future.
- The capacity to control foreign investment in the defense sector and the ability to explain the French state's position in case of a proposed merger of a defense company that is still partly state owned.

French observers, coming from industry and from different ministries, do not comment on German policy at this level. However, they believe more dialogue is needed to be able to concretely explain and define the objectives Germany and France can share in terms of defense industrial policy.

### **Mistrust and misunderstanding on Franco-German cooperation**

French actors tend to have a feeling of superiority over their German counterparts in terms of defining military capabilities and managing equipment programs on complex weapons systems as well as controlling the technologies used in these systems. This assessment is made by the French customer side and the French industrial side alike. The French perception is that this is based on an objective analysis. However, the French concede that their feeling of superiority is sometimes overemphasized (this self-criticism was put forward by several French observers). In any case, the view of French superiority is obviously not shared with the Germans, for fear of creating mistrust between the two countries.

Also, since Germany has developed a high-level, globally operating industry, the perception in France is that the Germans believe they must have leadership in the entire industrial field, including the defense industry sector. This opinion is also not shared by the French with their German counterparts for fear of creating mistrust.

There is also the assessment that cooperation has not benefited both countries to the same extent. In the past, the cooperation was considered more advantageous to France, as some French actors recognize. But now there is occasionally the feeling that the balance of power is reversed, and that Franco-German cooperation brings fewer benefits to France.

Finally, there is a fear in France of Germany developing a defense industrial policy, driven by German MoD or the German defense industry, that could lead to a "renationalization" of the German defense industry. Germany's development of an overlapping space industrial capability is often quoted as an example for when decisions taken at the political level lead to duplication rather than to Franco-German consolidation.

## **THE GERMAN VIEW OF PROBLEMS IN DEFENSE INDUSTRIAL COOPERATION**

German industry and government officials see significant strengths in the existing Franco-German defense industrial cooperation. Working together this closely through companies, joint ventures etc. enables both countries to combine their potentials: strong industries with sophisticated and innovative technologies.<sup>3</sup> Flagship products from several decades include the C-160 Transport plane, the NH-90 Helicopter, and the A-400M transport plane. Hence, experiences from earlier Franco-German cooperation exist that could be analyzed and built upon.

There is a clear statement of political will: The decisions and resolutions, especially of the Franco-German Council of Ministers of 2017, constitute an official point of reference to extend and deepen the cooperation and to develop projects on a bilateral and European basis.

With this in mind, governments and industries see many opportunities in closer Franco-German cooperation. The political statements have opened a window of opportunity – even if recent developments in Franco-German relations send more lukewarm signals. Flagship projects like FCAS and MGCS have a long-term character: Many governments and heads

3 Methodological note: The authors do not aim to address inconsistencies in the statements or to contextualize them. Such perceptions should be considered as intervening variables that could affect the potential next step: holding an honest discussion about perceptions on the German and the French side. Points picked up in the text have been made by more than one person. Interviews took place for industry mostly at CEO or Berlin representative levels; for the government with officials from the relevant ministries.

of state will be coming and going before they are fully implemented. Past experiences in Franco-German as well as in European cooperation can serve as blueprints or at least as starting points. Moreover, there may be more opportunities for Franco-German cooperation as a consequence of Brexit and the current and likely future state of transatlantic relations. Through more cooperation, and thus new products and access to markets, exports could increase. Governments and industries could also aim to harmonize export regulations, procedures, and assessments to ensure a sustainable export practice. In turn, governments and industry expect that more closely harmonized export regulations at the European level could increase and deepen defense industrial cooperation.

## Germany lacks a strategic rationale for its defense industry

However, both industry and government representatives acknowledge severe weaknesses and future risks when it comes to Franco-German defense industrial cooperation. Many of the weaknesses are not new at all. They have resurfaced as a result of the intensified discussions about major defense cooperation projects, both among experts and stakeholders on the one hand, and in the wider public in Germany on the other. Such weaknesses include issues of diverging geostrategic priorities, the risk of dependencies, and competing industrial interests in France or Germany. Many observers in Berlin see the lack of commitment to increasing the defense budget (the two-percent-debate) and especially the German debate over exports (particularly as related to the Saudi Arabia / Kashoggi case) as contributing to a negative image of Germany in the French public and parts of the French administration. German players are increasingly determined to express and pursue German interests in Franco-German defense cooperation, yet they also worry that France might question the sincerity of Germany's commitment to this cooperation.

### Problems for defense industrial cooperation identified on the German side

Several of the problems identified by German stakeholders seem to result from the different political approaches to defense and the defense industry in France and Germany.

#### Strategic level differences

The two countries differ in how they approach technologies and operations but also with regard to financial and geographical priorities.

Besides, according to German government and industry officials, substantial problems persist at the strategic level. Germany lacks a strategic rationale for its defense industry. While documents have been issued by the German government, such as the 2015 strategy paper on strengthening the defense industry in Germany,<sup>4</sup> they have not yet been implemented. As a consequence, the practice of government-industry interaction remains largely unchanged. Moreover, German stakeholders believe that in the relationship, differences are given more weight than commonalities. During the Cold War, France and Germany ran several cooperative programs; in post-Cold War times, the underlying similarities in assessments and capability needs have gradually disappeared. Indeed, differences have progressively become more important than points of convergence.

Currently discussed bilateral programs have a long-term perspective (MGCS, FCAS, etc.). The FCAS program is a potential game changer at both state and industry level, notably because it could be benefit from mistakes made and lessons learnt in past cooperative programs. However, a short-term (smaller) program would enable relearning the mechanisms of bilateral cooperation.

#### Missing governmental support to German industry

German actors experience the French approach as always well-orchestrated across individual companies and the administration. Such strong networks and the routine to operate within them are missing in Germany. German actors feel in danger of being overtaken by the French machinery and therefore believe they are in a weaker negotiating position. Moreover, the German government is rarely willing

<sup>4</sup> Strategiepapier der Bundesregierung zur Stärkung der Verteidigungsindustrie in Deutschland (2015), <https://www.bmw.de/Redaktion/DE/Downloads/S-T/strategiepapier-bundesregierung-staerkung-verteidigungsindustrie-deutschland.html> (accessed December 2019).

to give top priority to decisions on defense industrial topics. Even if such decisions are taken swiftly and at the highest level, Germany is unwilling to invest in their implementation, e.g. by setting up task forces and staffing them appropriately.

While Germany has become better at coordinating its stakeholders and at standing up to partners to defend its interests, such engagement often depends on individual people who are willing to invest the time and effort and take the political risk of doing so.

### German standards and bureaucracy

There are cultural and legal limits to closer government-industry cooperation in Germany. First, German companies see themselves as economically independent entrepreneurs. Second, there are considerable legal limits to cooperation or even coordination. The MoD's objective of creating fair conditions for competition has produced a situation where companies may actually deny having the competences and expertise needed by the government. This is due to current procurement regulations: If a company is involved in the definition phase of a capability, it later runs the risk of being excluded from the bidding because it has knowledge about the required product that could give it an unfair advantage in the bidding process.

German companies see themselves at a disadvantage in comparison to their French competitors when it comes to the production standards and regulations they have to take into account. The German procurement system is increasingly constrained by bureaucratic procedures and obligations. For example, changes in civil workspace standards affect the design of military equipment such as tanks as well as ships. If the standard size of a crew cabin changes, this impacts not only the length and width of a ship but also its engine, speed etc. – hence, the whole design. German tanks have to meet the conditions that apply to civilian office or work places: A female gunner has to be able to operate in a tank without any impact on her health, even if she is well advanced in pregnancy.

The irony is that even if every rule makes sense individually, in the aggregate, it becomes impossible for the procurement system to deliver effective defense capabilities on time and within the estimated costs. The probability that standards change during the long production phase of complex systems is high. This puts an extra burden on German producers to

first deliver equipment to the German armed forces, which can then serve as a reference model and showcase for other potential buyers/customers.

### Export procedures and policies

German industry and to a certain extent the government see their country's export regulations and export decisions for defense industrial goods and services as a particularly big hurdle to competition and cooperation. Germany traditionally has a more risk-averse approach to defense exports than France. This goes hand in hand with a less strategic approach. German governments have used defense exports to support national strategic interests related to the importing actors only in a few cases. Instead, exports have mainly been used as a means to support national industry. Germany has been primarily an economic exporter, less a strategic exporter.

For a long time, the situation was characterized by an informal practice of defense export licenses between German industry and government. The same seems to be true for the 1972 Schmidt-Debré agreement for exports of goods that were jointly developed by Germany and France. Systems produced by several nations are covered by MoUs among participating governments.

This informal practice and the trust that the German industry and France had built up as result came to a sudden end in 2013, when the political leadership in some German ministries started a debate about the ramifications of defense exports, essentially aimed at reducing the overall volume of German defense exports. German policy changed from restrictive to unreliable in the eyes of many players in Germany and beyond. This happened despite early warnings from industry of the negative impact this would have on German companies' opportunities to sell goods and services abroad and with regard to defense industrial cooperation and participation.

“German-free” became a keyword that encompasses the fears of German industry and gives a boost to its competitors: The German government put on hold virtually every delivery of systems that contained German components. Arms exports that contain components made in Germany have become a risk for the ordering country as well as for partnering industries and governments in the production of defense goods.

Based on this experience, industry and some officials in the government fear that this new German practice will put future projects at risk. This is particularly true for systems where there is a political agreement for a joint production with French industries.

### **Which problems for defense industrial cooperation exist on the French side, according to the Germans?**

#### **Implications of “strategic autonomy”**

German officials and industrial decision makers lack the certainty of direction that the French government offers to industry. They see the French approach of national strategic autonomy as contradictory to its aim of intensifying defense cooperation. German counterparts wonder how these two goals can be matched, and what France is really willing to give up when it comes to consolidation, what defines successful cooperation for France, and which dependencies France can accept. Unfortunately, some German stakeholders do not trust France’s official response. “We have listened carefully, but we don’t believe it,” they say.

be serving not the common interest but individual goals? This issue has to do with trade-offs between cooperation, efficiency and consolidation: Especially industrial production capacities need to operate in one country only in order to be efficient which leads to fierce competition between countries and makes sharing and cooperation more difficult. The situation is similar when it comes to technology. Intellectual property rights (IPRs) can be shared. Yet IPRs are not the only key factor. What matters in a joint venture or Franco-German company is the location of the R & D – where the laboratories are located, and thus where the evolution of technology and related job growth will happen.

#### **German industry faces a French government-in-dustry alliance**

The main criticism is the lack of a level playing field. On the industrial side, a main disadvantage German companies see is that many French companies are state-owned or significantly influenced by the French state. German stakeholders assume or have experienced that the French government either directly influences operative decisions or at least maintains a strong communication channel with companies. Most importantly, French companies can be and have been backed by state subsidies.

## *German government and industry representatives alike paint a critical picture of the French side*

There is a second, similar element: Both Germany and France aim to retain political, military, and technological sovereignty. This affects the current and future DTIB as well as concrete projects. Both Germany and France wish to use upcoming projects to keep their DTIBs alive. Hence, cooperation always entails a struggle about the political, military, industrial, and technological dimensions and links them to factors of domestic politics, such as safeguarding high value jobs. Frequent questions were: What are the political guidelines and the ramifications for the future DTIB in Germany and France? Will it be designed and managed jointly, or will it be left to industrial and political forces on each side so that it would

Consequently, German government and industry representatives alike paint a critical picture of the French side. In many ways, German industry sees itself in a defensive position in this competition. The most crucial issue is the perceived will and capability of the French state to intervene in multinational companies and to break international arrangements for the sake of national interests. Here, political interference with EADS/Airbus gets constantly mentioned. Examples from the civilian realm are also used to support this criticism: The cross-border mergers of Rhône-Poulenc-Hoechst and later Sano-fi-Aventis have repercussions to the present day. The French state was perceived to intervene although it had promised abstention before the merger. From a German perspective, this points to the overall (simplified) difference between France as a state-driven economy with government interference, and Germany as a free market economy without directions given by the state.

There is an economic dimension as well: German representatives assume, and some experts can give examples to support this assumption, that the French government is either willing or forced to support or even subsidize individual companies due to

the partly state-controlled ownership structure. This is perceived to be the case even when such companies are generating products of lower quality which will not sell on the international market. Paris allegedly undermines market-driven solutions by keeping ineffective industries alive through direct subsidies, as the GIAT/Nexter or DCNS/Naval Group show.

Moreover, many German representatives think that they face a strong personal network in the French administration and industry, a tightly knit group of people, who are all working hand in hand to support French (industrial) interests and companies. This hierarchical network gives French industry and officials the ability to quickly communicate their issues to higher-ranking political and industrial leaders and to gain rapid decisions. At the same time, this system also allows the French side to swiftly adopt new directions across all sectors.

## CONSENT, DISSENT AND MIS(SING) PERCEPTIONS: THE PROBLEM LANDSCAPE

Three major problem areas can be drawn from the interviews:

- The political/strategic framework: the political guidelines, capability development, and procurement procedures that generate the basis and the ramification for defense industrial cooperation.
- Defense export regulations: a straightforward topic as both Germany and France are active in defense exports and aim to reduce the burden of system development and per unit costs by exporting the final product.
- Defense industrial policies: their content and the objectives and ways governments act to influence and shape the defense industry, the DTIB, and the interaction of government and industries. This category also includes perceptions about past policies that have shaped the current landscape, cooperation experience, and expectations about the future of cooperation.

For the landscaping, we have mapped out below where there is consent on problem percep-

tions, where both sides dissent, and where perceptions are missing. While this sounds straightforward, some issues are more complex than the matrix implies. We therefore elaborate on them below:

**Consent:** Germany and France especially agree on shortcomings and on what needs to be done in the future. This is positive as it allows both countries to build on this consent and define a way forward more easily. Main areas are the benefits of Franco-German cooperation and the deficits in the German political framework, as well as the ambiguity of German export policy and its consequences.

**Dissent:** Interestingly, we have not found many areas of dissent. However, many areas of dissent may surface once the work on the third category, that is clarifying the mis(sing) perceptions, moves forward. Moreover, a closer look at the areas of consent also shows that in some cases, Germany and France agree to disagree: Both sides admit that important differences exist. In other words, they point to areas where both sides identify the need to overcome dissent and find a consensus. These areas are related to the threat perceptions that drive capability demand. Because of them, definitions of requirements and specifications for equipment diverge significantly between France and Germany, especially in the area of land systems. Both countries also differ in the way such capabilities are defined and those definitions are transferred into procurement. Moreover, while both sides share the perception of asymmetric conditions for bilateral cooperation, they do not have the same explanation for this situation.

**Mis(sing) perceptions:** This is possibly the most difficult and at the same time the most important category, under which we have subsumed three areas and issues: First, there are issues that are only perceived as a problem by one side but not detected by the other (missing perception). An example for a missing perception is that of the CFADS which was not even mentioned by German interviewees. They have no awareness of it as a relevant body that can either create problems or help solve them. Similarly, German actors did not mention the French parliament as an important actor in this area.

The second category concerns problems that are identified in the same area but framed in different ways. For instance, neither Germany nor France explain the content and rationale of their defense industrial policies clearly to their partner: While the French find it difficult to believe that Germany has no overall defense industrial strategy, German actors have a perception of ambiguity in France where the relationship between national strategic autonomy and European strategic autonomy is concerned. This may be coupled with a misperception or wrong perception of the relationship between the French government and French defense industry. At least both sides agree on the issue area: The concept of defense industrial policy is different on the other side – but the problem is not so much the difference per se, but the different expectations each side has of the other's concept. Actors may not be aware of their own misperception.

Both missing perception and misperception imply that Germany and France are talking at cross purposes because they are not aware about a point made by the other side. This can lead to mistrust and frustration.

The third area concerns issues where one side poses open questions that need to be clarified by the other side. The French side, for instance, is wondering whether a capability development system exists in Germany with as similar scope as in France, and who the main actors and the key procedures are. In this case, the missing perception or knowledge has been made transparent and can be rectified more easily.

The traffic lights used in the mapping below indicate the level of challenges we see in solving the perceived problems:

**Greenlights/Consent:** A consensus about problems and an idea about a potential way forward exist. The stakeholders can build on mutual understanding which relies on common objectives and on the fields in which, even if France and Germany disagree, they share the same analysis of the causes of these disagreements. Options for solutions can be discussed and evaluated. Yet stakeholders have to actively work on keeping consensus alive through continuous activity.

**Yellow lights/Dissent:** Actors share the problem perception but diverge over the solution. Dissent is a problem, but in this category, German and French

stakeholders have the same language, and there are few misperceptions. Dialogue can continue, but solutions can only be based on a balanced compromise.

**Red lights /Mis(sing) perceptions:** There is no shared problem perception. Problem awareness and common problem definition need to be established first. There is a need to explain the stakeholders' respective national practices and meanings and explore problem perceptions. Constant or repeated explanations may be needed. Action has to be in line with explanations to prevail against ambiguities that can lead to distrust. This offers the opportunity to open up more solutions, but it also entails the risk of additional problems. But these may have existed anyway.

**Tabelle 1: Consent, dissent and mis(sing) perceptions: the problem landscape of Franco-German defense industrial cooperation**

	Consent	Dissent	Mis(sing) perception (by whom)
<b>POLITICAL STRATEGIC FRAMEWORK</b>			
Reasons and potentials to cooperate	Consent		
Low German profile on international security and defense in France	Consent		
Threat perceptions that drive capability demand		Dissent	
Requirements and specifications for equipment		Dissent	
The way capabilities are defined and those definitions transferred into procurement		Dissent	
Need to clarify the level of commonality of operational requirements	Consent		
Assessment on the limitations that result from German procurement standards, regulations, and procedures.	Consent		
No important role of CFADS			German actors
German capability development and procurement process			French actors
<b>DEFENSE EXPORT REGULATIONS</b>			
A German defense exports policy is missing	Consent		
"German free" will hamper defense industrial cooperation and export and help competitors	Consent		
Impact of defense exports on French SME linked to German prime contractors			German actors
European defense export regulations could help Franco-German cooperation and vice versa		Dissent	
<b>DEFENSE INDUSTRIAL POLICY</b>			
French willingness to give up or pool industrial competences in order to consolidate the sector			German actors
Political guidance for the future Franco-German DTIB			German actors
French self-perception on their national export control as strong			German actors
Strong French defense industrial policy	Consent		
Implications of "strategic autonomy"			German actors
Defense industrial (policy) objectives that can be shared among German and French actors		Dissent	
French superiority in defining capabilities, managing procurement projects, and controlling technologies			German actors
German feeling of inferiority vis-a-vis the French industry due to the support by the French government			French actors
Past cooperation may not have favored German industry	Partly		
Current cooperation is to the detriment of France			German actors
German defense industrial policy could lead to renationalization instead of Franco-German cooperation			German actors
Germany lacks a defense industrial rationale and a related policy			French actors
Low priority & slow action on defense industrial issues by the German government			French actors
German reading of past industrial consolidation			French actors

**Areas of Mis(sing) perceptions:** Explain national practices and meanings to the stakeholder and explore problem perceptions. Constant or repeated explanations may be needed. Action has to be in line with explanations to work against ambiguities that can lead to distrust.

**Areas of Dissent:** Work on balanced and sustainable compromise

**Areas of consent:** Actively keep consensus alive - it is not a given.

## THE WAY FORWARD

The objective of this paper is to raise awareness in particular of those problems that may be below the radar or that are too sensitive to be touched upon by officials and stakeholders.

We can therefore only provide a rough sketch of the way forward. The underlying assumption of the paper and its overall approach is that, as in cooperation in general, stakeholders have to ultimately define the problems, prioritize them, and agree on the ways they want to work on solutions.

Hence, our recommendations especially take into account the stage of problem definition and the potential next steps that may lead to solutions. We do not propose specific policies. At a later stage, it will be useful to evaluate options for solutions with respect to their probability of success, based on experiences from the past and available alternatives.

### What can France contribute to solving the problems?

Regarding the political framework of defense industrial activities, France should explain and detail the role of state shareholding in defense companies and clarify the links and the respective role of national strategic autonomy and European strategic autonomy. It could be beneficial if France were to lay down its defense industrial strategy in a public document.

Moreover, France could present the lessons learned and best practices of Franco-British cooperation: talks and coordination on R&T with the High-level Working Group (HLWG) and common defense industrial policy in missile sectors.

### What can Germany contribute to solving the problems?

German officials from industry and government differ on which of the blocking factors and problems have a structural quality: Would the whole system need to change, or just specific actors and policies?

However, it should be possible to identify the room for maneuver more precisely. This is urgently needed to put the envisaged cooperation on a solid footing at the political and the industrial level. This is especial-

ly true for the German defense export policy. Even if there is still time until the first exports from future Franco-German cooperation projects take place, the issue has become a symbol and thus has acquired a life of its own. Germany will be judged on its handling of this topic not only by France but by other partners, too.

Germany could start contributing more certainty by developing a national armament and defense industrial strategy that would also provide the basis for future practices in procurement and defense industrial aspects of decision making. The next step however – implementing this strategy – would be more difficult as it would imply changes to the system.

From a German point of view, successful industrial cooperation – and as a consequence, consolidation – would depend on marginalizing the de facto role of the French state in defense industries.

### Actions both countries can take jointly

France and Germany have not actively been looking for areas of commonality before embarking on new cooperation projects. Yet it would be crucial to identify and leverage on these areas.

An option to overcome the gap could be a joint approach to armament, procurement, and defense industry. The July 2017 joint declaration did not set out a common armament strategy as such but hinted at shared capability aims and the will to implement them jointly. It is important to progress and reach convergence on (some) capability targets in the medium and long term. Yet no capability or armament strategy is truly sustainable or realistic without shared strategic analysis and missions.

France and Germany could develop documents on their national defense industrial policy based on the same grid of questions. A first step in this direction was taken by the German 2015 Strategy Paper on Strengthening the Defense Industry in Germany,<sup>5</sup> and France's 2017 Defense and National Security Strategic Review,<sup>6</sup> which were meant to be comparable in many areas. These two documents provide the starting point for a process of drafting a joint strategy.

<sup>5</sup> Strategiepapier der Bundesregierung zur Stärkung der Verteidigungsindustrie in Deutschland (2015), <https://www.bmwi.de/Redaktion/DE/Downloads/S-T/strategiepapier-bundesregierung-staerkung-verteidigungsindustrie-deutschland.html> (accessed December 2019).

<sup>6</sup> Ministry of Defense France, Defense and National Security Strategic Review, Paris 2017.

France and Germany should also initiate one or several short-term programs. The experience gained with such short-term programs would contribute to the successful implementation of the next generation of larger programs. For now, both sides still have some knowledge especially about the early phases of projects, but this may soon be largely lost, as the timespan between the early phases of the last projects and those of the next large projects can be measured in decades.

Misperceptions based on prejudices are immediate stumbling blocks in the implementation of any new initiatives in Franco-German defense cooperation. This is especially true for the defense industrial side.

The debate on defense and the defense industry is about missing perceptions that leave room for the stereotypes repeated by generations of military, industrial, and political actors. Today, virtually everyone on both sides of the Rhine can recount a bad experience with a counterpart from the other side of the river – even if this was not a personal experience. All too often, the debate is limited to reproducing clichés.

To go beyond such a debate, Paris and Berlin should use two complementary avenues:

1. To increase understanding, a Franco-German group should engage “cross-strategizing” on defense industrial affairs: The French should explain the German defense industrial sector to their counterparts, and the Germans should explain the French sector to their French colleagues. This would include suggesting best strategies and necessary changes. The goal is to open perceptions to debate and increase mutual understanding without annoying or lecturing the counterparts.
2. To increase the knowledge base and overcome cherished but biased assumptions, political and industrial decision-makers should consider the facts, figures, and forecasts for both countries’ industrial complexes. This should include looking at strengths, weaknesses, cooperation options, and market perspectives, based on an independent external analysis.

Only through cooperation will Germany and France be able to effectively pursue their interests. This is true for specific defense industrial projects, but also for the strategic aim of maintaining a truly Euro-

pean defense industrial base. Any other option would leave both countries worse off.

---

*A shared assessment implies that all stakeholders are willing to refine existing concepts and modes of operation.*

---

However, it is not enough for Berlin and Paris to agree in principle on the need for more cooperation. Cooperation is difficult, and so far, Germany and France are lacking a key factor for success: a shared assessment of the interests involved and the existing problems, and an agreement on the way forward. These shortcomings are the reason why much-needed progress on real projects has been blocked.

A shared assessment implies first of all that all stakeholders share, discuss, and are willing to refine and revise existing concepts and modes of operation. Between Germany and France, there is no lack of formats and opportunities for exchange. But there is no follow-through, and the pretty words agreed by both countries don’t lead to an improvement of the day-to-day running of cooperation projects.

In brief, it is Germany and France that need to fill their cooperation with life. This won’t happen from the outside; only the two countries themselves can make it happen. But if and when it does, this cooperation will transform France, Germany, and Europe as a whole.

---

# DGAP

Advancing foreign policy. Since 1955.

Rauchstraße 17/18  
10787 Berlin

Tel. +49 (0)30 25 42 31 -10

[info@dgap.org](mailto:info@dgap.org)

[www.dgap.org](http://www.dgap.org)

[@dgapev](#)

*The German Council on Foreign Relations (DGAP) is committed to fostering impactful foreign and security policy on a German and European level that promotes democracy, peace, and the rule of law. It is nonpartisan and nonprofit. The opinions expressed in this publication are those of the author and do not necessarily reflect the views of the German Council on Foreign Relations (DGAP)*

**Publisher**

German Council on Foreign Relations

ISSN 1611-7034

**Editing** Bettina Vestring

**Layout** Wiebke Ewering

**Design Concept:** WeDo

**Author picture(s)** © DGAP, Iris



This work is licensed under a Creative Commons Attribution – NonCommercial – NoDerivatives 4.0 International License.