
EUROPE'S DEFENCE: HOW CAN WE SAVE UKRAINE? HOW CAN WE DEFEND OURSELVES?

Club of Three Plenary Meeting
Berlin, 25/26 October 2024

INTRODUCTION

The Club of Three's 2024 Plenary, organised in partnership with the Hertie Stiftung, focused on European security and defence following three-year cycle of meetings dedicated to climate and the energy transition. Some 50 senior figures from France, Germany, the UK and other European countries gathered in Berlin in October at a critical time for Europe, ahead of the U.S elections and with new parliaments and leadership in France and the UK as well as in Brussels.

The intention going into this meeting was to approach the question of Ukraine and European defence with both realism and

gravity by asking not just how best to defence Ukraine but “how do we defend ourselves?”. More than two years after Russia's frontal invasion of Ukraine, there was a real urgency to prepare – as Europeans – to face the range of threats, military, and hybrid, political and economic, that Russia posed, which for European democracies were existential.

Participants explored fresh initiatives to support Ukraine and to strengthen our own defence, through sessions on defence procurement, industrial readiness and supply chain issues as well as other critical dimensions including nuclear deterrence,



Left: Minister of State Tobias Lindner (opening speech)



Right: Élie Tenenbaum (speaking) Ulrike Franke, Charles Fries and Norman Heit; Friday session

building resilience and the need to associate civil society in these efforts.

The first part of the meeting was hosted by the German Foreign Office on the Friday afternoon, during which Minister of State Tobias Lindner gave the keynote address. This was followed by a dinner discussion on

the theme “Where are we Three? The state European defence and security”, hosted by the British Ambassador at his residence in Berlin. Finally, three sessions were held in the Academy rooms of the Adlon Kempinski on the Saturday.



Top left: Gesine Weber (Friday session); **Top right:** Brigadier General Frank Graefe (Saturday sessions)
Bottom left: Elisabeth Braw (speaking), Saturday sessions; **Right:** Robin Wagener MdB (Friday dinner)

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FRIDAY 25 OCTOBER: KEYNOTE SPEECH AND DISCUSSION WITH TOBIAS LINDNER, MINISTER OF STATE, AUSWÄRTIGES AMT

These were important times for Franco-German-British cooperation with significant steps being taken to strengthen their bilateral relations, particularly in the field of security and defence. The Trinity House Agreement between Britain and Germany had been announced a few days before the Club of Three gathering in Berlin. This followed the Franco-German Treaty of Aachen in 1919, and France and Britain were due to begin discussions on a revision of the Lancaster Treaty in the coming months. As the three largest countries in Europe, France, Germany and Britain had a special responsibility towards European security. This cooperation also needed to be extended to other European and NATO allies, especially in eastern Europe.

During the Minister of State's address, participants were reminded that the Russian President, Vladimir Putin, was not limiting his ambitions to Ukraine. The constant campaigns of misinformation, cyberattacks and sabotage against European societies aimed to divide and reassert control over what was perceived a lost territory or sphere of influence. Support for Ukraine was a way of countering Russia's attempt to change the status quo and it therefore had to remain a top priority alongside plans to strengthen Europe's own deterrence systems.

The European Sky Shield Initiative (ESSI) initiated by Germany in 2022 was a good example of joint European efforts to boost deterrence systems, but it had also highlighted once again the different positions on defence equipment. France was not part of the ESSI on the grounds that it favoured non-European technology. However, progress had been made at the NATO

summit in July 2024 with the signing of a letter of intent between France, Germany, Italy and Poland for the development of European long-range weapons. Furthermore, the UK had announced its intention to join the initiative following the adoption of the Trinity House Agreement.

More widely, there was a sense that France, Germany, the UK and other NATO allies shared a clear joint assessment of what needed to be done. The same was true for the EU as a significant defence actor. There was little doubt as to where future EU investment would go and therefore limited risk of contradicting NATO's the capacity requirements.

The issue of a European nuclear deterrent remained an open question. French President Emmanuel Macron had made some suggestions in this area. Germany was willing to talk about the tactical dimension of such a deterrent. However, any open discussion of the development of a strategic nuclear deterrent at European level would be unthinkable in Germany, regardless of the outcome of the U.S presidential election.

On the U.S election specifically, the view was that whoever the winner might be, the task for the Europeans remained unchanged. They would need to invest more in their security and sovereignty, and work hard to limit the impact of U.S protectionist policies.



Q&A: Tobias Lindner and Michael Maclay

SESSION I – WHAT IS AT STAKE IN TERMS OF GEOPOLITICS, DETERRENCE AND DEMOCRACY?

Chair: Ulrike Franke

Speakers: Charles Fries | Élie Tenenbaum | Norman Heit

The exchange with the Minister of State was followed by a first session during which the participants took stock of the situation on the battlefield and the efforts made at EU level in support of Ukraine, as well as the role played by the private sector in protecting Europe – particularly sectors such as telecoms that traditionally sat outside of the defence industry.

From a military perspective, it was clear that the war was not going well for Ukraine and its allies. Russia had adjusted well to Western sanctions. It had not taken the bait in the Kursk region and was relentlessly pursuing its objectives in the Donbas while continuing to demolish Ukraine's critical infrastructure. North Korean troops were also being deployed in the Kursk region in what was described as a significant escalation. At the same time, whether the next U.S President was Trump or Harris, it was unlikely that another U.S package of \$60bn would be dispatched again.

Any resolution in the form of a Minsk III deal, a new Budapest Memorandum, or other treaty could not be envisaged until Russia had been effectively confronted. There was an expectation that its arms production might reach a tipping point around 2026/27. But Ukraine was burning out at a much faster rate in the meantime, and it was hard to assess the depth of support that Russia could count on from its allies.

Financing the rebuilding of a credible defence system without free-riding was going to be a difficult problem to crack for the Europeans. Defence budgets really needed to be closer to at least 3% of GDP, than 2% or 2.5%.

The EU had come a long way since Russia's full invasion of Ukraine in February 2022. Its new European Peace Facility, partially reimbursing EU Member States for weapons delivered to Ukraine, was seen as a very effective instrument for incentivising military aid to Kiev. Furthermore, the EU Military Assistance Mission in support of Ukraine (EUMAM Ukraine) had trained more than 60,000 soldiers so far. And the European defence industry was now being directly financed through the EU budget, which would have been unthinkable before 2022.

However, it was felt that these positive steps should not lead to complacency. The sums that had been deployed so far were significant, especially for a peacetime institution like the EU, but they fell short of what was required in times of war against an adversary like Russia.

As a large bloc, the EU's strength resided in its ability to pull resources together. However, its Member States very often acquired military equipment on their own and outside of the EU. This had been highlighted in the recent Draghi report on European competitiveness alongside

unnecessary duplication and lack of interoperability of equipment. The incoming European Commission team intended to address this by boosting EU joint procurement. The goal of Andrius Kubilius, Commissioner-designate for Defence, to make the EU combat-ready within 5-7 years also meant that the bloc was going to fully focus on capabilities in the coming years.

In terms of forthcoming financial aid, the EU was going to allocate a second tranche of windfall profits from Russian frozen assets to Ukraine in early 2025. A greater proportion of these profits was going to go directly to the Ukrainian defence industry. The EU was also in the process of approving a loan of €35bn as part of a recent commitment from the G7 countries.

At home, the private sector and particularly telecom firms were at the forefront of efforts to protect critical infrastructure from hybrid warfare, build resilient systems of communications, and preserve connectivity.

Today, these systems were largely owned and run by companies. This meant that the traditional dynamics between the public and private sectors had to evolve into much closer partnerships based on trust. Poorly designed regulatory requirements and complicated compliance frameworks risked undermining companies' ability to invest in resilience and security. Internationally, these key private actors needed harmonised security frameworks and common standards across EU, NATO and G7 allies.



Friday session, Auswärtiges Amt; Charles Fries (speaking)

LIST OF PARTICIPANTS

Renata **ALT** *MdB Bundestag* | Oksana **ANTONENKO** *European University Institute* | Hans-Christoph **ATZPODIEN** *BDSV* | Marie-Hélène **BÉRARD** *MHB SAS* | Sylvain **BERGER** *IHEDN* | Elisabeth **BRAW** *Atlantic Council* | Catherine **CALOTHY** *French Ministry of Foreign Affairs* | General (Ret.) Sir Christopher **DEVERELL** | Isabelle **ENDERLEIN** *Jacques Delors Centre Berlin* | Philippe **ERRERA** *Safran* | Robert **FOX** *Evening Standard* | Ulrike **FRANKE** *ECFR* | Charles **FRIES** *EEAS* | Didier **GONDALLIER DE TUGNY** *MBDA* | Guillaume **GOMMARD** *DGA* | Thomas **GOTTSCHILD** *MBDA* | Brigadier General Frank **GRAEFE** *German Air Force* | August **HANNING** *Pluteos* | Daniel **HALLETT** *Babcock International* | Ruth **HARRIS** *RAND Europe* | Elisabeth **HAUSCHILD** *Diehl Stiftung & Co.* | Norman **HEIT** *Vodafone Group* | Edward **HOWARD** *Vodafone Group* | John **KAMPFNER** *RUSI* | Brigadier General (Ret.) Fabien **KUZNIAK** *Safran* | Thomas **KLEIN-BROCKHOFF** *DGAP* | Anna **KUCHENBECKER** *ECFR* | François **LE GOFF** *Club of Three* | Michael **MACLAY** *Club of Three* | Margarita **MATHIOPOULOS** *ASPIDE Technology* | Anne-Elisabeth **MOUTET** *The Telegraph* | Nick **PICKARD** *FCDO* | Norbert **RÖTTGEN** *MdB Bundestag* | Ambassador (Ret.) Michael **SCHAEFER** | Heinz **SCHULTE** *Griephan publications* | Major General Stefan **SCHULZ** *German Ministry of Defence* | Sascha **SPOUN** *Hertie Stiftung* | Emmanuel **SUQUET** *French embassy Berlin* | Élie **TENENBAUM** *IFRI* | Sash **TUSA** *Agency Partners LLP* | Bobby **VEDRAL** *Toscafund* | Robin **WAGENER** *MdB Bundestag* | Peter **WATKINS** *Club of Three* | Gesine **WEBER** *GMFUS* | William **WELLS** *Rothschild & Co* | David **WILLIAMS** *BAE Systems*

FRIDAY DINNER

During dinner at the residence of the British Ambassador, concern was expressed that, two and a half years after the Chancellor's Zeitenwende speech and widespread awakening to the reality of Russia's imperialist ambitions, Germany and other European countries were at risk of "falling asleep again" by not confronting the threat posed by Russia head-on. The public needed to be made more acutely aware of the severity of this threat and to understand in the clearest possible terms that Europeans were already at war, certainly when it came to information warfare. Vladimir Putin understood Europe very well, and with allies within the European Union itself, was exploiting the EU's vulnerabilities quite effectively. In order to fight back, which was a matter of survival for our democracies, the Europeans needed to show a united front by working closely together.

This cooperation, with France, Germany and the UK at its core because of their size and shared history, was also necessary in light of the multiple other challenges emerging from the ongoing transition to a new global order: the rise of China, shifting demographics, access to natural resources, and growing rejection of Western values. These dynamics were clearly on display at the BRICS summit in Russia on 22-24 October. Without a renewed sense of purpose and the will to project collective confidence and strength at a global level, European countries would descend into irrelevance sooner rather than later. In this respect, participants were reminded of Golda Meir's words during the 1973 Yom Kippur war: "Many things will be forgiven but one thing will not – weakness. The moment we are marked as weak, it is over."

The good news was that cooperation between 'the Three' had never been better

than now. Politically, the triangle was now complete with the adoption of the Trinity House Agreement, paving the way for a load-bearing framework allowing them to work more effectively. Operationally, their armed forces were joined up through several initiatives such as the Franco-German Brigade, the Franco-German Air Transport Squadron and Franco-British Joint Expeditionary Force which reached full capacity in 2020 with 10,000 personnel.

However, the next steps were not going to be easy. Strengthening the European industrial base in the defence field would inevitably involve sensitive discussions about competition and consolidation between sovereign states, and ultimately the level of dependency that they were willing to accept towards each other. Such discussions were a prerequisite to deeper cooperation between the Three.



Top: Norbert Röttgen, British residence

Bottom: French Ambassador François Delattre

SATURDAY 26 OCTOBER

BREAKOUT SESSION A – DEFENCE PROCUREMENT AND SUPPLY CHAINS

Chair: William Wells

Speakers: Thomas Gottschild | Sir Christopher Deverell | Daniel Hallett

During the Saturday sessions, serious questions were raised again about whether the Europeans were truly committed to resisting Russia's ambitions despite the catalogue of initiatives that had been announced since 2022. They risked repeating the mistakes of the 1930s with a rearmament that was too little, too late.

One of the participants with long-standing military experience pointed out that Europe was currently miles away from where it needed to be in order to support Ukraine and be able to fight a direct war with Russia. Moreover, it was wrong to assume that Europe had 10 years to rearm while Vladimir Putin was fully occupied with Ukraine. There was a scenario under which invading the Baltic states sooner could help him in his subjugation of Ukraine, especially if a second Trump administration rendered NATO's Article 5 toothless.

As far as spending was concerned, one of the participants from the UK was of the opinion that focusing almost exclusively on being collectively more efficient would not be enough. First and foremost, Europe needed to spend a lot more money on defence. Although there was a recognition that this view was somewhat naïve given in the current fiscal environment, the cost of going into a war against Russia unprepared would in the end be financially crippling. The UK itself had emerged from WWII with a debt to GDP ratio of 235%. In light of this, spending more money now seemed cost effective.

With little money to throw around, a partial solution was to turn to innovation, agility, private sector partnerships, and a lighter regulatory environment. In that respect, ESG was seen by several participants as a serious hindrance.



Left: Thomas Gottschild; **Right:** Oksana Antonenko

Regarding finance, there were calls to apply the venture capital model to parts of defence procurement. The state could not finance everything, and certainly not always quickly and efficiently. It was a key facilitator of finance and a risk reducer, and had a crucial role to play as a provider of backstop finance, an important mechanism in efforts to ramp up capacity.

From an industrial point of view, European defence companies were investing billions of euros to ramp up capacity and for some almost all of the supply chain was now onshore. Stockpiles were almost matching the level that clients and NATO required. However, there were fears of a move to disruptive 'stop and go' production once a peak was reached, which could be avoided through long term contracts. Manufacturers wanted to maintain a minimum capacity over time in order to keep the supply chain under contract and quickly respond to sudden peaks in demand.

Risk aversion in Europe was seen as detrimental to the success of its defence industry in the long term. One of the participants stressed that in some cases safety requirements made European military equipment overly expensive. British-made combat drones were being put out to tender with a target price of £30,000 per unit, while the Ukrainians could make them for \$800 each. Free of many of the regulatory restrictions in place in the rest of Europe, Ukraine had emerged as a very innovative and agile manufacturer of military equipment. It was going to be a serious competitor on the export market in the coming years.



Top: Daniel Hallett (Sessions at the Adlon Kempinski)

Middle: BG (Ret.) Fabien Kuzniak

Bottom: Margarita Mathiopoulos

BREAKOUT SESSION B – POLITICS AND CIVIL SOCIETY

Chair: Michael Schaefer

Speakers: Norbert Röttgen | Elisabeth Braw | John Kampfner

One way of strengthening Europe's security and defence was to raise citizens' awareness and readiness to protect their countries. As the new Head of the British Army, General Roland Walker, had recently pointed out, nations won wars, not armies.

There was a large gap between what was at stake and what was communicated to European citizens. Echoing some of the remarks that had been made over dinner the previous day, participants heard that political leaders had to be much clearer about the fact that Europe was at war and that it was acting out of self-interest and not just out of solidarity for Ukraine. This needed to be done in a way that energised people. Phrases such as "for as long as it takes" were confusing and did not resonate with the public.

Lack of leadership and complacency was among the main reasons for this disconnect. In Germany, Chancellor Scholz's Zeitenwende speech was courageous but it had not been followed up by decisive actions. There was still great reluctance to confront Russia. The German public remained supportive of Ukraine. Polls showed that 38% were in favour of sending more weapons there while 31% backed what the federal government was doing.

However, there were also a lot of people across Europe who felt disenfranchised, did not trust institutions and were inclined to question NATO's mission and raison d'être and the West's support of Ukraine.

Moreover, today's young people did not have the same understanding of security and defence as the generations before them. To them, NATO was often an abstract concept. Involving them in the discussion required using references that they could relate to.

Finland's model of comprehensive security was presented as an example of best practice when it came to building societal resilience. This model had been developed to deal with the multiple threats that Western countries were facing today: military, digital and social. One of its key pillars was Finland's National Emergency Supply Agency, a partnership with the private sector that aimed to ensure the continuity of the critical functions of Finnish society during a crisis. Another important element was the country's national defence courses which brought together professionals from various backgrounds for a duration of three weeks and aimed to reinforce a sense of civic duty, resilience and preparedness in attendees.

FINAL SESSION – WHAT IS TO BE DONE?

Chair: Peter Watkins

Speakers: Brigadier General Frank Graefe | Ruth Harris | Philippe Errera

The final session addressed two main issues: nuclear deterrence and air defence systems. Without the level of U.S support it had received until now, Europe faced hard choices. The main options for building a European nuclear deterrent all had drawbacks in terms of cost and political acceptability.

First, an expansion of the French and British arsenal would be extremely expensive. Second, the deployment of nuclear weapons to across the European continent would trigger fierce domestic opposition in some places and a diplomatic backlash internationally. Poland was one of the strongest candidates but its defence spending at 5% of GDP already looked unsustainable. Third, a European deterrent would require EU consent with the prospect of Hungarian and Slovak vetoes. Brexit was also a legal barrier on the UK side.

The decision not to allow Ukraine to strike deep into Russian territory following Russia's September announcement that it was lowering of its nuclear threshold showed how careful the West remained in response to Russia's posturing, with good reasons. At the same time, it could not appear to cave in to Russia's sabre-rattling. This undermined the credibility of Article 5. Those in Europe with deep understanding of Russia's mentality, like in Ukraine and the Baltic states, had made it clear that it would not use nuclear weapons if challenged. Its nuclear arsenal was also known to be in fairly poor condition.

In the end, nuclear deterrence was not everything. If Europe was to prepare for a U.S disengagement within NATO, it would have to invest more substantially in conventional military forces and associated industrial capacity, as well as in societal resilience. This would enhance both



Left: Ruth Harris; **Right:** William Wells (final session)

deterrence by denial and punishment.

For France and the UK, this would mean investing a lot more in strategic enablers such as Airborne Early Warning and Control (AEW&C) systems as well as airlift and Intelligence, Surveillance and Reconnaissance (ISR) capability. But in the case of Britain, one of the participants believed that it would have to abandon plans for an armoured division as a result.

According to a participant from France, the Europeans would have to do more than focusing on the capability gap. They needed to also address the difficult issues of military leadership and decision making.

There were different views on the level of U.S disengagement that could be expected in future. Some were more pessimistic than others. But many agreed that even if it was willing to, the U.S might not be able to sustain a sizeable presence in Europe. The Indo-Pacific was bound to absorb the large part of its conventional capacities which were not as significant as people thought, especially for a region of this size.

One way of convincing the Americans to keep one foot in Europe was to increase European engagement in the Indo Pacific, which Germany was taking very seriously. Between June and August 2024, the German Air Force had conducted a large joint deployment in the region with French and Spanish Air Forces, involving 1,800 military personnel aboard nine Airbus A400Ms, six A330 MRTTs, 12 Eurofighters, 12 Tornados, one A330-200 and four H145M helicopters. Going forward, these exercises would occur every two years.

In terms of air defences, Germany had now plugged existing gaps with the purchase of the Israeli Arrow anti-ballistic missile system which was going to be delivered in 2025. More medium-range Patriot systems had

also been acquired in addition to short-range IRIS-T SLM systems against drones. The speed at which Arrow missiles had been acquired (the contract was signed in late 2023) showed the advantage of national procurement. But Germany could also see the clear benefits of combined procurement in terms of cost savings, notably through the European Sky Shield Initiative. In June, Germany, Denmark and Hungary had agreed to jointly purchase Skyranger tower air defence systems as part of the ESSI.

Ultimately, a fundamental question for the Europeans was what they were prepared to give up in order to achieve greater collective defence. Would France be ready to give up on its national preference policy for instance? For other countries, there would also be a price to pay in accepting a European preference in the medium to long term – made possible by a stronger European industrial base – to anticipate diverging American and European interests.

CONCLUSION

Two and a half years after Russia's full invasion of Ukraine, there were serious concerns that Europe had not yet woken up to the severity of the threat it was facing. Courageous speeches made at the beginning of the war, such as Chancellor Scholz's *Zeitenwende*, had been followed by months of dithering and indecisiveness.

The situation on the ground clearly favoured Russia. It had not overreacted to the Ukrainian incursion in the Kursk region and was relentlessly pursuing its objectives in the Donbas. Its arms production might reach a tipping point around 2026/27. But Ukraine was burning out at a much faster rate. At the same time, whether the next U.S President was Trump or Harris, it was unlikely that another large U.S aid package would be dispatched again.

The EU had come a long way since February 2022. It had emerged as a serious defence actor and the new European Commission led by Ursula von der Leyen was going to further expand support for Ukraine and investment in the European defence industry. However, it was pointed out that Europe was still miles away from where it needed to be in order to convincingly deter Russia.

Financing the rebuilding of a credible defence system without free-riding was going to be a difficult problem to crack for Europeans. Defence budgets really needed to be closer to at least 3% of GDP. With little money to throw around, a partial solution was to turn to innovation, agility, private sector partnerships, and a lighter regulatory environment. In that respect, ESG was seen by several participants as a serious hindrance.

Associating civil society in these efforts was as important as strengthening military

capabilities. Political leaders had to be much clearer about the fact that Europe was at war and that it was acting out of self-interest and not just out of solidarity for Ukraine. In terms of societal resilience, the Finnish model of comprehensive security was seen as an example to follow.

The main options for building a European nuclear deterrent all had drawbacks in terms of cost and political acceptability. However, nuclear deterrence was not everything. Investing more substantially in conventional military forces and associated industrial capacity, as well as in societal resilience, would enhance both deterrence by denial and punishment.

Deeper European cooperation in the defence field involved sensitive discussions about competition and consolidation between sovereign states. Ultimately, a fundamental question for the Europeans was what they were prepared to give up in order to achieve greater collective defence.

It was agreed that France, Germany and the UK would be at the heart of all this, and the Club of Three should be reinforced in its efforts. To this end, working with other EU countries, especially in Central Europe – notably Poland – and the Nordic and Baltic regions, as well as with the U.S, whichever Administration was to emerge from the elections the following month.