

BETTER FIREFIGHTING: READYING EUROPE FOR AN AGE BETWEEN WAR AND PEACE

Laurence Boone, Nicu Popescu

November 2024

SUMMARY

- The European Union today is in a hybrid situation: its states are at peace, but war roils its neighbourhood, hybrid threats stalk its territory, and other major crises from pandemics to the effects of global heating threaten its population. These pose war-like industrial and infrastructural demands.
- Too often, conventional peacetime processes still prevail. Both the covid-19 pandemic and Russia's full-scale invasion of Ukraine saw the union improvise its way to new solutions, but often much too slowly and not on the scale needed.
- Russia's war in particular has exposed the limits of the EU's military, energy, and transport infrastructure — and of the processes needed to accelerate its adaptation. Its major states are seeking to address this, but in too-piecemeal a fashion.
- The EU therefore needs a much stronger overall architecture for dealing fast with the consequences of wars and other emergencies on the EU itself and its allies. This should have at its core a European version of the US Defence Production Act, enabling Brussels and national capitals to coordinate faster responses in moments of crisis. It should also include a wider package of administrative, legal, and financial reforms designed to strengthen and speed up the EU's capacity to act in major crises.

Between war and peace: Europe's new hybridity

The European Union is surrounded by wars. To its east, it faces the largest full-scale conflict on European soil since 1945. To its south-east, the Levant remains on the brink of a major conflagration. To its south, wars and coups are devastating the Sahel and threatening Europe's underbelly. Meanwhile the union is itself the object of an increasingly intense series of brutal hybrid aggressions, as well as the wider shocks of an interdependent world – which in part resemble wars in the demands they place on industry and infrastructure. Yet its means of dealing with these remain alarmingly inadequate.

The EU is rightly proud of its historical mission as a peace project. And temperamentally, European citizens tend to favour diplomacy over war. But diplomacy can only be credible if Europe is strong and fast in marshalling its military, economic, industrial, and financial power. This is necessary to prevent conflict, support allies that keep wars away from union's territory, and thereby keep Europe safe. Moreover, it is also essential to deal with a wave of quasi-conflict situations – from climate crises to pandemics – that also assail the continent. So the EU's institutions and governments find themselves in a hybrid situation. Member states are not at war. But few can truly afford the slow pace and fragmented structures of peacetime ways of operating. Neither entirely wartime nor entirely peacetime, this hybridity is the defining condition of the “peace project” today.

To imagine wartime procedures, it helps to picture the complex economic machine behind the allied landings in Normandy in 1944, eight decades ago this year. For those allied troops to land on those beaches on that June day took years of investment in rail and road networks, shipyards and harbours on the southern English coast, transatlantic lend-lease frameworks, public acquisition procedures to buy the landing craft, and finance and arms for the Free French Army over its years in exile – not to mention the vast resources supplying the American, British, and Canadian forces themselves. They also relied on the provision of that infrastructure and those resources at pace. Volume matters in wartime. But so does speed.

The purest example of that sort of war economy today is Ukraine, in its struggle for survival. But the EU and its other Western partners too can take inspiration from June 1944 as they supply the country at a pace that can keep it producing, moving, and fighting as long as it takes to bring Russia to the negotiation table on acceptable terms. Rapid and deep investment in infrastructure and industrial capacity, facilitated where necessary by state action, is newly essential. This may require new executive powers – subject to democratic and judicial limitations, of course – to expedite action in emergency situations.

But hybridity presents its own challenges. Many Europeans are used to the idea that an

economy is either at war or it is not. The present circumstances of most European countries look nothing like those of 1944. Nonetheless, those countries are increasingly subject to some of the intense industrial, infrastructural and organisational needs of that moment. These needs are more likely to intensify further overing the coming years than to abate. And governments' inability to meet them adequately is already sapping the confidence and living standards of citizens exposed to the economic pain of these hybrid shocks and the wider insecurities of our time. At the EU and the national level, authorities are too often not keeping up with events. Decisions that should take weeks take months or even years. What is worse, once they are taken, years of paperwork are often necessary before citizens see the results. Resources are fragmented. The urgency of the moment is not matched with action, or instruments enabling action.

Leaders across the continent are starting to recognise this. At the EU level, a trio of agenda-setting reports by Enrico Letta and Mario Draghi, both former prime ministers of Italy, and Sauli Niinistö, the former president of Finland, has pointed the way towards a union better fiscally, industrially, and militarily able to cope with new demands placed on it. A leitmotif of all three reports is the need for speed in multiple spheres.

This brief tells the story of that growing recognition as it has emerged over the past half-decade in particular, and explains why it still falls short of the needs of the moment. It paints a picture of a continent that is mostly at peace, but where wars in the neighbourhood are larger in scale, more threatening to the EU itself, and closer to the union's population than they have been for decades. It charts how official bodies across Europe still operate complacently on peacetime procedures, timelines, and thinking. So this brief also advances the case for a reformed EU institutional framework that would strengthen its ability to fight the effects of wars and other crises. At the heart of its package of recommendations is a European equivalent of the US defence production act. This "EDPA" is essential for the EU to respond to shocks, both at home and among allies like Ukraine.

Covid-19 and the EU in crisis management mode

Europe's ability to manage emergencies had been evolving for years before February 2022. Over the past two decades it has contended with such upheavals as financial and sovereign debt crises, waves of migration, and the covid-19 pandemic. Seen in this light, Russia's full-scale invasion of Ukraine is the most drastic link in a longer chain of shocks.

Covid-19 in particular was a revealing case study of the limits of this response — and thus the legal, financial, and institutional hurdles that must be lowered for the EU to be prepared for both hybrid and conventional threats in future. To be sure, the union's reaction to the

pandemic was in many ways a remarkable achievement. Early in the outbreak some argued it could destroy the EU, but ultimately it rose to the challenge. But this was also a drama in three acts. It began with disarray and dither, proceeded to fall back on reactive established structures for emergency management and then, straining against their limits, ultimately improvised its way to a solution. The decisions its leaders made must be understood in the context of the union responding to an entirely unfamiliar challenge. But they do leave lessons to learn for future such emergencies.

Act One: Disarray. When the virus began spreading in early 2020, cooperation between EU states broke down in many areas; with border closures, export bans on critical medical materials like masks, and little coordination of lockdowns. Without proper EU organisation, countries started competing with each other. Initially, individual states and pairs of states started to pursue separate and rival vaccine strategies. As the US and UK forged ahead towards vaccinating their populations, the union fell behind.



Military medical personnel waiting for patients to take the swab. They wear masks and protective suits to minimize the possibility of contagion. Padua, 11 November 2020, Italy. picture alliance / NurPhoto Roberto Silvino

Act Two: Fallback. When the union started acting, the ways it did so resembled a palimpsest of the crises of its own recent past. In June 2020, five months after the first confirmed cases of covid-19 in Europe, France, Germany, Italy, and the Netherlands founded an “Inclusive Vaccine Alliance” and EU member states overall agreed an exclusive procedure for joint vaccine procurement with the European Commission. But they did so by falling back on Article 122 of the Treaty on the Functioning of the European Union. This emergency response provision enables member states to bypass the European Parliament in certain situations. The union had used it at several points during the eurozone crisis in acts like the establishment of the European Financial Stabilisation Mechanism bailout fund.

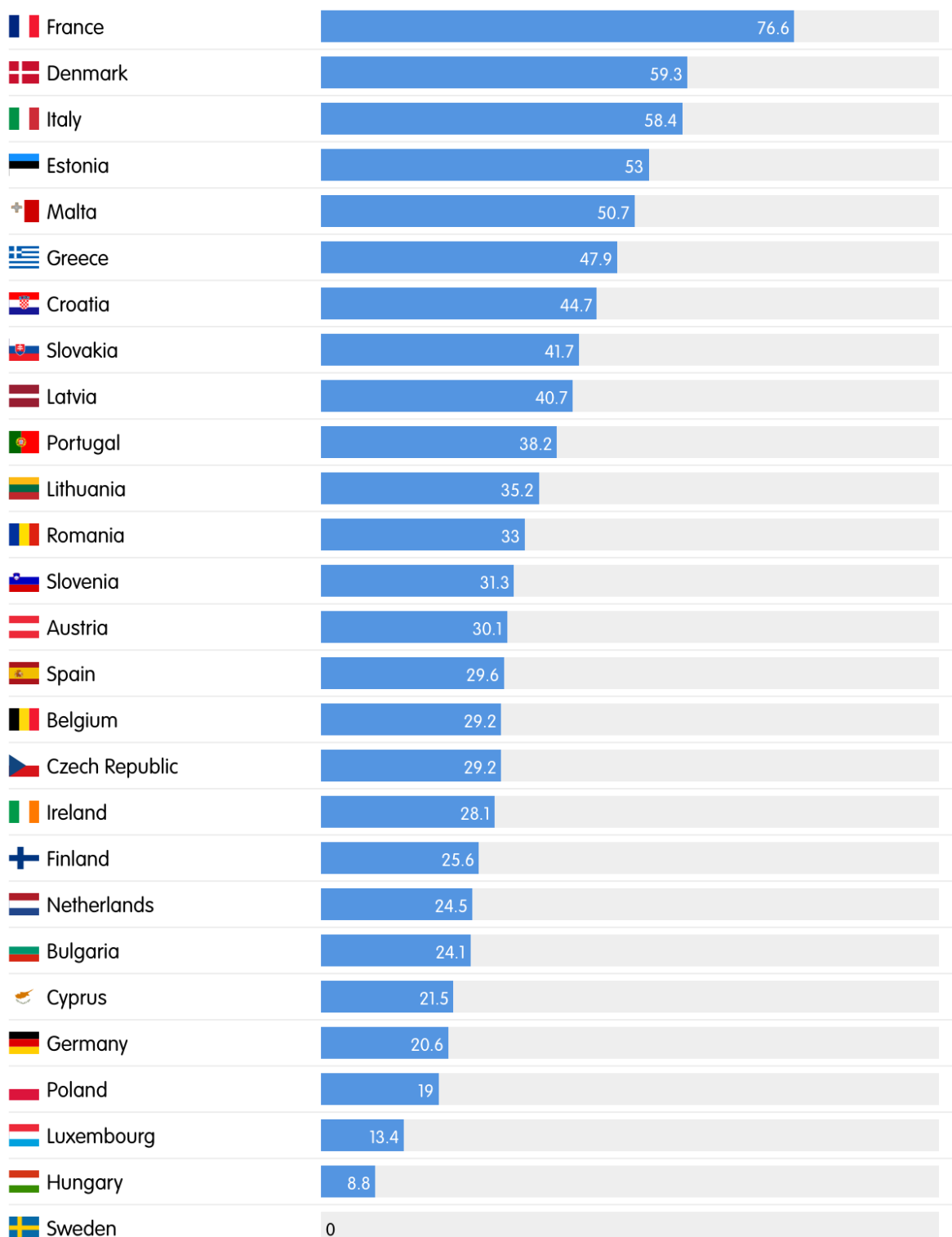
The joint vaccine procurement scheme rested on a 2016 regulation originally adopted on the basis of Article 122 to help the EU respond to the refugee crisis. Article 122 also provided the legal platform for the creation of both the SURE (Support to mitigate Unemployment Risks in an Emergency) programme of loans financing short-time working during lockdowns and the €800bn Next Generation EU (NGEU) programme helping member states respond to the wider economic shock.

Act Three: Improvisation. EU leaders had to put pressure on those old structures to respond to the moment, and often found them lacking. The commission first proposed SURE on 2 April but it took until 22 September until the programme was activated and until October for the first payments to start flowing. By the time many of the larger disbursements took place, the worst of the lockdowns were over.

Likewise, the NGEU roll-out – though a radical and impressive step forward for the European project, as an initiative based on common borrowing – took much too long. It required unanimity and new legislation in order to be implemented. So the first funds were disbursed only in August 2021, some 15 months after the start of the pandemic. As of mid-2024, some 50 months since the first European lockdowns, under a third of the loans and under half of the grants in its keystone Recovery and Resilience Facility (RRF) had been disbursed.

NGEU Recovery and Resilience Facility disbursement of grants and loans by country

Disbursement as a percentage of total RRF allocations



Source: europarl.europa.eu (data valid as of 1 October 2024)
ECFR · ecfr.eu

Drama school: What covid-19 taught Europe about crisis management

Many observers compared the pandemic to a war, and not without reason. The demands it placed on EU governments and civilians were the closest most of these had come to home-front conflict conditions since 1989, if not 1945. To the extent that the comparison was valid, it made for concerning implications.

Article 122, it is true, allowed the EU to respond to covid-19. But the pace was usually set by events, not the union itself. The union's leaders had to create new institutions on the spot, like the ad-hoc steering committee responsible for directing vaccine procurement (an echo of the European Stability Mechanism, or ESM, a decade earlier). This slowed the union down. Just as important (if not more so) was that all these episodes pointed to a highly restricted EU budget unable to fund adequate continent-wide crisis responses. Each such episode has seen an emergency increase in the union's budget or its capacity to take on debt (as in the cases of the ESM, SURE, and NGEU) without any significant ability to raise its own resources. Legally, politically, and financially, this is not sustainable.

In early 2022, just as the last lockdowns had ended, the EU moved from a warlike pandemic to actual war in its neighbourhood as Russia carried out its full-scale invasion of Ukraine. As the German chancellor Olaf Scholz memorably put it on 27 February 2022, this was a *Zeitenwende*, a turning point. And yet nearly 1,000 days later, much of what was true in 2020 remains the case. The union still needs much greater administrative and legal and institutional readiness to deal with wars and other large-scale crises. And most of all, it must move faster.

Strategic but inadequate: The EU response to 24 February 2022

The European response to Russia's full-scale invasion of Ukraine has been more united, principled, strategic, and forceful than many observers expected. The EU has provided substantial financial and economic help and introduced successive rounds of large-scale sanctions against Russia. It has also facilitated the export and import of Ukrainian goods, especially cereals, through the so-called solidarity lanes; new transport corridors designed to facilitate Ukraine's exports by road, rail, and inland waterway in light of Russia's assault on the country's Black Sea ports. And it has provided substantial humanitarian help to refugees and other affected populations in Ukraine, and made a systematic effort to help plan and

(where possible) start its reconstruction.

In the military domain, the EU and its member states have provided over €43bn in military aid, including large volumes of weapons and munitions. Under the impetus of Josep Borrell, its high representative for foreign and security policy (HRVP), the union's leaders have reinvented the European Peace Facility. They have quickly transformed a financing tool designed for providing often trivial, non-lethal military equipment to partner countries into a serious instrument for supplying arms and munitions to Ukraine. Arguably most drastic in the long term, the EU has moved towards a new eastern enlargement taking in not just Ukraine but also Moldova, Georgia, and the states of the western Balkans (long left in the union's waiting room).

Most of this would have been unthinkable before 24 February 2022. And much of it has proceeded at an unprecedented speed. Thousands of officials in Brussels and across the member-state capitals deserve credit for this remarkable act of coordination. The union has turned from peace project to a major backer of a state under attack. It has found creative and fast ways to stabilise European gas and electricity markets. It has mobilised institutions and people to respond jointly to the challenges posed by the war – including accommodating over 4 million Ukrainian refugees. It has re-arranged transport logistics. And it has found ways of financing all of this.

Yet despite these remarkable achievements, the events of the past three years have often outpaced the EU's ability to respond to them. Sometimes its efforts were too slow, fragmented, or both. In multilateral fora, the union did not always act as one – undermining Europe's collective voice. Faced with a world of crises and a particular long-term threat from Russia, that should create a new sense of urgency across its capitals. In the words of Kaja Kallas, the EU's new HRVP-designate: Russia losing its war in Ukraine is the surest way not to have to worry about world war three.



Women, children and other displaced people fleeing the Russian invasion cross the train tracks and evacuate through the central train station in March 2022 in Lviv, Ukraine. picture alliance / ZUMAPRESS.com Carol Guzy

Military

The EU and its member states have increased their own defence investments and offered substantial military assistance to Ukraine. However, that assistance has lagged far behind the needs of the battlefield and Russia's increased defence production. Where Russian arms factories have adopted 24/7 schedules, munitions production in the EU has not kept up. European defence companies say they do not have enough government orders to use all of their production capacities and invest in new production lines. The EU missed its target of supplying one million shells to Ukraine by March 2024. According to some estimates, some \$800m of the country's ammunition needs have in fact been met by Western purchases made in Serbia.

Indeed, ammunition is a particular problem. In November 2023, Borrell stated that: “[T]he constraint is not so much a lack of production capacity, but rather a lack of orders and financing. Industry leaders are clearly telling us: place orders and we will produce more.” The German firm Rheinmetall, one of the biggest European defence producers, complained in March 2023 that it was producing munitions at two-thirds of its capacity. With so much unused capacity, companies had few incentives to expand it.

The European Investment Bank (EIB) has updated its rules to allow for funding of dual-use goods and dual-use infrastructure as well as defence small and medium enterprises and innovative start-ups. But this adjustment too has its limitations. The bank’s new procedures allow firms producing de-mining devices or bidding to fix an important railway junction to apply. Yet they leave out those defence companies producing vital military hardware, such as ammunition or tanks.

The EU has sought to respond faster to these deficiencies. There is significant political will to “turbocharge” defence industrial capacity in the next few years, as Ursula von der Leyen has put it. But given the financial and political pressures facing many member-state governments, it remains to be seen what this will mean in practice.

Energy

The non-military European domain most affected by the war has been energy. Russia has sought to degrade, destroy, or take over Ukraine’s electricity infrastructure. Until the invasion, Ukraine could rely on the production of four nuclear power plants (with 15 reactors in total). The plant at Zaporizhia is the largest in Europe, but was occupied by Russia in the first days of the war. Then, starting in October 2022, Russia launched a massive bombing campaign mostly focused on the electricity distribution network, through which Ukraine had previously exported its surplus.

As of early November 2024, that campaign is only accelerating. Before the war Ukraine produced 55 gigawatts worth of electricity. By summer 2024 this had fallen to 20 gigawatts. Just between March and June 2024, Russia destroyed about nine gigawatts of production capacity. This situation has caused massive blackouts in Ukraine. The continued destruction of the country’s electricity network is likely to continue, and its reconstruction could take decades.



Smoke rises from an electrical substation after a Russian missile attack in Lviv, Ukraine, in May 2022. picture alliance / AA Omar Marques

Plugging in Ukraine and Moldova to EU power networks

The situation would have been even worse were it not for the successful synchronisation of Ukraine and Moldova with the European Network of Transmission System Operators (ENTSO-E), the network of power operators covering most of the continent. The two countries disconnected from the Russian electricity network to test their capacity to synchronise with the rest of Europe just hours before the war started on 24 February 2024. This was a planned resilience test. The idea was to check whether the system could operate independently from the Russian one, and then connect fully to ENTSO-E in January 2023. Then the war started, and the test proceeded well. Ukraine never reconnected to the post-Soviet grid.

The synchronisation of electricity grids with the rest of Europe through ENTSO-E has significantly helped Ukraine and Moldova to alleviate the effects of Russian attacks on their electricity networks. According to Ukrenergo, the Ukrainian state power company, the total volume of electricity Ukraine has imported from the EU has increased by 94 per cent

compared with 2021. But while this has helped reduce shocks, there is a limit to how much electricity can be transported from the EU to Ukraine and Moldova on existing networks. New inter-connectors are needed. The risk, however, is that these will be built using peacetime procedures and at peacetime speeds. Meanwhile Ukraine now faces a cold, dark winter.

When Russia started bombing the Ukrainian electricity network in October 2022, Moldova too suffered blackouts. To make up for the shortfall, in November that year Romania supplied over 90 per cent of the latter's electricity needs. However, the two main electricity connectors between Moldova and the EU run through Ukraine and the Transnistrian region of Moldova (which is under de facto Russian occupation). Both represent a clear vulnerability. Moldova and Romania have long planned two inter-connectors; one through the south of Moldova and another through the country's north. Russia's full-scale invasion of Ukraine made both newly urgent.

Construction of the southern inter-connector had been agreed in September 2019 and an Indian company had won the tender to implement this World Bank-financed project by November 2021. When the war started, Moldova sought to accelerate construction. But its partners did not share its urgency and no contractual provisions enabled it to speed up their work^[1]. Meanwhile the northern project also exposed the need for a rethink. The total cost of that inter-connector was supposed to be under €300m, with the majority of this falling on Romania. So Bucharest applied for EU funding from the NGEU pot in early autumn 2022. But fully eight months later it received a “no” in reply^[2]. Apparently this strategically vital project did not meet NGEU funding standards.

Funding rapid energy resilience

Overall, the European Bank for Reconstruction and Development (EBRD) mobilised some €3.7 billion in loans and grants to help Ukraine's recovery before the end of 2023. Much that funding went into supporting energy security. But again, the administrative procedures behind that EBRD help were often peacetime ones. Even where dedicated teams worked day and night to speed things up in dramatic moments, these still followed slow financing and other administrative rules written for calmer and less urgent circumstances^[3].

Meanwhile repurposing financing is sometimes prohibitively complicated. In theory, it should be relatively easy to reallocate approved funding from peacetime applications to more urgent priorities generated by war or crises situations. In practice it is more difficult. Take, by way of example, the onerous bureaucracy involved in redirecting money earmarked by international funders for road-building in parts of Ukraine now occupied by Russia to the same purpose in the territories Kyiv still controls.

Transportation

The story is similar when it comes to transportation. The uncertainty of shipping through the Black Sea and the closure of the Ukrainian air space – both of which are unlikely to return to pre-war safety levels for a long time – has dramatically increased the traffic of goods and persons across Ukraine’s western land borders. Goods that were previously shipped through the Black Sea now often sit in long queues at border crossing points with Hungary, Poland, Romania, Moldova, and Slovakia. Travellers who would once have transited through Ukrainian airports now also queue at those crossings in order to reach the rest of Europe through airports in neighbouring countries, or onward travel by road or rail.

All this has led to severe infrastructure bottlenecks in central Europe. So a significant infrastructure boost is needed. Border crossing points, not least on the EU side of the border, need more lanes. Trucks need larger parking spaces to unclog narrow access routes. Roads need widening, new bridges need to be built, and old bridges need renovations and reinforcements. There have been clear efforts to deal with these constraints through the ‘solidarity lanes’. But the speed of real infrastructure improvements has never been great. For example, Ukraine’s Agency for Reconstruction could not apply^[4] for EU funding to upgrade the country’s border crossing with Slovakia at Uzhhorod, so this was ultimately funded by USAID instead.

Looking ahead, it is reasonable to assume that the military and geopolitical situation in Ukraine and the Black Sea will continue to impose huge demands on the roads, airports, bridges, and border-crossing points linking Ukraine to its partners to the West. Yet under peacetime spending criteria and practices many of these needs cannot be financed in EU member states from existing funding mechanisms, such as cohesion funds, NGEU, or development banks such as the EIB, the EBRD, or the Council of Europe Development Bank (CEB).

The same is true for financing infrastructure needed for strategic purposes. Taking into account the worsening security situation, EU and NATO countries also need infrastructure

upgrades that do not necessarily reflect an immediate economic need, but are necessary for their ability to deploy militaries to defend territory. New roads to border regions, railway upgrades, reinforcement of bridges for the deployment of heavy armour, new road traffic or train transportations rules and regulations – all these are needed. It is hard to finance such military mobility infrastructure through existing funding instruments and the current mandates of development banks.

Europe's patchwork acceleration

As prior shocks like the covid-19 pandemic and events since 24 February 2022 have shown, Europe's crisis-response capabilities are a patchwork of national legislation applied unevenly and in an uncoordinated fashion. Governments have usually done this within the framework of existing emergency legislation, but in some urgent cases they have passed special laws allowing for accelerated decision-making and procedural short-cuts. One example is Germany's successful "LNG acceleration act" of May 2022, which facilitated and accelerated the construction of infrastructure for imported, liquefied natural gas (LNG) as part of the country's rapid exit from Russian imports.

European policymakers have also started to adopt schemes to accelerate defence production. For example, France and the UK are working to simplify procurement processes, integrate supply chains better, and tighten cooperation between their defence ministries and the sector. Poland has recently granted Ukrainian Railways a licence to operate on its network. Finland has launched a series of new measures to prepare in case of invasion. But other examples abound. The table below draws on the work of the Institut de Relations Internationales et Stratégiques, a French think-tank, to survey some of the more notable resilience-building measures in the defence industry and other related sectors across the four largest European economies and, for an illustration of what larger-scale adaptations might entail, the US.

Indicative survey of war-economy measures in major Western states

filter by country: France Germany Italy UK US All

Country	Priority area	Planned/ongoing measures
 France	Simplification of processes to reduce costs and lead times	Closer collaboration between France's defence procurement agency, its armed forces, and industry to optimise processes
	Securing supply chains and reducing bottlenecks	New military planning act includes possibility to introduce mandatory stockpiles and a legal mechanism to prioritise military orders over civilian and export orders
	Reducing foreign dependency	<ul style="list-style-type: none"> • Build contingency stocks • Diversify supply sources • Relocate production activities within Europe or France for critical components
	Addressing human and financial resources issues	<ul style="list-style-type: none"> • Make defence industry more attractive to young people • Ensure access to finance for defence companies through specialised banking advisers and dedicated fund
 Germany	Deeper funding for defence manufacturers	€100 billion special fund (2022-2026) for the Bundeswehr
	Acceleration and simplification of defence procurement	<ul style="list-style-type: none"> • New procurement optimisation task force • New law to accelerate defence procurement (applies until end of 2026), with priority for quickly available products

Additional 15 rows not shown.

Source:

Schnitzler, G. (2024). "Wartime economy": From buzzword to reality? Changes in European defence industrial strategies since February 2022, Institut de Relations Internationales et Stratégiques

Souverbie, L. (2024). The U.S. industrial defense strategy after Ukraine, Institut de Relations Internationales et Stratégiques

ECFR · ecf.eu

These examples are welcome, and in many cases well-overdue. Europe and its US allies are moving from a 'flow' approach that prevailed during more peaceful times, which is about meeting particular demands at certain moments, to a 'stock' approach, which is about piling up goods to be ready for sustained increases in demand. This new approach includes: more long-term, transparent planning; more pro-active measures for securing raw materials; new sources of financing for production of defence and other crisis-response hardware; and policies to identify and close gaps in production processes as well as in labour markets.

But ultimately these add up to a piecemeal process of resilience-building that leaves significant gaps and lacks coordination. In the heat of a new war or other emergency, those gaps and that lack of an overall architecture would soon be exposed. So the EU-wide dimension of this crisis-response and crisis-preparation architecture needs significant further expansion. The shift from a stock to a flow mentality must proceed more rapidly and on a more joined-up, union-wide level – both in military and non-military domains.

EDPA ASAP: The urgent case for a European Defence Production Act

Europe can no longer act as if it inhabits purely peacetime circumstances. Its institutional ecosystem – the EU and NATO, banks like the EIB, EBRD, and CEB, and other bodies – need to adapt its legal, administrative and procedural tools to deal much faster with the consequences of major crises. With the future of American foreign policy uncertain, Russia is likely to remain a major conventional and hybrid threat however Putin’s war in Ukraine develops. With turmoil in the Middle East and the Sahel intensifying, and manifold other dramas (including those linked to the climate emergency), the timing could hardly be more urgent.

Several practical but ambitious policy shifts could upgrade the EU's tools for preventing, or at least limiting, the effects of wars and other major crises on its citizens and important partner countries – be those accession states or other close allies. These proposals would not cut across existing NATO and EU plans on Europe’s defence readiness. Rather, they would primarily address the continent’s ability both to realise those plans at the speed needed and to complement them with non-military improvements to state, societal, and private-sector capacity.



Wind turbines north of Helgoland, Germany, March 2023. picture alliance / REUTERS POOL New

A crisis-response tool for wartime and peacetime

The central proposal of this brief draws inspiration from the US decision in 1950 — against the backdrop of the Korean War — to adopt the Defence Production Act (DPA). This enabled the federal government to undertake significant interventions to establish a large defence-mobilisation infrastructure and administration. To that end, it permitted new wage and price controls, regulated steel and mining, and enabled military planners to direct industrial materials more strategically in the interests of the war effort.

Over the seven decades since the Korean War, the DPA has evolved and been used for both military and non-military actions in moments where the security of the US population was at stake. In the former category, measures have included everything from interest free loans to support the establishment of the aluminium and titanium industries in the 1950s to coordinating an expanded industrial base in support of American hypersonic technologies today. But it is in the non-military realm where Europeans today may find the most obviously relevant examples.

Over its seven decades the DPA has been used to strengthen US energy sovereignty. In the 1970s it funded the trans-Alaska oil pipeline and research into LNG. Today it is supporting the extraction from American soil of minerals like lithium and cobalt essential to the energy transition, and a two-year tariff exemption (from 2022) on the import of solar panels from states like Thailand and Vietnam, reducing US reliance on China. The act has also helped the US respond to hybrid threats; for example by forcing companies to disclose their use of foreign-manufactured hardware and software. But it has also helped with crises as diverse as the pandemic (extending national-defence qualifications to ventilators and protective medical equipment), wildfires (increasing the manufacture of firehoses to help California beat conflagrations in 2021), and baby formula shortages (where it was used to boost production in 2022)

To be clear, the DPA is not without its critics or its questionable aspects. Not all decisions taken in a hurry are good ones. A law with such broad applications — from hypersonic missiles to baby milk — invites justified questions about the sweeping powers it grants the executive. In some decisions, political expediency may have played a role along with official national-security considerations.

But on balance the act has done the US a great deal more good than harm. In a democracy with checks and balances and strong institutions (however imperfect), it has given the executive a valuable mechanism for responding quickly and with greater foresight to shocks where peacetime government protocols are too slow and pure market mechanisms cannot react with the speed and scope required. It has benefited US national security and, on occasion, the security of the country's allies. Precisely where the EU is so conspicuously weak today, the DPA has provided American strength.

So **the EU should develop an EU Defence Production Act (EDPA)**. This would be inspired by the US Defence Protection Act, but not identical to it. Unlike the US, the EU is not a federation. The institutional set up of Brussels is not that of Washington. Its member states have various versions of their own national civil and military emergency legislation. So the

EDPA would be adapted to the European legal and political landscape. But it would provide European policymakers with the tools to use the collective power of EU institutions, member-state governments, and European development banks, to respond faster and more effectively to crises. And it would give Brussels a coordinating role in mobilising resources at speed and scale in response to wars and other crises, drawing together the existing, under-exploited patchwork of legislation.

Some European countries are looking for ways to accelerate their response capacity on the national level. The Netherlands is preparing a DPA-style law. Germany has its LNG acceleration act. As noted in the previous section, the UK has been developing a “spiral development” model, where some equipment can be used in crisis if it is battle-ready and ‘good enough’, but not yet at 100% of specifications. But a patchwork of national responses will not be enough. It is likely to be uneven, and will not make cross border and trans-national projects easier if they apply different ‘acceleration’ procedures and criteria when they involve more than one European country. The EU as a whole needs a response mechanism that involves all member states on equal terms and conditions for accelerating projects needed in times of emergency.

A new EDPA could be used, for example, to fund the accelerated production of defence equipment, such as artillery shells, air-defence missiles, or medical supplies. But its use could extend beyond strictly defence-related initiatives. EU leaders could also apply it to the fast-track construction of new infrastructure required in major wars or crises, including modernising border crossings or airports, financing the reinforcement of bridges and roads, and building new electricity inter-connectors and gas pipelines. Other plausible uses could include accelerating the transition to renewable power plants and electric cars, improving cyber security, or protecting and rebuilding digital infrastructure such as under-sea fibre cables.



The Øresund bridge across the Øresund strait between Denmark and Sweden, 2020. It is the second longest bridge in Europe with both roadway and railway combined in a single structure. Unsplash/Ben Wicks.

Joining up Europe's patchwork acceleration

An EDPA is a necessary condition for a Europe fit for an age of wars. The EU's leaders should pursue it alongside a series of wider measures drawing together the European patchwork of crisis-response response capabilities – in some cases facilitating their adoption. These measures include:

- **Expand the remit of the existing EU-NATO task force on resilience and critical infrastructure beyond protection to future crisis-infrastructure needs.** It should, for example, take in the legal, financial and institutional requirements for the procurement, production, and sourcing of critical materials necessary for defence equipment and infrastructure (cyber, energy, transport, space) at the EU level and in coordination with member states.

- **Prepare a priority-ordering mechanism for defence production.** A working group within the European Commission could devise and propose a new legal basis to prioritise orders, contracts, and the recruitment of employees in emergencies. It would induce firms to prioritise the manufacture of certain resources up to predetermined targets depending on the degree of emergency. Rather than seeking to replace member-state provisions, it would bring new coordination and alignment to these; going beyond their current defence applications to encompass other essential resilience-building infrastructure such as energy, transport, and telecommunications.
- **Organise deeper common funding for emergency responses.** Another working group within the European Commission, this time also including the EIB and the ESM, should design a plan both to expand the (small) crisis-response budget currently within the EU's existing Neighbourhood, Development and International Cooperation Instrument and add to it new, much deeper sources of emergency financing. The governments of Estonia and France have floated an additional €100 billion for defence. The ESM has capital available but would need treaty amendments for this to be used for Europe's war economy. The EU's next multi-annual financial framework, covering the period 2028-35, should increase the share of flexible funding that can be deployed in crisis situations.
- **Develop emergency procedures for projects necessitated by major crises or wars.** Jointly with the EIB, EBRD, and CEB, the EU should work to enable banks (including those and others) to apply faster processes to projects necessary in such situations. This new flexibility might, for example, allow the EIB to fund fossil fuels projects for emergencies related to gas or electricity supply shocks; and facilitate funding for military or dual-use technologies. It could be supported by closer coordination of EU member states within the EBRD and the CEB.
- **Make it easier and faster to repurpose funds from one project to another.** On occasions in the recent past, the EU, development banks, and EU governments have allocated and even transferred funds to partners, only for those partners to find it much too cumbersome to use those for different ends in emergency situations (for example, rerouting funds approved for roads or gas acquisitions into reinforcing the security of the electricity supply). So they should adopt revised rules making urgent repurposing in situations of war or other large-scale crisis more straightforward.
- **Adjust EU funding criteria to give new prominence to security criteria.** In allocating spending from pots like the cohesion funds and NGEU, the EU could allow a certain share of that money to be directed at projects that do not necessarily lead to economic

development under the union's normal, strict criteria, but rather allow for the alleviation of security-related shocks on the EU. These might include the indirect effects of wars in neighbouring countries, or the direct effects of hybrid wars on EU soil.

- **Pursue faster integration with, and more systematic monitoring of, EU candidate countries' security and defence policies.** The union's existing mechanisms are poorly suited to this. But it could explore ad-hoc mechanisms that bring together the European External Action Service (EEAS), the European Commission's Directorate-General for Enlargement, and EU governments with a view to changing that — especially in the cases of accession states that are not on course to join NATO as well. Just as progress in other domains relies on strong cooperation by the EU and the Venice Commission of the Council of Europe on rule of law and justice sector reforms, or with the OECD on governance reform, it is also possible to envisage steering groups consisting of EU institutions, major governments, and possibly NATO that would closely monitor security and defence reforms in EU candidate countries and whose recommendations could be measured against benchmarks in the EU enlargement process. It could be a two-way learning process, as several accession states are on Europe's security front line so have expertise and experience useful to the union and its member states.
- **Develop wartime economic cooperation contingency plans.** Through the EEAS, the EU could work with close partners on ways to prepare for mutual support in the event of large-scale security crises in troubled areas of the world. Some of this planning could be done within the frameworks of the new [EU-Japan Strategic Partnership Agreement](#) or the security and defence partnership agreements recently signed with Norway and Moldova (and possibly others with Albania, Canada, Ghana, and South Korea).
- **Deepen wartime-economy dialogues with European and global partners.** Focused on partners such as Australia, Canada, Japan, New Zealand, South Korea, the UK, and the US, as well as selected partners in the MENA region, these dialogues provide early warning of hard, hybrid, and cyber threats, from wherever in the world these emanate. They could also foster mutual support planning; protection of critical infrastructure; maritime safety; and other forms of deeper defence-industrial cooperation. The full-scale Russian invasion of Ukraine has already prompted Europe to scour the globe for new gas supplies and large quantities of artillery shells. Crises elsewhere might also see partners there turning to the EU for support on a whole range of military and non-military needs. A structured exchange of experiences and contingency planning is thus bound to prove useful.



Bullets at the Nexter Arrowtech facility in October 2022 in Bourges, south of Paris. picture alliance / ASSOCIATED PRESS Lewis Joly

A European emergency siren

Europe's fundamental conundrum today is this: it is at peace, but it has not had so much large-scale conflict so close to its borders in decades. Even if most of the continent is by any global standard calm, wealthy, and stable, these wars threaten European security and well-being. EU and NATO member states are now the direct targets of highly aggressive hybrid warfare. And nothing can guarantee that in the next decade some of them will not face direct military challenges; the incoming new defence commissioner Andrius Kubilius has noted the possibility of outright confrontation with Russia within six to eight years. Meanwhile a wave of diverse other crises is intensifying and demanding that EU institutions and European governments marshal responses close to those of wartime.

So Europe needs instruments for fast and agile legal, administrative, and financial actions that span the military domain, but plenty of non-military spheres too, from infrastructure to financing needs. Fire engines, police cars, and ambulances need sirens to get to accidents quickly in order to put out fires, apprehend criminals, or save the injured as quickly as

possible. Slow reactions often aggravate problems. It is time for the EU to adapt its tools to new realities by designing an administrative ‘siren’ – a capacity to move quickly through the slow ‘traffic’ of peacetime procedures – for wars or other large-scale crises. Just as lives often depend on the capacity of emergency services to arrive quickly where they are needed, the future of our continent also depends on European institutions that can arrive at the scene of the crisis, with the right tools, much faster.

About the authors

Laurence Boone works in banking and is an ECFR Council Member. She was previously state secretary for European affairs in the French government (2022-2024) and chief economist at the OECD. She submitted her contribution to this paper in June 2024.

Nicu Popescu is distinguished fellow at ECFR. He served as deputy prime-minister and minister for foreign affairs and European integration of Moldova (2021-2024), and foreign minister between June and November 2019.

Acknowledgements

The authors would like to thank multiple interlocutors and partners across Europe for conversations, interviews, and support on this paper; in the EU institutions and member-state governments, NATO, Ukraine, Moldova, the UK, the US, as well as the development banks. They would also like to thank Jeremy Cliffe for his support, as well as Marlene Marx for her research assistance on this paper.

[1] Direct experience of author

[2] Direct experience of author

[3] Direct experience of author

[4] Interviews with Ukrainian officials, August 2024

ABOUT ECFR

The European Council on Foreign Relations (ECFR) is the first pan-European think-tank. Launched in October 2007, its objective is to conduct research and promote informed debate across Europe on the development of coherent, effective and values-based European foreign policy. ECFR has developed a strategy with three distinctive elements that define its activities:

- A pan-European Council. ECFR has brought together a distinguished Council of over two hundred Members – politicians, decision makers, thinkers and business people from the EU’s member states and candidate countries – which meets once a year as a full body. Through geographical and thematic task forces, members provide ECFR staff with advice and feedback on policy ideas and help with ECFR’s activities within their own countries. The Council is chaired by Carl Bildt, Lykke Friis, and Norbert Röttgen.
- A physical presence in the main EU member states. ECFR, uniquely among European think-tanks, has offices in Berlin, London, Madrid, Paris, Rome, Sofia and Warsaw. Our offices are platforms for research, debate, advocacy and communications.
- Developing contagious ideas that get people talking. ECFR has brought together a team of distinguished researchers and practitioners from all over Europe to carry out innovative research and policy development projects with a pan-European focus. ECFR produces original research; publishes policy reports; hosts private meetings, public debates, and “friends of ECFR” gatherings in EU capitals; and reaches out to strategic media outlets.

ECFR is a registered charity funded by the Open Society Foundations and other generous foundations, individuals and corporate entities. These donors allow us to publish our ideas and advocate for a values-based EU foreign policy. ECFR works in partnership with other think tanks and organisations but does not make grants to individuals or institutions. ecfr.eu

The European Council on Foreign Relations does not take collective positions. This paper, like all publications of the European Council on Foreign Relations, represents only the views of its authors. Copyright of this publication is held by the European Council on Foreign Relations. You may not copy, reproduce, republish or circulate in any way the content from this publication except for your own personal and non-commercial use. Any other use requires the prior written permission of the European Council on Foreign Relations. © ECFR November 2024. ISBN: 978-1-916682-58-0. Published by the European Council on Foreign Relations (ECFR), 4th Floor, Tennyson House, 159-165 Great Portland Street, London W1W 5PA, United Kingdom.