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Written by <u>Angeline Tan</u> on September 18, 2023

EU Prepares Wartime Economic Plans in Case of a Trump 2024 Victory

On September 13, European Commission President Ursula von der Leyen made her fifth State of the European Union address during a European Parliament session in Strasbourg, calling for a fully fledged European defense industry strategy and laying out the skeletal framework for the EU's legislative agenda for 2024.

Significantly, von der Leyen verified that the EU would expedite plans for a common defensive union, as she_vowed to set up an integrated military-industrial base during the next legislative term.

"We will work on the European defense industry strategy to look into how we can support our industry to ramp up the production of critical equipment," von der Leyen revealed to EU lawmakers.

"We have started to build the European Defence Union at 27," the president declared towards the end of her speech. "I believe we can finish it at 30+," she added, alluding to an expanded EU with Eastern European and Western Balkan countries.

Following the outbreak of the Russo-Ukrainian conflict in February 2022, von der Leyen also unveiled various funds and schemes to back the manufacturing and purchase of defense goods across the EU.

Moreover, French Commissioner Thierry Breton spelled out how a common EU military-industrial complex would appear in reality. <u>Speculation is already</u> rife in Brussels that Breton is hoping to replace von der Leyen for the top job in the EU Commission. Breton is a known supporter of European "strategic autonomy," which asserts greater EU independence from Washington as_voiced by French President Emmanuel Macron in his comments about future relations with China.

After von der Leyen's aforementioned speech, Breton posted on the LinkedIn platform, declaring that "return of high-intensity conflict" to Europe displayed the necessity for a unified EU military strategy moving forward, and the need to "adapt our armies and industries to new realities and new threats."

Elaborating, Breton said, "On the one hand, security of supply and the ability to scale up have become essential. We must produce more and faster, without depending on others. On the other hand, we must continue investing. And we must do it while avoiding fragmentation within the EU. Injecting more money in a dispersed and uncoordinated way would only exacerbate our inefficiencies!"

In the same post, Breton also pointed out that the EU was working on a <u>European Defense Investment</u> <u>Program (EDIP)</u>. The bloc, through the European Defense Fund, has launched "new instruments" such as the EDIRPA, an "an instrument to consolidate demand and support joint acquisition with 300 million









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euros," as well as a "500 million euros Instrument for Direct Support to Industrial Ammunition Production Capacity."

For some time, Eurocrats like Breton have been concerned about the possibility of an isolationist America after 2024 and the consequences of a second Trump administration for the EU. Also, euro federalists hope to leverage the Russo-Ukrainian crisis to attain their long-term goals of European military integration, as the alliance begins_buying arms as a single unit for the first time.

On September 12, an overwhelming number of European MEPs <u>supported</u> the European Defense Industry Reinforcement through the common Procurement Act (EDIRPA), with 530 voting in favor, 66 against, and 32 abstaining.

The EDIRPA, which would draw on a 300 million euro budget until the end of 2025, would "boost the European defense industry" and <u>permit member states</u> to "address their most urgent and critical defense needs, especially those which have been exacerbated by the transfer of defense products to Ukraine."

If at least three EU member states apply for such a procurement, up to 15-20 percent of the total cost would obtain EU financing if European small and medium-sized enterprises (SMEs) participate.

Based on an EU Parliament<u>press release</u>, defense contractors and subcontractors "must be established in the EU or in an associated country, and not be subject to control by a non-associated third country or entity."

The instrument, while enhancing Europe's defense capabilities as well as its domestic weapons industry, would also "allow more support to Ukraine and Moldova," the latter two countries that are non-EU member states.

German conservative MEP and co-rapporteur for the Foreign Affairs Committee Michael Gahler (EPP) said the EDIRPA would be "a historic moment for EU defense, establishing the first EU instrument for joint procurement by member states." The instrument "will help them to refill their stocks, increase interoperability among our armed forces, strengthen our industry and contribute to our unwavering support for Ukraine," Gahler added.

"However," he continued, "facing a historical crisis, EDIRPA can only be a starting point for a far more ambitious common defense agenda."

Gahler also said that "if Russia's brutal war against Ukraine taught us one thing, it is that we are not prepared to defend ourselves. We can no longer afford to ignore that and we need to remedy that situation together as we should have done much earlier."

Together with von der Leyen's aforesaid comments, the European Council, under the current Spanish presidency, <u>recently organized a conference</u> in Brussels evaluating PESCO, or the Permanent Structured Cooperation, a key defense initiative meant to give rise to broader EU integration. At the Brussels conference, European Defense Agency Chief Executive Jiří Šedivý stated that "a bold and concrete PESCO strategic review will be a sound political signal towards our citizens, but also our partners or competitors: governments of EU Member States are politically willing to advance common security and defense."

However, such federalizing tendencies in the realm of European defense is likely to clash with a rising anti-war populism within the European Parliament itself. Besides, EU member states such as Poland have profited from bilateral ties with NATO and the United States, and thus might not be too keen on an



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integrated European military defense system. At the moment, Europe already has integrated troops, including both EU battle groups for rapid response emergencies and the 1,000-strong Eurocorps force located near Strasbourg. In March, the European Commission revealed the integration of maritime patrols against Russia. Under an updated maritime strategy, EU member states would have to coordinate naval patrols along with NATO to guard against surveillance and sabotage. Currently, EU member states are mandated to exchange real-time maritime data, conduct naval exercises together, and sustain investment in the joint development of a new anti-submarine warship as part of March's proposals. The EU has hitherto supervised naval operations with Operation Sophia in the Mediterranean and Operation Atalanta to counter Somalian pirates.



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