

First projects to be financed from the Bundeswehr's modernisation fund

Lidia Gibadło , Justyna Gotkowska

On 14 December, the Budget Committee of the Bundestag approved first six armaments projects to be financed from the Bundeswehr's off-budget €100 billion fund. The fund was established by the Bundestag in June 2022 to strengthen German and allied military capabilities. Approved armaments projects include: 35 F-35A fighter jets (€8.3 billion), communications equipment (€2.9 billion), 140 CATV armoured tracked vehicles (€552 million), more than 118,000 HK416 rifles (€273 million) to replace the previously used G36, and the modernisation of Puma infantry fighting vehicles (€850 million). Immediately after the Budget Committee meeting a contract was signed for the purchase of the 35 F-35A fighter jets.

The projects will be financed from the Bundeswehr's fund in 2023 and beyond. The German Ministry of Defence plans to spend €8.4 billion from the fund next year, in addition to the expenditure for the modernisation of the armed forces (€9.6 billion) from the regular defence budget (€50.1 billion). In 2023, the ministry is likely to present other armaments projects, such as the purchase of CH-47 heavy transport helicopters or frigates 126, for the budget committee's approval. The spending plan for next year from the fund is part of the 2023 budget law.

Commentary

- The 35 F-35A fighter jets are expected to replace the old Tornado aircraft by 2029. This will allow Germany to continue the participation in the NATO nuclear sharing programme. The decision to choose the F-35A jets was announced by the German government after the Russian invasion of Ukraine. It was meant as a signal to Russia that nuclear deterrence has once again become an important element of NATO's defence and deterrence for the German Social Democrats. Before the invasion Germany's participation in nuclear sharing was questioned by parts of SPD and the Greens. The current coalition decided to procure 35 F-35A with additional 15 Eurofighter jets adapted for electronic warfare, abandoning earlier plans by the grand coalition to purchase 45 F/A-18 jets (30 F/A-18 Super Hornet and 15 E/A-18 Growler). These were chosen in 2020 as part of a compromise combining the need to guarantee German participation in nuclear sharing with the French opposition to German purchase of F-35As perceived by Paris as a threat to the joint FCAS programme, and the German arms industry hopes for larger orders of Eurofighter aircraft. With Germany buying the F-35As the same aircraft will be used by all allies participating in NATO nuclear sharing in the near future. The first

eight fighter jets for Germany will be available for training German pilots in the USA in 2026. Ten are due to be delivered in 2027, a further ten in 2028, and the last seven machines in 2029. The package also includes, among others, 37 Pratt & Whitney engines, 105 AMRAAM air-to-air missiles, 75 JASSM-ER air-to-surface cruise missiles, 344 GBU-53 bombs, 162 BLU-109 penetrator bombs and 264 general-purpose bombs. Bringing the F-35As into service will require additional investments, including the modernisation of the air force base at Büchel. This could increase the cost of the entire programme to €10 billion.

- The first decisions approving the funding of the armaments projects from the Bundeswehr's fund provide the government with a counter-argument to criticism from the media and expert community regarding the slow pace of the modernisation of the armed forces. It is addressed primarily towards the Ministry of Defence led by Christine Lambrecht (SPD). The ministry was also rebuked by the Federal Court of Auditors in October 2022 on considerable weaknesses of the spending plans prepared for the fund. Expected total expenditures of all modernisation projects planned exceeded the financial framework of the €100 billion fund. The defence ministry also failed to take into account expenditures to be incurred for making debt service payments due after 2024 as well as inflation. In addition, according to the Court the various projects had not been linked to the respective expenditure and commitment appropriations in a binding manner. As a result of the Court's assessment, the defence ministry reduced the number of planned procurement projects and estimated that €93 billion of the fund would be used for procurement and €7 billion for debt service. Accelerating Bundeswehr's modernisation is important in view of the arms and military equipment problems and shortages. Whether the defence ministry under the leadership of the current minister is up to the task remains an open question. Her replacement cannot be ruled out, but will take place most likely only as part of a major reshuffle within the government. One discussed scenario involves Christine Lambrecht moving to the Ministry of the Interior and for Community to replace Nancy Faeser (SPD), a potential Social Democratic candidate for Prime Minister in next year's state elections in Hesse.