



# EU-Russia relations

## IN FOCUS

### How the EU should handle the Mistral case

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**Benjamin Barth**

*Junior Research Officer at the Wilfried Martens Centre for European Studies*

In early September, France put the delivery of two Mistral class amphibious assault ships to Russia on hold. This class of ships can carry and deploy up to sixteen (attack) helicopters, but their main assets are four landing barges or two medium hovercrafts, which can deliver armoured vehicles, tanks, and soldiers to a shore. Additionally, a vessel of this class is usually equipped with a 69-bed hospital, and can be used as an amphibious command ship.

The deal France and Russia signed in 2011 includes two Mistrals altogether **worth €1.2 billion**. The French ship construction company Direction des Constructions Navales (DCNS) was expected to deliver the first ship, named 'Vladivostok', as early as October this year and the second Mistral, named 'Sevastopol', by 2015. Russia is reported to have paid most of the sum, so a breach of contract would mean France being liable for an **additional €251 million penalty payment**. The contract is crucial for DCNS, since the money involved would amount to half a year of revenue.

For the time being, France is still committed to delivering both Mistrals to Russia, but on the other hand, it is **unthinkable that France would help modernise the Russian navy given the aggressive behaviour of Russia in Ukraine and the general future outlook for the whole region** – and especially the rather offensive character of the weapon system concerned. But this begs the question of what would be a viable alternative to the sale of the Mistrals to Russia.

A study by the German Institute for International and Security Affairs (2014) already indicated very early this year that **one of the solutions could be a cooperative effort by the EU member states to buy both Mistrals**. Lately, this idea gained more traction through a letter signed by numerous MEPs directed towards Herman Van Rompuy and François Hollande calling for a European purchase.

#### **But how could this play out more concretely?**

If the EU member states were to agree on a purchase of both Mistrals, one main issue would be the sharing of the financial burden between them. **A useful umbrella for the financial**

**administration of the common costs could be the special mechanism ATHENA.** ATHENA was set up by the Council of the European Union on 1 March 2004 and is being used to manage the financing of common costs (e.g. transport, infrastructure, and medical services) of each EU military operation. Most recent operations which are administered by ATHENA are EUFOR-Althea (€14.6 million) and EUNAVFOR-ATALANTA (€7 million). The budget for 2014 also includes EU training missions in Somalia (€7.3 million) and Mali (€7.7 million). Previous operations funded by Athena are namely AMIS 2 (Sudan), EUFOR RD CONGO, EUFOR TCHAD RCA and EUFOR Libya.

More importantly, **ATHENA already provides a defined mechanism with regards to the sharing of the financial burden between all EU member states**, based on a gross national income scale. If applied, long and time-consuming discussions about concrete financing schemes could be nimbly avoided. In fact, the timing is good in the sense that there is already a review of ATHENA supposed to take place in the second semester of 2014. This would give member states some leeway in case they want to refine ATHENA to address legal issues which could arise when buying the Mistral. Of course, one challenge would be that the sums required to buy the two ships would be in a completely different league compared to ATHENA expenditures up to now.

A second pressing issue would be **maintenance and command**. The EU could use the acquisition of the Mistral to finally build up a real cross-national military structure to cooperatively manage the ships. **The European Defence Agency (EDA) offers the institutional framework for acquiring both Mistral and making them available to European armed forces.** It would mark an unprecedented pilot project and could be run under the joint naval command of Belgium and the Netherlands since these two countries are already experienced enough for such a cooperative effort. To strengthen the trust between the EU member states, all European armies should provide to the ships' crews.

### **What would be the benefits of a truly European solution?**

1. The **European Union would live up to its values** by providing support to France to ease the financial impact of cancelling the deal to Russia. Hollande would be able to offer DCNS a way out of the deal without risking the future of the company or even of the whole sector.
2. It would **send a strong signal to Russia** that all EU countries are supporting the recent sanction policy, and are determined not to make any more contribution to Russian military aggression. The political message of the far-reaching economic sanctions against Russia would be incoherent and mixed if a delivery of any Mistral still took place. A strong response will set an example for future conflicts (also in other regions) and would reiterate the EU's engagement to ensure the independence of states in its close neighbourhood. Therefore, the cooperative effort on a European level would send a clear and strong message to Russia that the EU is no longer standing by while Russia destabilises and attacks Ukraine. At the same time, this would **signal to the US that the EU is ready to take on its responsibilities when it comes to values and stability in its neighbourhood.**
3. The Mistral would be **useful to Europe defending its own interests**. The German military has called for quite some time for an improvement of European amphibious

warfare capability. The capabilities have in reality decreased, despite a growing need for military and civilian missions over the course of the last few years. Since an assault ship has many uses additional to amphibious landings, missions can include evacuation and rescue of citizens, crisis response, and humanitarian missions. The optimised modification (at Russia's request) of both Mistral for Arctic operations doesn't hinder this fact. In fact, the EU would gain a cold weather operating capability. Moreover, the **Mistral would be suitable for Frontex missions as well, capable of rescuing refugees in the Mediterranean or supporting the landings of EU military in crisis situations.** In addition, the reiterated call for an operational European military headquarters at sea would be answered and would make it easier to address increasing conflicts around sea transport routes (e.g. Somalia). An acquisition would also further **underline the political commitment to the recently adopted EU maritime security strategy** and could become a real asset with regards to an EU maritime rapid reaction force.

4. The purchase offers the opportunity **to fill the often used catchphrase of 'pooling and sharing' with meaningful actions.** It would be a strong encouragement in light of the Ghent initiative which apart from specific objectives of 'improved effect, sustainability, interoperability and cost efficiency', also envisaged a potential for broadening military capabilities. Almost all military operations are already joint operations and this trend will continue in the future. Moreover, European capabilities would actually contribute to avoiding a long bargaining process regarding the obligations of each EU member state in preparation of a given military or naval operation.