

Gimme Another Week ...



Writing this column as the Editor-in-Chief of a monthly magazine, as opposed to a daily newspaper or a quarterly publication, has its own advantages and disadvantages. On the one hand, when addressing a complex and potentially contentious issue I usually can afford to ponder over it for a day or two, waiting for the situation and my own thoughts to clarify. Furthermore, a monthly column being written as the very last part of the magazine, immediately before we have to close for print translates into a reasonable likelihood of readers finding it topical and hopefully interesting, rather than bursting into “What!?! He is still rumbling about THAT!?!”

But the Murphy Law being what it is, there also are moments like this one. There is a quite large elephant in our defence room, and I cannot possibly feign to ignore it. Also, I know that something very momentous is going to happen to that elephant in the very near future, though I cannot predict events with any degree of certainty. Only one thing is thus for sure: whatever comment I would venture putting forward about the elephant and its endeavours, by the time my lines are in print readers will know much better than me, and basically I have an excellent opportunity of making a fool of myself. Unfortunately, I cannot tell the printers “hold the press and give me another week”.

And thus, here I am on 18 January, determined to write something about the agonizing saga of the A400M transport – but with the full knowledge that a final decision on whether to continue on the programme by basically giving EADS/Airbus Military whatever extra money they would care to ask, or rather drop the whole thing and proceed to buy American from now on, will have to be taken by 31 January. This final deadline for signature of the revised development and production contract(s) stands not simply because Tom Enders says so, but because things have deteriorated – more exactly, have been allowed to deteriorate – to such a point, that the Gordian Knot must now be cut, one way or the other.

You already know what decision has been taken, and thus it would be pretty futile for me to venture into forecasts or elaborate on what I would or would not like to see happening. Rather, I will put forward some basic considerations, that would hopefully enable you to appreciate the positive and less-than-positive implications of the path, the involved governments have ultimately elected to follow.

First of all, it is a given that the European air forces do require enhanced tactical and strate-

gic airlift capabilities. In an ideal world, and due to an entire variety of strategic, operational and industrial reasons, it would certainly be preferable for these capabilities to be provided through an European development and manufacturing programme – even though we all know perfectly well that such a programme will by definition cost more, and be less flexible in operations, than a straight buy of C-17s and C-130Js from across the pond. The question thus is of how to exactly balance all of these overlapping factors, and to carefully avoid the last additional straw that would break the tax-paying camel’s back and make the whole effort simply untenable.

It must also be understood and accepted that such an European transport aircraft programme has very heavy industrial implications, and its perceived function in pushing forward European technological prowess is at least as important as satisfying the air forces’ operational requirements. This necessarily translates into (apparently) less than optimal industrial choices. For instance, in the current debate EADS/Airbus Military has taken on chastising the European governments’ decision to reverse the original choice for a P&W engine, and rather dictate the development from scratch of an European engine by the Europrop consortium. Now such criticism is correct, but also disingenuous to the extreme. For had the governments elected to decide based solely on best-value-for-money and risk reduction criteria, they would have not given any contract to EADS/Airbus Military to start with, and rather bought US planes.

More fundamentally and importantly, the outcome of the A400M crisis would hopefully serve to clarify, once and for all the exact relationship between EADS and the governments, which are at the same time its main customers and effectively owners.

EADS did not originally come into being due to sheer market forces or/and managerial decisions, but rather as a political act. The governments’ intention it was to guarantee the survival and further growth of advanced defence development capabilities in Europe, combined with a robust industrial base that would both enable a certain degree of strategic independence, and sustain thousands of highly skilled jobs. While the governments were certainly not aiming at indefinitely funding EADS as sort of a money-losing state-owned arsenal, at the same time it was quite clear that in their perception, considerations of industrial efficiency and profitability played a very distinct second

fiddle to the key goals as mentioned above. To say this more precisely, EADS was supposed to be profitable not to please its shareholders, but to act as the European industrial defence core.

This “split soul” as a supposedly private-owned, profit-oriented enterprise, however born out of a political decision in view of political objectives has been EADS’s bane ever since. It didn’t help, too, that EADS’ top managers are by far and large political appointees – who however, once behind their desks often relish in lamenting “political interference” as the main cause for the company’s difficulties.

Because of this, the hard-nosed negotiations over the revised A400M contract are (were, by the time you read this) basically a family squabble. And as in all such squabbles, tempers rise and things are being said, that could not possibly be tolerated in a different environment. But on the other hand, nobody really wants to hurt his siblings.

Thus, if the governments have decided to let the A400M die – unconceivable as this option looks like while I’m writing – this would not be out of any desire for “punishing” EADS/Airbus Military or its management, “showing ‘em who is the boss”, or anything like that. Rather, such an unpalatable decision would be but the sad admission that we have bitten off more that we can chew, financially or/and technologically. Simply put, Europe cannot afford to design, develop, produce and field an aircraft like the A400M.

But on the other hand, if the A400M has been rescued through robust money injections, one shall carefully avoid making comments to the effect that EADS is somehow the equivalent of a large US merchant bank and thus “too big to fail”. First, because such comments would be patently false. And second, because the notion of an industrial entity, powerful it might be, being in a position to effectively blackmail governments is not something we would wish to contemplate, not even in our worst nightmares.


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