IN-DEPTH ANALYSIS

Requested by the Sub-Committee on Security and Defence

European Parliament

10 YEARS OF CSDP

Four in-depth analyses requested by the Sub-Committee on Security and Defence of the European Parliament (EP)

Policy Department for External Relations
Directorate General for External Policies of the Union
PE 603.485 - January 2020

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ABSTRACT

This policy brief provides an overview of what the EU has done through its Common Security and Defence Policy (CSDP) missions and operations since 2003, and which achievements and challenges it faces at the end of EU High Representative/Vice-President (HR/VP) Federica Mogherini's mandate. It evaluates how the overall political context and the EU's approach have evolved over time, and how this has affected the launch and implementation of CSDP actions. It looks at a range of criteria for evaluating the success of missions and operations such as effectiveness, degree of match between mission launch and EU interests at stake, responsiveness, coherence with wider policy strategies, coherence with values and norms, and degree of democratic scrutiny and oversight. It assesses some of the achievements as well as shortcomings of previous and ongoing missions and operations against these objectives. The brief identifies three underlying and cross-cutting problems hampering performance: (i) incompatible attitudes among Member States towards the use of force; (ii) resource disincentives and barriers to timely European solidarity; and (iii) gaps between early warning and early action. It outlines some selected initiatives launched and options discussed to address these shortcomings and improve the EU's performance in crisis management operations.

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Table of contents

1 Background: The launch and evolution of missions and operations since 2003

Since the EU conceived what is today known as the Common Security and Defence Policy (CSDP) at the Cologne summit in 1999, it has launched 34 missions and operations across the task spectrum listed in the EU Treaties (art. 43 TEU):

- humanitarian and rescue tasks;
- conflict prevention and peace-keeping tasks;
- tasks of combat forces in crisis management, including peace-making;
- joint disarmament operations;
- military advice and assistance tasks;
- post-conflict stabilisation tasks.

All of these may 'contribute to the fight against terrorism, including by supporting third countries in combating terrorism in their territories'[1]. The broad notion of 'crisis management' therefore covers different threats and the whole conflict cycle from prevention and intervention to peace-building. Any CSDP mission, whether military or civilian in nature, requires unanimity to be launched, although a variable number of EU Member States will take part and actively contribute[2]. The decisions to launch, resource, implement and discontinue such operations have been affected by a range of factors and many have shifted over time. These include the level of support from leading Member States, the EU's priorities and key institutions within it, security challenges in Europe's neighbourhood, and changes in the behaviour of great powers, (e.g. the US, Russia and China).

The political context and security environment in the early 2000s was highly conducive to launching CSPD operations. At the Anglo–French St. Malo summit of 1998, the UK had changed its longstanding position towards building an autonomous European defence policy and capability. This paved the way for new legal provisions in the Treaty of Nice, supported by a new institutional infrastructure and energised by the EU's first High Representative for Foreign and Security Policy, Javier Solana, a former NATO Secretary General.

A generation of political leaders was in power that had learned similar lessons from the violent break-up of Yugoslavia and was supportive of the EU playing a more active role in defence, despite disagreements in 2002–2003 over the US-led invasion of Iraq. After the 1995 Dayton Peace Agreement, the first ever European Security Strategy of 2003 could write with some justification that 'Europe has never been so prosperous, so secure nor so free'. The enlargement process had enhanced stability and liberal values within Europe, and support for integration was high within the EU. The US remained engaged in European security, and supportive of Europeans playing a stronger role in ensuring their own security as long as these efforts would not duplicate, discriminate or decouple European defence efforts from NATO[3]. In this politically supportive and geo-strategically benign context, three military operations were launched in quick succession:

[1] The spectrum of tasks has expanded the original Petersberg Tasks of the Western European Union (WEU).
[2] Article 42(1)T EU only refers to 'missions', whereas common usage refers to operations as 'executive' and 'military' and 'missions' are understood as 'non-executive' in the sense that they are run by the Civilian Planning and Conduct Capability/Military Planning and Conduct Capability (MPCC/CPCC), but could be either military, civilian or hybrid. To enhance readability, 'mission' has been used when talking about both types in line with common usage.
[3] The three 'Ds' invoked by US Foreign Secretary Madeleine Albright in her influential *Financial Times* opinion piece titled 'The Right Balance Will Secure NATO's Future' of 7 December 1998.

1. In March 2003, the first EU-led military operation Concordia took over the responsibilities of NATO-led mission Allied Harmony in what is today called North Macedonia. Operation Concordia provided security to EU and OSCE monitors tasked with ensuring that inter-communal tensions did not flare up again. The EU and NATO cooperated closely and shared NATO's assets and capabilities, including its headquarters (SHAPE).
2. The second military operation, Artemis, was launched in June 2003 in response to an escalation of the conflict in Ituri, a province in the Democratic Republic of the Congo (DRC), including mass atrocities that threatened the peace in the region, the presence of the United Nations (UN) and the country's broader peace process. It was the first operation outside of Europe and the first autonomous operation. It tested the EU's framework nation concept, initially developed by the Western European Union in 1997 and adopted in July 2002, under French leadership. France provided more than 80 % of the force and secured contributions from other EU Member States, such as Swedish special forces and British engineers. Artemis was also the first example of an EU bridging operation in support of a UN operation in crisis management. Troops were deployed rapidly and engaged on the higher end of the EU's task and risk spectrum.
3. In December 2004, the European Union Force Bosnia and Herzegovina (EUFOR Operation Althea) was launched to oversee the military implementation of the Dayton Peace Agreement. The operation took over from NATO's Stabilisation Force in Bosnia and Herzegovina (SFOR) and Implementation Force (IFOR) operations, but had access to NATO assets under the 'Berlin Plus' arrangements. EUFOR Althea was remarkable in terms of the sheer number of troops initially involved, but also the high political stakes and potential military risks of taking over from NATO.

All three operations could be described as largely successful in meeting the EU's own objectives and providing valuable opportunities to learn lessons for future military endeavours, potentially involving higher ambitions and risks. EUFOR Althea is still ongoing and has had to adapt to changing political and security conditions on the ground. Another case of a consensual and largely successful operation was the European Union Naval Force Somalia (EUNAVFOR Operation Atalanta) against piracy, which was developed in 2007 and launched early in 2008. In contrast to most other military operations, it did not involve conflict management.

After 2004, the balance shifted increasingly towards civilian missions. The EU categorised 22 of the total of 34 CSDP missions or operations as purely or predominantly civilian in nature, such as training and strengthening the capacities of police forces, border assistance, rule of law and civilian protection monitoring[4]. This trend towards more civilian missions partly reflected a greater emphasis on the EU's comprehensive (now integrated) approach to external crises, and the success of advocacy within the EU to elevate and develop the importance of the civilian dimension of CSDP[5]. Civilian missions were also less costly and less politically divisive for the EU, especially as public opinion across most Member States had grown increasingly sceptical about military interventions following deployments to Iraq and Afghanistan. Such missions, if launched quickly enough, can significantly contribute to crisis management. An example of this is when, in little more than a month, the EU managed to launch a mission to monitor the ceasefire after the five-day Georgia/Russia war of 2008 (the European Union Monitoring Mission in Georgia).

Some initiatives for military operations that were discussed at the time did not gain sufficient political support. This was the case with a possible deployment of a battle group to the eastern DRC in 2008 to

[4] European External Action Service (EEAS), *EU CSP missions and operations for human security*, 2019.
[5] Jakobsen, P. V., 'Small States, Big Influence: The Overlooked Nordic Influence on the Civilian ESDP', *Journal of Common Market Studies,* Vol. 47, No. 1, 2009, pp. 81–102; Faleg, G., 'The EU: from comprehensive to integrated approach', *Global Affairs*, Vol. 4, No. 2–3, 2018, pp. 171–183.

provide aid to civilians affected by the upsurge in violence, strongly advocated by Belgium, Spain, Finland and Sweden[6]. When the initiative was opposed by countries leading the Battle Groups on standby during that time (the UK and Germany), the Swedish Foreign Minister Carl Bildt went on record to say: 'If is worth anything, it could be used. If it can't be used, we have to question the concept of it'[7]. Later in Libya in 2011, Member States could not agree on undertaking EU military missions to impose a no-fly zone or to provide humanitarian and evacuation assistance. HR/VP Catherine Ashton was reportedly sceptical too[8]. The military intervention in Libya was eventually taken by a coalition of the willing outside of the EU framework. In addition, no action was taken by EU Member States (either within or outside of the EU framework) in response to the Syrian civil war and the use of chemical weapons. Increasingly from 2008 onwards, the EU struggled to prevent or effectively manage instability in its southern neighbourhood through CSDP missions.

The period 2008–2012 was marked by an increasing sense that CSDP operations were underachieving against the stated ambitions in terms of their willingness to act upon cases that appeared, at face-value, to fit the criteria for EU engagement. In 2009, Korski and Gowan wrote that 'ten years after the creation of ESDP, most EU missions remain small, lacking in ambition and strategically irrelevant'[9]. Some of reasons for this were transient rather than structural. These included the surprising nature and speed of the instability at the EU's borders, EU leaders being politically distracted by the fall-out from the global financial and Euro area debt crises, and the fact that these crises led to spending constraints on defence and security. It was also a period when the EU's own structures were in a state of flux as new HR/VP Ashton was focused on setting up the European External Action Service (EEAS), creating considerable start-up costs, friction and confusion[10].

The launch of new operations since 2012 in the Sahel and Horn of Africa, as well as the 2015 European Union Naval Force Mediterranean (EUNAVFOR Med) Operation Sophia to counter people smuggling, indicates an uptick in the political support for CSDP missions and the broader foreign policy ambitions and approaches of the EU. This was reinforced by the growing realisation that crises in Europe's neighbourhood were increasingly becoming politicised and electorally relevant, whether through the radicalisation of diasporas and EU citizens or the large influx of refugees from war zones, such as Syria between 2013 and 2015.

2 The current state of play

Since the new Commission, HR/VP and European Parliament came into office in 2014, there have been a number of significant initiatives to substantially reinvigorate CSDP in terms of political ambition, capabilities, defence markets and governing structures[11]. However, the considerable progress in policy has not been reflected in the launch of more ambitious military operations despite ongoing crises with multi-facetted threats in Europe's neighbourhood and beyond.

[6] Cited in Palm, T. P., *Normative Power and Military Means: The evolving character of the EU's international power*, Free University of Amsterdam, 2017, p. 157.
[7] Cited by Vogel, T., 'EU rejects UN request for Congo force', *European Voice*, 12 December 2008.
[8] Palm, T. P., 2017, pp. 158–160; Koenig, N., 'The EU and the Libyan Crisis – In Quest of Coherence?,' *The International Spectator*, Vol. 46, No. 4, 2012, pp. 11–30.
[9] Howorth, J., *Security and Defence Policy in the European Union*, Palgrave, Basingstoke, UK, 2014, p. 147.
[10] Vanhoonacker, S. and Pomorska, K., 'The European External Action Service and agenda-setting in European foreign policy', *Journal of European Public Policy,* Vol. 20, No. 9, 2013, pp. 1316–1331; Helwig, N., 'EU Foreign Policy and the High Representative's Capability-Expectations Gap: A Question of Political Will', *European Foreign Affairs Review,* Vol. 18, No. 2, 2013, pp. 235–254.
[11] See the other EP-SEDE Policy Briefs on EU Defence Capabilities, Defence Industrial Base and Institutional Framework.

Currently, 16 CSDP missions are ongoing of which 6 are military in nature[12]. Yet the significant number of CSDP actions since 2003 is not necessarily evidence of growing ambition. These actions have varied greatly in terms of mandate, strategic objectives and length, instruments used, the level of ambition, risk tolerance and costs, the breadth of participation of EU and non-EU countries and geographic focus. This diversity makes any overarching and comparative assessment of the EU's performance in this respect difficult[13].

Perhaps most strikingly, the missions have varied widely in terms of personnel deployed – with the EUFOR Althea military mission comprising a maximum of 7,000 people at one time and the European Union Border Assistance Mission to Rafah (EUBAM Rafah) comprising 16 personnel. Even the larger military operations have tended to be low intensity, although an operation such as Althea did face the chance of significant escalation and required greater contributions and risk acceptance.

In terms of their geographic focus, as noted by Jolyon Howorth, the missions have underlined the role of the EU as a regional power interested in problem-solving in its neighbourhood[14]. The EU has not launched any missions in the Americas and only two civilian missions in Asia (the Aceh Monitoring Mission (AMM) in Indonesia and the European Union Police Mission (EUPOL) in Afghanistan).

CSDP missions have generally been launched because of political choice, often including bargaining among the most and least interested Member States, rather than as a necessary response to protect EU citizens from imminent harm. The actual focus of CSDP actions has expanded to include the implications of crises in Europe's neighbourhood for the EU. EUNAVFOR Atalanta was launched in response to a significant threat to vessels from the World Food Programme, as well as European trading interests in the Horn of Africa and Gulf of Aden, while EUNAVFOR Sophia was primarily aimed at addressing the politically salient migrant crisis. These examples suggest that CSDP operations had become increasingly driven by a desire to protect European citizens and pursue strategic interests, even prior to the shift in emphasis announced in the European Global Strategy of 2016[15].

One of the most frequent critiques of CSDP operations is that this instrument has not been used more consistently when European interests and values were affected and when some capabilities, such as the Battle Groups, would have been available in principle. One shortcoming is a **failure to launch in response to emerging or manifest crises,** even though it can be contested which CSDP operations should have been launched in specific cases as well as whether they would have been effective. This raises questions about why there has not, at times, been a greater convergence of views regarding the need for an EU operation and a willingness to provide national assets for it. An analysis of military CSDP operations to date substantiates the conclusion that the following conditions need to be met:

- There is a UN mandate or actual request to act, although sometimes EU and UN authorisations are *de facto* closely linked and interdependent[16].
- The mission is unlikely to be highly intense and risky in a way that could generate a political backlash.
- At least one of the three largest Member States (France, the UK and Germany) is strongly in favour of a launch due to a mixture of interests, whether it is former colonial links, security and economic

[12] EEAS, 2019.
[13] Such an assessment has rarely been done, but for an exception see Peen Rodt, A., *The European Union and Military Conflict Management: Defining, Evaluating and Achieving Success*, Routledge, London, 2014.
[14] Howorth, J., 2014.
[15] Legrand, J., *Does the new EU Global Strategy deliver on security and defence?*, European Parliament, Brussels, 2016; Juncos, A. E., 'Resilience as the new EU foreign policy paradigm: a pragmatist turn?', *European Security*, Vol. 26, No. 1, 2017, pp. 1–18.
[16] Palm, T. P., 2017, pp. 164–166.

interests, or a match with broader policy agendas or ideas. These pivotal members are then also crucial for force generation[17].

- No Member State (particularly not one of the three largest) or the HR/VP should be strongly opposed to a mission.
- The mission needs to be compatible with existing EU strategic and regional priorities.

Competing and complementary yardsticks (criteria) can be used to assess the performance of missions, specifically their achievements and shortcomings. The obvious criterion is the degree to which the political objectives were achieved, i.e. **their effectiveness in their own terms**[18]. This is not without difficulty as political-strategic goals for missions may be relatively vague and require interpretation or ranking, if several objectives are listed. Operational objectives may be more specific, but could also legitimately change as operations need to adapt to changing local conditions[19]. It is also important to question whether goal attainment really means high performance if the objectives were relatively unambitious, or whether failure should be lamented if ambitious objectives were defined under difficult conditions.

We have not found a comprehensive, up-to-date and reliable assessment of all CSDP actions, although interim assessments of some types of operations have been undertaken[20]. Overall, few would dispute Annemarie Peen Rodt's conclusion that most of the EU's military operations were largely or completely successful in meeting their mandated goals, even if achieving larger policy objectives in these countries was more elusive[21]. However, Peen Rodt's comparative study of Concordia, Artemis, EUFOR RD Congo, EUFOR Tchad/RCA also noted that these operations were only partially successful in terms of appropriateness criteria such a timeliness, efficiency and cost-effectiveness.

A more critical assessment of CSDP operations specifically in Africa was advanced in a policy brief by Danish, Finnish and Austrian authors issued by the Royal Danish Defence College as part of an EU-funded research project. The authors criticised a lack of 'realistic balance between the level of ambition and resources available', insufficient 'in-depth understanding of the situational context in which they engaged', over-ambitious and rigid planning, and execution from the top 'without establishing and sustaining local partnerships and contextual insights necessary to ensure a realistic and successful outcome'[22]. Other missions fell short of quantitative goals such as the number of police to be trained, in part because of insufficient or slow Member State contributions (e.g. EUPOL Afghanistan)[23]. Finally, some missions could be considered a short-term success, but may have created longer term unintended consequences. For instance, strengthening the capacity of security services in Mali may have inadvertently fed into recruitment to radical and terrorist organisations[24].

Another way of looking at performance is **how quickly operations were agreed and resources deployed in relation to the crisis.** The swifter the response, the more likely the EU is able to live up to its aspirations

[17] Henke, M. E., 'Networked Cooperation: How the European Union Mobilizes Peacekeeping Forces to Project Power Abroad', *Security Studies*, Vol. 28, No. 5, 2019, pp. 901–934.
[18] Annemarie Peen Rodt has developed a framework on how to measure the success of the EU's military crisis management operations. See Peen Rodt, A., 'Effectiveness in Operational Conflict Prevention: How Should We Measure It in EU Missions and Operations?', *Seminar Publication on Contemporary Peace Operations: From Theory to Practice*, 2017, pp. 97–106; Peen Rodt, A., 2014, Chapter 2.
[19] Peen Rodt, A., 2017.
[20] For an overview see Howorth, J., 2014, Chapter 5 – citing particularly Ginsberg, R, and Penksa, S., *The European Union in Global Security: The Politics of Impact*, Springer, Basingstoke/New York, 2012.
[21] Peen Rodt, A., 2014, p. 151.
[22] Højstrup Christensen, G., et al., 'Successes and Shortfalls of European Union Common Security and Defence Policy Missions in Africa: Libya, South Sudan, the Democratic Republic of the Congo and the Central African Republic', *Fak Brief*, 2017, p. 13.
[23] Henke, M. E., 2019.
[24] Carayol, R., 'Mali: Le jeu trouble de l'Etat avec les milices', *OrientXXI*, 9 August 2019.

to prevent rather than just manage crises. Prevention, while not a panacea, generally costs less, carries smaller risks and has a higher chance of success than deploying only when violence on the ground has escalated and polarisation has become entrenched.

Despite this, early warnings, early actions and rapid responses remain a challenge to the EU's analytical, planning and decision-making structures (Howorth points out that only 5 of the 23 missions undertaken until 2009 were launched in less than 4 weeks[25]). This is due to the diversity of interests that need to be accommodated in order to reach a unanimous consensus, but also the EU tendency to sometimes work with overly rigid and hierarchical templates, and prioritise coherence over timely response. A key problem at the planning and decision-making stage is the availability of timely, reliable and actionable intelligence for all EU members. Too often, Member States do not arrive at a shared assessment of the situation on the ground quickly enough, let alone an agreement on how the EU could have responded[26].

More positively, the relevant institutions involved in CSDP action planning – the Political and Security Committee, the EU Military Committee and Staff, the Committee for Civilian Aspects of Crisis Management (CIVCOM), the Crisis Management and Planning Directorate, and the Civilian Planning and Conduct Capability (CPCC) – have learned to proceed more quickly through the process, from drawing up a first Crisis Management Concept (CMS) and developing the Operational Concept (CONOPS), to creating a detailed operational plan (OPLAN) and achieving a Council decision to launch an operation[27].

Within the Brussels-based bodies, a shared culture and body of knowledge is emerging on 'how to do' CSDP missions and reduce bureaucratic delays[28]. However, further delays can and do derive from problems with the force generation process. For example, in the case of the EUFOR Chad/RCA mission, seven force generation conferences and extensive persuasion and bargaining were required to reach the intended strength[29].

When assessing the missions, another criterion could be the **degree to which they were coherent with or at least not undermining the EU's broader foreign policy objectives in the country or region**. Tracing the missions between 2003 and 2018, Palm and Crum observed that the initial military CSDP operations until 2008 were less embedded in broader EU foreign policy aims and more conceived in terms of promoting human security as a value in itself. In contrast, post-2008 missions tended to be more embedded in broader foreign policy goals, for instance, the strategies for the Sahel and the Horn of Africa[30]. A shift towards missions being more focused on the pursuit of what might be called the strategic interests of the EU can also be noted – whether to safeguard safe maritime trade, reduce human trafficking across the Mediterranean Sea or combat radicalisation in the Sahel region.

A particular area of concern for some critics is whether CSDP missions **are compatible with or undermine the EU's support for core values and norms,** such as a commitment to the protection of human rights, sustainable development, peace and democratic freedom[31]. The question of whether some CSDP missions

[25] Howorth, J., 2014, p. 184.
[26] Meyer, C. O., De Franco, C. and Otto, F., *Warning about War: Conflict, Persuasion and Foreign Policy*, Cambridge University Press, Cambridge, 2019, Chapters 3 and 9.
[27] Xavier, A. I. and Rehrl, J., 'How to launch a CSDP Mission or Operation,' pp. 78–82, in Rehrl, J., ed., *Handbook on CSDP Missions and Operation: The Common Security and Defence Policy of the European Union*, 3rd ed., Austrian Ministry of Defence and Sports, Vienna, 2017.
[28] Biava, A., 'The Emergence of a Strategic Culture within the Common Security and Defence Policy', *European Foreign Affairs Review*, Vol. 16, No. 1, 2011, pp. 41–58; Biava, A., Drent, M. and Herd, G. P., 'Characterizing the European Union's Strategic Culture: An Analytical Framework', *Journal of Common Market Studies*, Vol. 49, No. 6, 2011, pp. 1227–1248.
[29] Henke, M. E., 2019.
[30] Palm, T. and Crum, B., 'Military operations and the EU's identity as an international security actor', *European Security*, Vol. 28, No. 4, 2019, pp. 513–534.
[31] Manners, I., 'European Union "Normative Power" and the Security Challenge', *European Security*, Vol. 15, No. 4, 2006, pp. 405–421.

are strengthening the power of authoritarian regimes over populations has been raised, or whether action against human traffickers has come to take precedence over humanitarian demands or protecting migrants destined for Europe from harm. Riddervold argues that 'Sophia is not a humanitarian mission,' despite being 'initially launched as a search and rescue mission'[32]. Furthermore, an operation may be considered a success from the EU's perspective, but will not necessarily be seen as successful from the perspective of the external country or conflict, as Peen Rodt points out[33]. For instance, an interest in combating extremist organisations or in curbing human trafficking can have negative side effects for human security in countries such as Mali.

Finally, any deployment of personnel abroad and use of military force require **proper authorisation, democratic oversight and scrutiny** before, during and after an operation. There is, therefore, also a need to consider process performance *vis-à-vis* democratic legitimacy. This usually involves the UN Security Council (UNSC), the European Parliament and, crucially, national parliaments of those Member States contributing to an operation. National parliaments differ significantly in terms of their formal and informal authority to scrutinise and authorise national deployments, as well as their actual motivation to do so[34]. The European Parliament has asked for existing parliamentary and decision-making structures to be upgraded, formalised and strengthened in order to more effectively hold the Council and the HR/VP to account in CSDP matters[35].

While all CSDP operations can be considered to have been legal under international law, there have been occasions where the UN was arguably used by governments in debates about whether to launch an operation *vis-à-vis* national parliaments and the public. Palm argues that the UN was used by some Member States to obscure their own opposition to EUFOR Libya[36]. Similarly, in the case of EUNAVFOR Sophia, the UNSC was put under pressure to agree to a mandate that was primarily serving EU interests rather than the objectives of the UN Charter. The mission was divided into phases, with the more controversial parts made conditional on obtaining the UN mandate, which was eventually granted, but with the exclusion of operations in Libyan waters and onshore[37].

3 Key challenges and options to address them

In order to achieve the ambitious objectives contained in the European Global Strategy of 2016 and other documents issued by the European Council, the EU will need to address some of the shortcomings identified above. However, it also needs to anticipate and deal with challenges that might affect future CSDP operations and missions, as the EU security environment has changed significantly and new threats are emerging that require CSDP missions to solve problems not previously encountered.

One of the central questions is whether the EU and its Member States may be faced with a situation where a CSDP mission or operation is no longer a question of choice but of necessity. This situation may arise if the mutual assistance clause of Article 42(7) TEU is triggered by a major surprise attack or if the EU is forced to escalate its engagement on current CSDP mission (while the US is not prepared to contribute, let alone

[32] Riddervold, M., 'A humanitarian mission in line with human rights? Assessing Sophia, the EU's naval response to the migration crisis', *European Security*, Vol. 27, No. 2, 2018, p. 171. For a similar view, see Palm, T. P., 2017, pp. 163–165.
[33] Peen Rodt, A., 2017.
[34] Research highlights the motivation of parliament in addition to their formal powers – see Huff, A., 'Executive privilege reaffirmed? Parliamentary scrutiny of the CFSP and CSDP', *West European Politics*, Vol. 38, No. 2, 2015, pp. 396–415.
[35] Points 60 and 64 in Committee on Foreign Affairs, *Annual report on the implementation of the Common Security and Defence Policy*, European Parliament, A8-0375/2018, 2018.
[36] Palm, T. P., 2017, pp. 161–163.
[37] Ibid.

lead). In other cases, it may be the speed of the required deployment that poses a greater challenge than the desired operational strength[38].

3.1 Incompatible national attitudes to the use of force

As CSDP operations remain dependent on unanimous decisions among sovereign nations, differences in Member States' attitudes towards the use of force have continued to hamper decision-making and force generation.

The concept of a strategic culture has been widely used to study how and why national attitudes regarding the use of force in Europe differ: on the legitimate goals for it, the ways in which force may be used and the risk tolerance for deployed personnel and foreign citizens, military doctrines and rules of engagement, domestic and international authorisation requirements, or attachments to specific partners and alliances[39].

Observers often contrast the activist or robust strategic cultures of two of the largest Member States (France and the UK), underpinned by their status as permanent members of the UNSC, with a country such as Germany that has historically-conditioned – albeit gradually changing – cultural and political constraints on when and how to use force. Other divisions are between countries that are neutral or non-aligned, or between those who are strongly Atlanticist/US versus those who are more EU-oriented. Differences in these cultures are rooted in formative periods of national history and deep beliefs among national foreign and security policy elites. These differences matter most when it comes to potentially high-risk missions where the NATO/US or, indeed, Russia are likely to be involved, or when some Member States have concerns that EU operations serve primarily the interests of one Member State rather than broader EU-wide interests.

Convergence in culture can happen naturally over time as threat perceptions align, common operations are conducted that build mutual trust, or lessons are learned from past conflicts (e.g. Ex-Yugoslavia in 1995, Libya in 2011 or Ukraine/Russia in 2014). However, there are also steps that EU and national leaders can take to increase the pace and direction of cultural change, particularly at the level of military officers, civilian personnel, policy planners, intelligence analysts and senior decision-makers. Convergence at the level of public opinion and society is likely to be slower, unless this happens during highly salient crises.

The EU is already benefitting from efforts undertaken in the framework of NATO training and manoeuvres, but has also tried to foster learning and convergence through the European Security and Defence College founded in 2005[40] and within the EEAS structures, such as the EU Military Staff. Shared training on estimative and current intelligence happens in informal grouping of analysts, such as the Budapest Club, which is devoted to open-source intelligence. It could also benefit from the Joint EU Intelligence School (JEIS), which is envisaged as part of the launch of Permanent Structured Cooperation (PESCO)[41].

The European Intervention Initiative is a complementary new undertaking, formally independent of the EU, legally non-binding and with little added bureaucracy, which involves a smaller number of invitation-only members[42]. It aims to promote regular discussions at expert and, eventually, top decision-maker level

[38] See EP-SEDE Policy Brief on Capabilities for more detail on key defence capability shortfalls.
[39] Meyer, C. O., *The Quest for a European Strategic Culture: A Comparative Study of Strategic Norms and Ideas in the European Union*, Palgrave, Basingstoke, UK, 2006.; Giegerich, B., *European security and strategic culture: national responses to the EU's security and defence policy*, Nomos, Baden-Baden, Germany, 2006; Biehl, H., Giegerich, B. and Jonas, A., eds., *Strategic Cultures in Europe: Security and Defence Policies across the Continent*, Springer, Berlin, 2013.
[40] See https://esdc.europa.eu/
[41] See https://pesco.europa.eu/project/joint-eu-intelligence-school/
[42] See UK Parliament, *House of Commons Library: The European Intervention Initiative (EII/EI2)*, 2019, available at: https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8432; Bel, O-R., 'Can Macron's European Intervention Initiative make the Europeans Battle Ready?', *War on the Rocks*, 2 October 2019, available at: https://warontherocks.com/2019/10/can-macrons-european-intervention-initiative-make-the-europeans-battle-ready/

on topics of strategic importance to help build and strengthen a shared strategic culture among like-minded European nations (including a post-Brexit UK) to facilitate future military operations. The initiative is focused on four areas: strategic foresight and intelligence sharing, scenario development and planning, support for operations, and lessons learnt and doctrine[43]. However, it raises difficult questions about the sharing of intelligence with non-European partners, the relationship with the EU intelligence structure and democratic oversight.

3.2 Resource disincentives and barriers to timely European solidarity

The modalities of cost sharing are one of the reasons why Battle Groups are not deployed and why some CSDP actions struggle to reach their target strengths. In contrast to civilian missions, the costs of military operations cannot be charged to the EU budget because of legal restrictions under Article 41(2) TEU. Under the alternative Athena mechanism, 5–15 % of the overall costs for an operation are met from the budget based on the additional contributions of Member States, but the bulk falls on participating Member States under the 'costs lie where they fall' principle[44]. This is a substantial disincentive for Member States to contribute their assets unless they have significant national interests at stake, or pivot nations or EU leaders can 'compensate' or in other ways induce them to commit[45].

The issue of compensating troop-contributing Member States is also important for making the provisions of Article 44 operational, whereby the Council can entrust a group of willing and capable states with carrying out CSDP operations[46]. This could also help to alleviate with some delays in the force generation process.

One way of tackling the problem is the currently discussed European Peace Facility (EPF). The proposal aims to have 35–45 % of the operational costs covered from a common budget, therefore increasing solidarity and sharing[47]. Moreover, as a fund outside of the EU budget, it would allow the provision of arms to non-EU partners in crisis management operations. The envisaged budget of EUR 10.5 billion would be a significant increase on the combined costs of the Africa Peace Facility (EUR 2.7 billion) and the Athena mechanism (EUR 60–70 million), which it is meant to replace. The launch of the EPF is envisaged in summer 2020. However, concerns have been voiced by non-governmental organisations (NGOs) over the potential harmful and counter-productive effects of providing arms to certain regimes, as well as the sufficiency of oversight and accountability[48].

A broader question is whether there is a way of tackling the current, seemingly dysfunctional, arrangement so that the political decision to launch an operation can be decoupled from force generation (as each contributing country goes through its national decision-making processes, involving varying kinds of parliamentary authorisation). A political decision in support of an operation should consider the concrete resource implications earlier and more quickly. In 2018, Civilian CSDP Compact agreed to increase the responsiveness of civilian missions by improving their size and readiness[49].

Finally, effective operations require easy access to a capable headquarters. The Military Planning and Conduct Capability (MPCC) established in 2017 serves three current training missions, but the aspiration is

[43] See Bel, O-R., 2019.
[44] Deneckere, M., 'The uncharted path towards a European Peace Facility', *ECDPM Discussion Paper*, No. 248, Maastrict, 2019; European Parliament, *Decision establishing a European Peace Facility*, P8_TA-PROV/2019)0330, Strasbourg 2019.
[45] Henke, M. E., 2019.
[46] See de Langlois, M. and Ara, B., 'Article 44 of the Treaty on European Union: enhancing efficiency in EU operations', *Note de recherche stratégique*, No. 26, IRSEM, 2015.
[47] Deneckere, M., 2019.
[48] Montanaro, L. and Räty, T., 'EU's new €10bn "peace facility" risks fuelling conflict', *EU Observer*, 27 November 2019.
[49] Council of the European Union, Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the establishment of a Civilian CSDP Compact, 14305/18, Brussels, 2018.

for it to be able to conduct at least one executive (military) mission. Brexit poses another challenge as the operational headquarters for some operations needed to move from Northwood to Roda, and the Maritime Security Centre Horn of Africa (MSCHOA) headquarters to Brest[50].

3.3 Gap between early warning and early action

One recurring problem with the track record of CSDP actions, whether civilian or military, is the knowledge required to take decisions quickly about deployments and ground plans in changing local conditions. Intelligence needs to be timely, reliable, relevant and actionable for decision-makers, planners and commanders.

The problem starts with the demand-side for conflict warnings as the EU's Political and Security Committee is structurally overburdened with the whole range of foreign policy issues and tends to engage with conflicts only after they have hit the news media and escalated to crises, as was the case with Ukraine in 2013[51]. If a European Security Council (ESC) was to be created this could become a structure to drive better estimative intelligence and warnings, earlier receptivity and better decision-making preparation. The ESC would need to be supported by a more capable and joined-up intelligence system, akin to the National Intelligence Council in the US.

The EU has been strengthening its current intelligence analysis structures, including the role of the EU Intelligence and Situation Centre (EU INTCEN) and INT EU Military Staff, although ideally the EU would be given a clearer legal basis for intelligence work in the future, not least to clarify the important role of parliamentary oversight. The goal must be to arrive at a common analysis of security situations through better sharing of raw and assessed intelligence from Member States and the EU's own sources, and better mutual challenges on analytical judgements, supported by a more secure infrastructure for the transmission of intelligence products.

A key element of providing added value and grounding CSDP missions in local knowledge is to strengthen EU delegations in the field, increasing not just conflict sensitivity (as already achieved under the Early Warning System), but also military expertise in order to provide more relevant, detailed and actionable intelligence. There should also be a channel for fast-tracking warnings, expressing dissent with conventional wisdom and discussing 'wildcard scenarios' to better detect early indications of major surprises or sudden changes in foreign countries.

4 Conclusion: The way forward

CSDP missions and operations matter as they put into practice the aspiration of the EU to play a greater operational role in protecting its citizens from various kinds of harms expressed in the European Global Strategy. CSDP missions have come a long way since 1999 and there is considerable evidence of 'learning by doing' and improved performance over time. Yet, despite the number of operations, the indications are that some actions have failed to reach their potential for a number of reasons outlined in this briefing. It should be emphasised that the knowledge on the performance of CSDP actions is still limited, mainly based on practitioners and grey sources, and could be more systematic and comparative. While such missions and operations regularly report to EU structures (e.g. the PSC), there are currently few systemic, in-depth and truly independent reviews of their performance, and limited work has been done to identify and learn from the most important and actionable lessons that missions and operations can offer. Recent positive

[50] Graziano, C., *Speech at the Sub-Committee on Security and Defence,* speech, European Parliament, available at: https://www.europarl.europa.eu/cmsdata/161801/06_sub%20committee%20on%20security%20and%20defence.pdf
[51] Meyer, C. O., De Franco, C. and Otto, F., 2019, Chapter 9.

efforts include the May 2019 action plan and the first Annual Review Conference on realising the Civilian CSDP Compact[52].

The European Parliament plays a central role in holding decision-makers and senior officials to account for CSDP actions and driving improvement in different areas in the future. Some of the options mentioned above could improve performance against some criteria, such as effectiveness and early action, but may not improve or even reduce transparency, oversight and accountability. The dynamics of contemporary conflicts means that a swift response is sometimes required in order to prevent initiation or escalation (and therefore save lives), promote human security and pursue EU strategic interests, however they are defined. Building public support for missions and operations will require an honest assessment of what such operations can realistically achieve under the present conditions, and where reforms can significantly change and improve such conditions, bearing in mind potential trade-offs and tensions between various reform options.

[52] EEAS, 'EU Civilian Crisis Management: Member States review progress in strengthening civilian CSDP', press release, 14 November 2019.

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IN-DEPTH ANALYSIS

Requested by the Sub-Committee on Security and Defence

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CSDP defence capabilities development

Policy Department for External Relations
Directorate General for External Policies of the Union
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IN-DEPTH ANALYSIS

CSDP defence capabilities development

ABSTRACT

For several decades, European Union (EU) and North Atlantic Treaty Organization (NATO) Member States have worked closely to coordinate and, in some cases, jointly develop their military capabilities. Both NATO and the EU ask Member States to provide military capabilities to meet agreed force requirements. European states also cooperate increasingly closely over ways to increase efficiency and improve interoperability. Yet both EU and NATO force requirements suffer from longstanding capability shortfalls. Neither modest growth in defence spending nor deeper cooperation have yet been sufficient to fill these gaps. Spurred on, however, by the impact of the 2008 financial crisis and the recent deterioration in security in the east and to the south of Europe, EU Member States have sought to re-invigorate their approach to collaborating on the development of defence capabilities. They have overhauled existing measures and introduced new initiatives, notably the Coordinated Annual Review on Defence (CARD) and Permanent Structured Cooperation (PESCO). While it is too soon to judge the effectiveness of these initiatives, they do significantly extend the scope for action in this field. Success, however, will only be assured if EU Member States support the new 'top-down' initiatives while also delivering on their own 'bottom-up' commitments to funding and deeper levels of cooperation.

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Table of contents

1 Introduction

1.1 The challenge of international military capability development

There is no universally accepted terminology of military capability, but NATO offers two definitions that provide some insight into its meaning. The first reflects a classical understanding of capability as 'military potential expressed in quantitative and qualitative terms'[1]. This definition speaks to the measurability and thus relative scale and quality of military power, either among allies or against rival power or external threats[2]. In a second definition, capability is defined more broadly, i.e., in terms of the inputs that go into the development and deployment of a military 'effect':

'The ability to create an effect through employment of an integrated set of aspects categorized as doctrine, organization, training, materiel, leadership development, personnel, facilities, and interoperability'[3].

Under this 'DOTMLPFI' definition[4], military capability refers to more than the material fact of a transport aircraft and its crew, or a company of soldiers and their rifles. Like the concept of a 'value chain' in the delivery of a commercial product from market research to the point of sale, the inputs to military capability are diverse, ideational as well as material, and make up aspects of a developmental process.

Both definitions cast some light on the EU approach to military capability development. The first recognises that the scale and form of the military capabilities that EU Member States acquire depend in part on their perception of external threats. The second explains the considerable complexities of pursuing capability development via international cooperation. Success hinges on the degree to which partners are in alignment across a whole range of factors, including those within the DOTMLPFI definition[5], and particularly over 'materiel' or equipment. As a baseline, one would expect states cooperating closely over the development of military capability to be, to some extent, strategically aligned over foreign policy (e.g. within a formal alliance such as NATO). But neither alliance membership nor cooperation over capability development necessarily implies fully aligned foreign policies, still less the assumption that forces will always be used together[6].

EU Member States retain very high levels of autonomy over their foreign policies. They may share many threat perceptions and most may rely on the NATO Article 5 mutual defence clause for their security, but they also diverge in their threat perceptions and disagree over how to deal with them (e.g., Iraq in 2003 and Libya in 2011). Thus, rather than assigning their capabilities permanently to fixed multi-national formations and roles, Member States prefer to maximise 'strategic flexibility' in the deployment of their armed forces[7]. As such, they often choose to cooperate at the defence industrial level but go no further, leaving them with the autonomy to deploy military capabilities as they wish. And, with a few exceptions, this has tended to be the approach for most of the post-war period[8]. Yet as concerns have grown over the affordability of military capability and the need for better interoperability, EU Member States have looked

[1] *NATOTerm*, available at: https://nso.nato.int/natoterm/content/nato/pages/home.html?lg=en
[2] See for example: Waltz, K., *Theory of International Politics*, 1979, p. 131.
[3] Ibid.
[4] DOTMLPFI is an acronym of the terms listed in the definition.
[5] For a discussion on the concept of alignment in international relations, see Snyder, G., 'Process variables in neorealist theory', *Security Studies*, Vol. 3, No. 5, 1996, pp. 167–192.
[6] 'Alliances are made by states that have some but not all of their interests in common.' Waltz, K., p. 166.
[7] Henius, J., 'Specialization: The Gordian Knot of NATO's Smart Defence?', *Smart Defence: A Critical Appraisal*, NATO Defence College, 2012, p. 31.
[8] One long-standing example is the NATO Airborne Warning and Control System (AWACs), which is a NATO-owned and operated military capability; see: https://awacs.nato.int

to drive efficiency by expanding capability cooperation across the DOTMILPFI inputs and exploring the potential for multinational solutions.

The NATO alliance also shapes the approach of EU Member States to their military capabilities[9]. When they feel comfortable relying on the United States (US) for their defence, they are more likely to conceive of military capabilities as primarily 'contributory', and may perhaps be tempted to 'free ride' on US military power. By contrast, when they fear abandonment by the US, they tend to look to each other to meet some, or (*in extremis*) all, of their security needs, or to hedge collectively against future uncertainty[10]. From the US perspective, there is also a dilemma. Washington wants EU Member States to contribute more to their own defence, but greater autonomy may also mean EU action with less US influence.

These transatlantic dilemmas create tensions for capability development. What level of investment is appropriate? Which capabilities are required? Is cooperation a pragmatic way of sustaining military capabilities, regardless of whether they are used for national, NATO or EU missions? Or should capabilities be developed primarily for the EU's Common Security and Defence Policy (CSDP) and the new goal of 'strategic autonomy'? Need there be any contradiction between these visions? These fundamental questions frame the debate on the EU's role in military capability development.

2 Capability development since the Treaty of Lisbon

2.1 Historical background

During the Cold War, cooperation among European states over the development of their military capabilities was more limited than it is today. While NATO's defence planning process identified the scale and form of the forces that its Member States were required to contribute, it left them considerable freedom to shape their own capabilities. Since the 1950s, western European states have embarked on major collaborative defence industrial ventures, particularly in aerospace, primarily with a view to preserving indigenous industrial capacity and technology. This national focus on military capability was also shaped by the Cold War context. Although some NATO Member States, particularly the UK and France, retained significant expeditionary capability, the alliance's territorial defence posture was essentially static with national militaries responsible for the defence of geographic sectors. As such, although the alliance sought greater standardisation where helpful, there was little demand for 'combined' (i.e., multinational[11]) forces or the interoperability of capabilities below division level[12].

The end of the Cold War and the crises in Yugoslavia and the Gulf presented NATO with an existential challenge and the alliance began to rationalise around 'combined' multinational force structures. Questions were also raised over the suitability of European military capabilities for expeditionary rather than territorial defence and the need for autonomous European action without direct US involvement. Given their reliance on the US during the Cold War, EU Member States were collectively low on 'strategic enablers', such as capabilities for surveillance and intelligence and long-distance mobility, shortfalls which continue to the present day[13]. These gaps were recognised in 1992 when the (now defunct) Western European Union (WEU) became responsible for the European aspiration to take on the so-called 'Petersberg Tasks', i.e., 'humanitarian and rescue tasks, peace-keeping tasks and tasks of combat forces in

[9] Obviously, this is also an issue for non-EU European NATO Member States, but this paper will focus on EU Member States.
[10] Snyder, G., 'The Security Dilemma in Alliance Politics', *World Politics*, Vol. 36, No. 4, 1984, pp. 461–495; Fiott, D., 'Strategic autonomy: towards "European sovereignty" in defence?', *Issue Brief*, No. 12, EU Institute for Security Studies, 2018.
[11] The 'Allied Command Europe Mobile Force (Land)' (1960–2002) is an interesting exception.
[12] Hunter, R., *The European Security and Defense Policy: NATO's Companion – or Competitor?*, RAND, 2002, p. 48.
[13] Coelmont, J., 'European Strategic Autonomy: Which Military Level of Ambition?', *Security Policy Brief*, No. 109, Egmont Institute, 2019, p. 4.

crisis management, including peace-making'[14]. These tasks were then transferred to the EU in the late 1990s.

The Franco-British 'St. Malo' summit of 1998 provided the breakthrough for EU action in the field of defence, announcing that, 'the Union must have the capacity for autonomous action'[15]. A key supporting goal was 'improving European intervention capabilities, and mobilizing and better using existing ones'[16]. Aspirations over military capability development were framed around the 1999 Headline Goal for the deployment of 60,000 EU troops within 60 days. In 2001, the European Capabilities Action Plan (ECAP) set out to identify and rectify the considerable capability shortfalls that stood in the way of this ambition, with a desire to 'improve efficiency and effectiveness' and 'enhance cooperation'. Capability shortfalls were most acute around mobility by air and sea, intelligence and reconnaissance assets, air-to-air refuelling, theatre missile defence, carrier-based air power and suppression of enemy air defence[17].

Alongside its push for more effective military capability development, the EU also launched a parallel capability development process in the realm of civilian capabilities. The 2000 Feira European Council began the process, underlining a need for EU capacity in policing, justice and rule of law, civil administration and civil protection[18]. The 2008 Civilian Headline Goal targeted the capacity to run several concurrent civilian missions, including at least one large mission[19]. As with military capability development, however, the civilian side of the CSDP has also been beset by shortfalls, as it relies on voluntary contributions from Member States. There have also been significant administrative and financial problems[20]. Though this period witnessed important institutional changes, including the establishment of the European Defence Agency (EDA), the EU Military Staff (EUMS) and EU Military Committee (EUMC), it did not result in any radical transformation of European military capability development and the success of ECAP was limited.[21]

2.2 Defence capability development since the Lisbon Treaty

The Lisbon Treaty represents an important milestone in the articulation of EU defence policy. In terms of capability development, it formalised the role of the EDA and included a commitment that 'EU Member States shall undertake progressively to improve their military capabilities'[22]. Most importantly, however, the treaty included the possibility for 'permanent structured cooperation' (PESCO)[23], through which a group of EU Member States could make 'more binding commitments' for 'more demanding missions'[24]. This phrasing reflects its origins in the Franco–British 'St. Malo' vision for European defence, with a leading 'vanguard' group encouraging others to play up to a higher level. As Coelmont and Biscop note, however, there was also a more 'inclusive' conception of PESCO placed on the agenda by other Member States, particularly Germany[25]. The potential shape of PESCO, however, remained ambiguous over the next

[14] https://eeas.europa.eu/topics/common-security-and-defence-policy-csdp/5388/shaping-of-a-common-security-and-defence-policy-_en#The+Petersberg+Tasks
[15] *Franco–British St. Malo Declaration*, 1998, available at: https://www.cvce.eu/en
[16] Ibid., p. 40.
[17] Schmitt, B., *European Capabilities Action Plan*, EU Institute for Security Studies, 2003, p. 2.
[18] Duke, S., 'Capabilities and CSDP: resourcing political will or paper armies', *Research Handbook on the EU's Common Security and Defence Policy*, 2018, pp. 154–181.
[19] Council of the European Union, *Civilian Headline Goal 2008*, Brussels, 2004, p. 2.
[20] Ibid., p. 165.
[21] Schmitt, B., 2003, p.2.
[22] Article 42 (3) of the Lisbon Treaty.
[23] Fiott, D., Missiroli, A. and Tardy, T., 'Permanent Structured Cooperation: What's in a Name?', *Chaillot Papers*, No. 142, EU Institute for Security Studies, 2017, pp. 14–16.
[24] Article 42 (6) of the Lisbon Treaty.
[25] Biscop, S. and Coelmont, J., *Europe, Strategy and Armed Forces: The making of a distinctive power*, Routledge, London, 2008, p. 78.

decade. While there were calls for launching PESCO with a more inclusive approach[26], political focus across Europe and in Brussels was drawn to the Euro area crisis and the establishment of the European External Action Service (EEAS)[27]. While PESCO remained dormant, however, several international crises put military capability development back on the agenda.

The first was the financial crisis of 2008. The recession and resulting fiscal retrenchment hit most Member States badly and defence spending was not spared. Cuts came on top of long-term affordability issues that had already pared back capabilities. Most fundamentally, the rate of inflation in the cost of military capability acquisition and sustainment runs particularly high, and EU Member States have tended to respond to these trends by 'salami-slicing' numbers of ships, aircraft, tanks, personnel and so on. In the wake of new budgetary constraints, analysts and officials began to question the sustainability of this approach[28]. European fears over the erosion of military capabilities also reflected US concerns over the capacity and performance of EU Member States in Iraq and Afghanistan[29]. In response, several Member States sought cooperation with their neighbouring allies via 'islands' or 'clusters' of cooperation, notably the UK and France with the 2010 Lancaster House treaties[30].

Further crises were precipitated by the Arab Spring of 2011 and Russian intervention in Ukraine in 2014. The intervention in Libya in 2011, led initially by France and the UK and then by NATO, revealed that even a relatively straightforward operation could be a challenge for the EU Member States that took part. Serious capability gaps were apparent in precision-guided munitions, aircraft carriers and reconnaissance assets and air-to-air refuelling – as was a general dependence on the US for strategic enablers[31]. Then, in 2014, European security was further shaken by Russian military intervention in Ukraine. Attention turned back to NATO's collective defence responsibilities and the necessity for many EU Member States to maintain and develop capabilities such as artillery and heavy armour, in addition to the more expeditionary capabilities, which had been the focus since the 1990s.

In response to this worsening financial and security situation, the European Council began a debate on defence at the highest level in 2012. The council's conclusions in the following year placed an emphasis on 'maintaining key capabilities, remedying shortfalls and avoiding redundancies'[32]. European leaders also endorsed pooling and sharing to 'allow participants to benefit from economies of scale and enhanced military effectiveness'[33].

However, given its events and the EU's policy responses towards them, it was 2016 that marked the pivotal year for European defence cooperation. The UK's decision to withdraw from the EU ('Brexit') raised serious questions over the Union's capacity for military action in the absence of one of its most militarily capable Member States, while also removing one of the most sceptical voices on EU defence initiatives from the debate and the decision-making process. Months later, the election of President Donald Trump in the US cast a cloud of uncertainty over the future of NATO[34].

[26] Notably from Belgium, Hungary and Poland in 2010, and Italy and Spain in 2011: see Fiott, D., Missiroli, A. and Tardy, T., 2017, pp. 24–25.
[27] Ibid., p. 19.
[28] Jones, B., 'Choices and dilemmas for European defence acquisition: alone, together or "off-the-shelf"?', *Solving the European Defence Market Puzzle*, European Liberal Forum, Friedrich Naumann Foundation, 2018, pp. 23–44.
[29] de Durand, E., 'Entente or Oblivion: Prospects and Pitfalls of Franco–British Co-operation on Defence', *Future Defence Review Working Papers*, No. 8, Royal United Services Institute, London, 2010; Jones, B., 'Franco–British military cooperation: a new engine for European defence?', *Occasional Paper*, No. 88, EU Institute for Security Studies, Paris, 2011.
[30] Valasek, T., Surviving Austerity: The case for a new approach to EU military collaboration, Centre for European Reform, London, 2011.
[31] Biscop, S., 'Mayhem in the Mediterranean: three strategic lessons for Europe', *Security Policy Brief*, No. 19, Egmont Institute, 2011.
[32] European Council Conclusions, EUCO 217/13, 20, December 2013, p. 2.
[33] Ibid., p. 5.
[34] 'Emmanuel Macron warns Europe: NATO is becoming brain-dead', *The Economist*, 7 November 2019.

While the EU was already well on the way towards a re-invigoration of CSDP (the EU Global Strategy (EUGS) of 2016 had been in development for some time), these events created further momentum and put defence on the agenda at a particularly challenging moment for European security. Designed to state clear objectives and re-calibrate the EU's external action, the EUGS set out the EU's level of ambition (LoA) in the field of security. In November 2016, the Council confirmed the LoA as: '(a) responding to external conflicts and crises, (b) building the capacities of partners, and (c) protecting the Union and its citizens'[35]. A further key objective of the EUGS was 'the ambition of strategic autonomy for the European Union'[36]. The LoA therefore entailed 'full-spectrum land, air, space and maritime capabilities, including strategic enablers'[37]. To this end, the EUGS identified a key role for 'both investments and optimising the use of national resources through deeper cooperation'[38].

The EUGS also noted the need for 'gradual synchronisation and mutual adaptation of national defence planning cycles and capability development practices'[39]. The financial crisis and the resulting defence cuts had brought home the cost of having little or no effective information-sharing and coordination over military capability planning and development. The EUGS call for synchronisation paved the way for what was to become the Coordinated Annual Review on Defence (CARD), which was agreed in principle by the European Council in March 2017. Echoing this call for better alignment over defence planning and capability development, the 'Joint EU-NATO Declaration' of July 2016 pledged the two organisations to work together to 'develop coherent, complementary and interoperable defence capabilities'[40]. In the same year, the European Commission announced its proposals for a European Defence Fund (EDF) with the aim of supporting the EU defence industrial base via funding for research and technology and joint development of capabilities, worth up to EUR 5.5 billion per year[41]. The most significant event of 2016 in relation to military capability development, however, was the re-emergence of PESCO as an 'inclusive' and 'modular' approach, based on future performance benchmarking rather than a narrow set of strict criteria for entry[42].

In November 2016, EU High Representative Federica Mogherini sent a proposed Implementation Plan on Security and Defence (IPSD) to the Council for approval, proposing that PESCO 'cover commitments on defence expenditures, capability development and operational engagement'[43]. In December 2016, the European Council Conclusions accordingly endorsed the EUGS level of ambition and called for proposals from the High Representative on 'elements and options for an inclusive Permanent Structured Cooperation based on a modular approach'[44]. In December 2017, the Council formalised the establishment of PESCO[45], and in the following year, the first projects were announced.

Participating Member States (pMS) must submit an annual National Implementation Plan (NIP) against which their performance will be assessed via an annual report from the High Representative, and which

[35] Council Conclusions, 14149/16, 14 November 2016, p. 4.
[36] European Commission, Shared vision, Common Action: A Stronger Europe, A Global Strategy for the European Union's Foreign and Security Policy, 2016, p. 4.
[37] Ibid., p. 45.
[38] Ibid., p. 20.
[39] Ibid., pp. 20–21.
[40] NATO, Joint declaration by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization, 2016, available at: https://www.nato.int/cps/en/natohq/official_texts_133163.htm
[41] European Commission, *European defence fund*, available at: https://ec.europa.eu/growth/sectors/defence/european-defence-fund_en
[42] Fiott, D., Missiroli, A. and Tardy, T., 2017, p. 21.
[43] EU High Representative, *Implementation Plan on Security and Defence*, 2016, p. 29.
[44] European Council Conclusions, 15 December, 2016, p. 4.
[45] Council of the European Union, 'Council decision establishing PESCO and determining the list of participating Member States', *Official Journal of the European Union*, L331/57, 2017.

will be reviewed by the Council. A key difference between PESCO and previous initiatives is its legal status and its more formalised approach. As Biscop notes, pMS 'will have to explain any failure [...] to their fellow Member States, as well as to their publics and parliaments'[46]. A further aspect of PESCO projects is that their cancellation may entail a certain amount of diplomatic risk and thus ensure high-level political sponsorship. Finally, PESCO's linkage to the EDF compliments the 'stick' of the NIPs and the annual review process with the 'carrot' of extra funding[47]; 20 % can be drawn from the EDF for projects, with a financial incentive of an extra 10 % for PESCO projects.

3 State of play on the new tools for capability development

3.1 Implementation Plan on Security and Defence (IPSD)

Published in November 2016 and derived from the EUGS, the IPSD provides a roadmap for the implementation of the new EU defence and security agenda outlined above. The key goals for implementation in the field of capability development are 'identifying the related capability development priorities' and 'deepening defence cooperation and delivering the required capabilities together'[48].

In terms of identifying capability development in the service of the LoA, the IPSD refers to three general priority areas, most of which are familiar EU capability shortfalls of the last twenty years: intelligence, surveillance and reconnaissance; strategic enablers; and cyber and maritime security[49]. Under these three priority areas, some initiatives were already underway at the time of the release of the IPSD, including Air-to-Air Refuelling (AAR), Remotely Piloted Aircraft Systems (RPAS) and Cyber and Satellite Communication (GovSatCom). The IPSD called for further work between pMS and the EDA to develop these priorities and feed into a revised Capability Development Plan (CDP), the outcome of which will be considered below. It proposed a review of capability requirements in support of the LoA and the identification of shortfalls, all via mutual consultation with the NATO Defence Planning Process (NDPP).

Finally, the IPSD also sought to encourage deeper defence cooperation via 'pooling and sharing' capabilities, noting that 80 % of defence investment is still spent nationally[50]. It emphasised the role of the EDA in acting as a resource to assist pMS in this field and 'strengthening the CDP'[51]. The IPSD also identified various *modus operandi* for developing defence cooperation to support pMS to deliver greater cooperation and more outputs. It cited 'concrete models of European cooperation' to emulate the success of the European Air Transport Command (EATC) and proposed similar initiatives in the field of medical services, logistics, training and so on[52]. Some of these areas have subsequently been taken up under PESCO, which the IPSD also proposed should be activated.

3.2 Capability Development Plan (CDP)

Since 2008, the CDP has attempted to help pMS develop capabilities to meet the military aspirations of the CSDP. According to the EDA, the CDP exists 'to increase coherence between pMS defence planning and to encourage European cooperation by looking together at future operational needs and defining common EU Capability Development Priorities'[53]. The CDP draws on the process known as the Capability Development Mechanism (CDM), in which the EUMS identifies military requirements necessary to meet

[46] Biscop, S., 'European Defence: Give PESCO a Chance', *Survival*, Vol. 6, No. 3, 2018, pp. 161–180, p. 163.
[47] Ibid, p. 163.
[48] EU High Representative, 2016, p. 17.
[49] Ibid., p. 20.
[50] Ibid., p. 21.
[51] Ibid.
[52] Ibid., p. 23.
[53] European Defence Agency, 2018 CDP Revision: The EU Capability Development Priorities, 2018 (a), p. 3.

the Petersberg Tasks and highlights any shortfalls. The CDP then takes a longer-term view and 'clarifies existing capability shortfalls, plans for future technology trends, explores avenues for European cooperation and details lessons learned from the EU's military missions and operations.'[54]

As the first iteration in the post-2016 era, the 2018 CDP has become pivotal to the new agenda embodied by CARD, PESCO and the EDF, and is now developed in closer cooperation with NATO's own defence planning process[55]. The 2018 CDP process has identified a set of Capability Development Priorities, broader in scope than the previous CDP, which had been intended primarily to support EDA initiatives. Instead, the 2018 CDP will support capability development 'irrespective of the framework and level (national, multinational, EU) at which they will be implemented'[56]. In contrast to previous CDP iterations, the Capability Development Priorities are 'very generically phrased' and run across a broad spectrum of capabilities[57]. They still reflect longstanding shortfalls but, strikingly in the post-Ukraine landscape, also include capabilities more associated with territorial defence, such as main battle tanks and anti-tank weapons, and emphasise intra-European military mobility and border crossing[58].

3.3 Coordinated Annual Review on Defence (CARD)

As Fiott notes, 'one of the complaints of the past was that EU military and policy planners had limited understanding of Europe's capability landscape beyond CSDP'[59]. CARD is designed to address this problem, with the EDA undertaking a 'CARD Trial Run' process in 2017, in which it sought information on the 'aggregated defence plans' of EU Member States, their implementation of the EU Capability Development Priorities and progress on cooperation[60]. The trial run found that spending on aggregate defence is increasing, though at very different rates across the EU. Data shared by some pMS also showed an upward trend in the collaborative dimension of capability development – from 24 % in 2015 to nearly 31 % in 2017. However, while collaborative research and technology expenditure remained around 11 % between 2015 and 2017, it fell in absolute terms.

Capability shortfalls remain a major concern, and the EUMS does not believe EU capabilities currently meet the CSDP LoA. The EDA has also concluded that defence planning is still carried out primarily from a national perspective and that pMS need to do more to align their approaches, particularly in terms of timelines for acquisition. To this end, it encourages pMS to set voluntary targets on spending and cooperation within their own multiannual defence reviews[61].

The first full CARD cycle is now underway and is due to be completed by 2020[62]. It is based on the 2018 CDP, which has a much broader remit than the 2014 CDP to cover the full spectrum of capabilities, and is also being undertaken in closer cooperation with NATO officials and the NDPP.

[54] Fiott, D., Missiroli, A. and Tardy, T., 2017, p. 2.
[55] Ibid., p. 5.
[56] European Defence Agency, 2018 (a), p. 4.
[57] Zandee, D., 'PESCO implementation: the next challenge', *Policy Report*, Clingendael Institute, 2018, p. 5.
[58] European Defence Agency, 2018 (a), p. 11.
[59] Fiott, D., Missiroli, A. and Tardy, T., 2017, p. 5.
[60] European Defence Agency, *Coordinated Annual Review on Defence (CARD)*, fact sheet, 2018 (b).
[61] Ibid.
[62] Report by the High Representative on interactions, linkages and coherence among EU defence initiatives, ST 9825 2019 INIT, EEAS, 2019, p. 12.

3.4 Permanent Structured Cooperation (PESCO)

As noted above, the 'awakening' of PESCO marked an important milestone for the EU. However, in the absence of concrete projects, PESCO would be little more than a bureaucratic structure with a set of aspirational goals for greater, more effective and more efficient defence spending.

The first list of projects, which was adopted in March 2018, was met by a certain degree of scepticism as they were viewed as low-profile, previously announced or unaligned with the capability shortfalls identified by the CDP[63]. This is perhaps unfair as they included some potentially significant projects, such as the European Medical Command and the German-sponsored Crisis Response Operation Core (EU FOR CROC).

Analysts view the second wave of projects, announced in November 2018, as more closely aligned with capability priorities[64]. A third list of projects was released in November 2019 and a fourth is scheduled for 2021; the EU High Representative has also suggested that pMS may move to a biennial process for future PESCO project rounds, with a strategic review of PESCO foreseen for 2020[65].

4 Key challenges in delivering the EU's capability development agenda

4.1 Top down: the EU level

The innovations in EU defence and security policy outlined above address some longstanding flaws in the EU's approach to capability development, particularly the need for a better picture of aggregate European capabilities and the need to establish a more structured, risk and reward-driven approach to cooperation. However, there are several areas where it remains to be seen whether the new framework will be successful.

First, at the highest level there is considerable ambiguity about the link between the military requirements of the CSDP (i.e., the Petersberg Tasks) and wider capability development through the CDM, CDP and PESCO. Though the EUGS LoA speaks of the broad remit of 'protecting the Union and its citizens', the CDM undertaken by the EUMS remains focused on the narrower LoA of the CSDP. Some analysts also note the ambiguous political and legal status of the broader EUGS LoA[66]. Furthermore, the expansion of the CDP to a broader spectrum of capabilities, CARD's comprehensive scope and close relationship with NATO planning, and the fact that PESCO projects are not directly related to any particular framework or institution[67] further distances capability development from the EU's specified military tasks[68]. The question then arises as to which capability shortfalls should be prioritised.

Mauro notes differences between the capability gaps identified by the CDM and the CDP[69]. The CDM logically highlights quite discrete capability gaps of relevance to CSDP missions, such as strategic transport,

[63] Biscop, S., 2018; Billon-Galland, A. and Efstathiou, Y-S., 'Are PESCO projects for purpose?', *European Defence Policy Brief*, European Leadership Network, 2019.
[64] Billon-Galland, A. and Efstathiou, Y-S., 2019.
[65] Report by the High Representative, p. 12.
[66] Barrie, D. et al, *Protecting Europe: meeting the EU's military level of ambition in the context of Brexit*, International for Institute for Strategic Studies, 2018.
[67] Article 8 of Council Decision (CFSP) 2018/909, 25 June 2018, p. 40.
[68] Council of the European Union, 'Council decision establishing a common set of governance rules for PESCO projects', *Official Journal of the European Union*, L 161/37, 2018.
[69] Mauro, F., 'EU Defence: The White Book implementation process', *Analysis 6*, Institute of International Relations and Strategy (IRIS), Paris, 2019, p. 53.

'stabilisation capabilities', 'special forces (air)' and force protection[70]. The CDP priorities, however, now reflect an aspiration for full spectrum capabilities, including those for higher levels of combat beyond the Petersberg Tasks[71]. Thus, Biscop argues that NATO and CDP shortfalls are 'nearly identical'[72]. While Valasek also sees scope for overlap, he argues that NATO planners are more likely to emphasise some capabilities over others (i.e., 'heavy armour, missile defence, anti-submarine warfare, and air command and control systems'[73]). Moreover, where there is already clear US dominance in strategic enablers, there may be less pressure from NATO planners for Europeans to invest[74]. Therefore, in those areas where NATO (and, by implication, the US) is more relaxed about its long-standing quantitative and qualitative asymmetry, this may serve to dis-incentivise an EU push for full spectrum strategic autonomy. As Biscop notes, 'ensuring the strategic autonomy of Europe is not an objective of the NDPP, which currently sets targets only for individual allies and for NATO as a whole'[75]. Such ambiguity over capability requirement priorities has serious implications not only for the success of CSDP missions, but also for the aim of 'strategic autonomy' and the priority it should be accorded.

Secondly, there is a question around whether the framework for risk and reward within PESCO is sufficiently robust. In the case of rewards for working through PESCO, there will be a helpful financial incentive through the EDF, though whether this is sufficiently high to make an appreciable difference remains to be seen. Success in PESCO projects may also reap political rewards in national reputational terms and in making a concrete contribution to the EU's LoA.

In terms of the likelihood of political costs to pMS, however, the picture is less clear. There is an obvious risk, as Zandee notes, that if the failure of the pMS to meet their own commitments is made plain in the annual report, there will be political pressure to 'water down' the assessment[76]. There is also a risk that pMS will have various 'excuses' for their lack of success, some of which may be genuine, and it may therefore be difficult to make a fair assessment in such cases. Furthermore, while the inclusive and modular approach of PESCO has some benefits in terms of not being beholden to the slowest partner, the loss of the original Franco–British 'vanguard' element of PESCO could, over time, drain it of some of its power to incentivise and encourage.

Thirdly, there is the question as to whether PESCO is coherent as regards encouraging deeper cooperation over capability development, (i.e., pooling, sharing and specialising, on the one hand, and aspiring to develop new force structures on the other). As Biscop notes, the former has been somewhat neglected in more recent discussions on PESCO. Yet without greater rationalisation, it is difficult to see how capability gaps can be met[77]. There is, however, tension between the concept of a national 'single set of forces' that can be allocated to different force structures – be they NATO, EU or *ad hoc* – and deeper forms of cooperation over specific, concrete capabilities that may lead to significant levels of mutual dependence. As Biscop notes, 'as soon as a state moves toward integration, choices must be made: a capability that has been integrated into one framework cannot simultaneously be merged with another'[78]. In addition, where the component parts of an integrated multinational force can be removed and deployed elsewhere (e.g. Dutch–German army integration), these elements are unlikely to be as efficient and effective in other roles,

[70] Ibid, p. 43.
[71] Ibid, p. 60.
[72] Biscop, S., 2018, p. 172.
[73] Valasek, T., 'The EU's New Defense Pact: Marginal Gains', Carnegie Europe, 16 November 2017, available at: https://carnegieeurope.eu/strategiceurope/74760
[74] House of Commons Defence Committee, Oral evidence: The indispensable ally? US, NATO and UK Defence relations, 2017.
[75] Biscop, S., 2018, p. 175.
[76] Zandee, D., 2018, p. 3.
[77] Biscop, S., 2018, p. 167.
[78] Ibid, p. 168.

as the purpose of integration is to make the output 'greater than the sum of its parts'. Even so, as noted below, integration should remain an important area for future consideration.

Finally, EU Member States have struggled to match results with rhetoric when it comes to addressing capability shortfalls, though NATO has also found it difficult to do so. The EU institutions can put in place the most intelligent frameworks for information-sharing and cooperation, including financial incentives, but the pMS themselves must find the vast majority of the funding, make the crucial decisions and do the work to develop concrete capabilities. The new initiatives will therefore need to become embedded in national capability development procedures, which will require 'a change of mind-set in national administrations, as well an internal shift in resource allocations to EU matters'[79].

4.2 Bottom-up: pMS level

The view from the pMS themselves is a mixed picture. While defence expenditure is on the rise across the EU, albeit unevenly, capability shortfalls for both NATO and EU operations remain substantial. A recent study from the UK's Institute for Strategic Studies (IISS) concludes that, 'as the situation stands in 2018, European Union Member States would struggle in significant ways if called upon to meet their agreed military level of ambition under the Common Security and Defence Policy'.[80] Looking ahead to 2030, the study also suggests that while the outlook may be more positive in areas such as aircraft carriers, air tankers, electronic-intelligence aircraft, maritime air patrol and unmanned aerial vehicles, shortfalls will remain.

In addition, while the UK has not been heavily involved in CSDP missions and operations in the past, shortfalls against the level of ambition will be exacerbated if British capabilities are no longer counted. The IISS also forecasts continued shortfalls in strategic enablers such as intelligence, surveillance and reconnaissance aircrafts, as well as amphibious ships[81]. Where concurrent operations are considered, the shortfalls extend to air mobility, maritime mine countermeasures, surface combatant ships and submarines.

Billon-Galland and Efstathiou conclude that, as it stands, the contribution of PESCO projects to meeting the needs of European armed forces on the ground will be limited. Most PESCO projects deal with non-high-end capabilities and lack the potential to address the full range of scenarios the EU has set itself to deliver[82].

If CARD improves understanding of national capability development cycles, it may enable better alignment across EU Member States on the timing of major acquisition decisions. But this will still require pMS to engage, align and potentially work with others. As noted above, cooperation over military capabilities requires the alignment of many diverse variables, as well as considerable trust between pMS. Where pMS have worked together over several decades (e.g. the Netherlands and Belgium through their 'Benesam' naval cooperation), mutual dependence is acceptable in large part because trust is high. It may be a challenge to establish high levels of trust between states that have little or no history of close capability cooperation.

National bureaucracies, and in some cases national industries, may also present a challenge in terms of resistance to cooperation, particularly where rationalisation that might challenge their own vested interests is proposed. Finally, the divergence of security threats to the east and west of Europe may lead different pMS to view their capability priorities differently, with eastern states prioritising capabilities more focused on territorial defence. The embedding of the new EU approaches will therefore require firm and high-level political leadership within the pMS.

[79] Report by the High Representative, p. 10.
[80] Barrie, D. et al, 2018, p. 35.
[81] Ibid.
[82] Billon-Galland, A. and Efstathiou, Y-S., 2019, p. 9.

In terms of recent international events, both Brexit and the Trump Presidency could present challenges to the success of EU capability development initiatives. Firstly, regarding Brexit, the impact on the CSDP remains impossible to predict with any certainty. It will depend in part on the depth of a future trade deal and on the state of diplomatic relations at that point. Up until now, however, both sides have been relatively optimistic about potential cooperation in this field, and this is reflected in the recent UK-EU 'Political Declaration' on the post-Brexit relationship[83]. Given that the CSDP is largely intergovernmental in procedure and that the EU has kept the door to close cooperation with third parties in this field open, it is perhaps more likely that suitable *modus operandi* will be found. Any ambitions for concerted autonomous EU action at scale, in terms of both capability development and operational deployment, will require either the involvement of the UK or substantial compensatory spending increases and/or rationalisation among remaining pMS.

Secondly, the recent negative reaction from the US to EU initiatives on defence cooperation appears to be driven in part by fears that US defence companies might be shut out of the EDF. This is not, however, only a concern for the US, but also for smaller EU Member States that benefit from access to US industry and would fear being corralled into a 'Buy European' position[84]. It is also the case, however, that if Europeans are to work with each other across the whole capability value chain, beginning with research and technology and defence industrial cooperation is entirely logical. Given that that the EU will not become self-sufficient in its defence industrial needs for the foreseeable future, and the fledgling status of the EDF, some of this initial hostility may turn out to be excessive in time.

5 Conclusion and further areas for exploration

Recent innovations in EU policy towards capability development, notably the revised CDP, CARD and PESCO, are significant. But it seems that while the rhetoric around their launch was strong, the reality may be more prosaic. Seen against the rather ambiguous LoA of the EUGS and its aim of 'strategic autonomy' – and even the huge challenge of current and future capability shortfalls – the measures taken are pragmatic and complimentary to the actions of pMS, rather than revolutionary. Capability priorities are inevitably a compromise between those of the pMS themselves, NATO and the CSDP's Petersberg Tasks. As such, the goal of strategic autonomy competes with other capability priorities. The EU is not a state with a foreign policy, but a Union of states that retain near full sovereignty over defence matters and whose forces serve a variety of objectives. Perhaps little can be done about this inherent ambiguity over levels of ambition, strategic autonomy and capability requirements. However, a focus on a few areas might ensure a modest level of success, as well as provide food for thought for further exploration.

The first relates to the robustness of the 'carrot and stick' approach to PESCO. If a strong link is established between positive capability development and EDF resource levels, then further investment might provide exponential results and an obvious incentive to grow the fund. As for sanctions, however, it is hugely important that the process is robust. The Council is unlikely to be blunt in its assessment of the performance of particular pMS. But, as Zandee suggests, if sufficiently broad and transparent data over key milestones and deliverables are available, this may provide firm incentives to meet commitments[85]. There is also an important role here for both national parliaments and the European Parliament to scrutinise and encourage the pMS, High Representative, Council and Commission to make the process as transparent and accountable as possible. There may also be a broader public relations role here, at least for parliamentarians at EU and national level who are supportive of the initiatives, to invite and encourage

[83] *Political Declaration setting out the framework for the future relationship between the European Union and the United Kingdom*, UK Government, 19 October, 2019, pp. 16-22.
[84] Brattberg, E. and Valasek, T., *EU Defense Cooperation: Progress Amid Transatlantic Concerns*, Carnegie Endowment for International Peace, 2019, p. 16.
[85] Zandee, D., 2018, p. 5.

further scrutiny from the media and general public. It would also be helpful, for the same reason, if the US and NATO were to endorse these initiatives in pMS capitals and in public.

The second area for consideration relates to the cooperative aspect of capability development. The EU defence agenda tends to focus on either defence industrial cooperation or operational deployments, but these are only two ends of the capability value chain. More can be done to create efficiencies in the generation of military capability via pooling, sharing and specialisation; some PESCO projects, for example those on training and testing facilities, do embrace this agenda. But further thought might be given to the extent to which such modes of capability cooperation could underpin force packages for operations. Further thought might also be given to the possibility of more pooled strategic enablers, particularly via ownership and operation by NATO, via *ad hoc* groupings or perhaps even the EU. The longstanding multinational NATO Airborne Warning and Control System (AWACs) fleet and the recent Multinational Multirole Tanker Transport Fleet (MMF) offer potential templates here. More thought might also be given to the viability of Biscop's vision of a highly integrated EU intervention force in which 'participating states assign pre-identified forces and anchor them permanently' in a force structure, rather than merely create a virtual force catalogue. This, he argues, 'could be the beginning of a move from interoperability to integration.'[86] Such forms of cooperation might, however, challenge the fundamental assumption of a 'single set of forces' and thereby raise questions of politico-military interdependence, which need to be considered very carefully.

[86] Biscop, S., 2018, p. 169.

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IN-DEPTH ANALYSIS

Requested by the Sub-Committee on Security and Defence

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The EU's Defence Technological and Industrial Base

Policy Department for External Relations
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European Parliament

IN-DEPTH ANALYSIS

The EU's Defence Technological and Industrial Base

ABSTRACT

The EU's Defence Technological and Industrial Base (EDTIB) has been a key focus of EU policy efforts in recent years, not just for security reasons, but also for economic ones. There have been a host of funds to strengthen and reinforce the EDTIB, and to ensure deeper cooperation, avoid duplication and underscore the interoperability of equipment. These funding streams have not been fully evaluated, but they are important symbols of the energy and commitment with which the EU has attempted to create an integrated pan-EU defence industry. There have, however, been challenges. The EU Member States remain predisposed to procuring weapons nationally or internationally, rather than regionally. There is a question as to whether these funds are great enough to be genuinely transformative, or whether in practice they are insufficient in relation to investment in the domestic defence industries. Finally, efforts to integrate the EDTIB also risk the EU being seen as protectionist, which may lead other major weapons suppliers such as the US to respond in kind.

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Table of contents

1 Political and economic background

1.1 Strengthening the EDTIB could provide significant security and economic gains

The European Union Global Strategy (EUGS) begins by saying: 'We live in times of existential crisis, within and beyond the European Union. Our Union is under threat. Our European project, which has brought unprecedented peace, prosperity and democracy, is being questioned'[1]. As the world has seemingly become more volatile, uncertain and fractured, a strong defence industrial base that can provide strategic autonomy and technological advantage has increasingly become a priority for the EU.

However, the ambition to build a thriving and innovative EDTIB was not driven by security concerns alone. It has also been driven by economic worries: the slow, but unremitting, decline in defence expenditure across many Member States, as well as the rising unit costs of capabilities. For many experts, these rising intergenerational costs hint at futures in which even the best-funded militaries in Europe will struggle to achieve full spectrum coverage with their existing defence budgets[2].

This is further compounded by the huge duplication of effort when it comes to the development of new weapons systems. An EU factsheet published in 2018 (tables and graphs reproduced below) captured the problem neatly. In comparison to the US, the EU collectively has six times the number of weapons systems in use, for half the expenditure. At the heart of this problem is that Member States, by their nature, lean towards protectionism when it comes to defence; as President Bill Clinton is reputed to have put it 'national when possible, multinational when necessary'[3].

Protectionism may seem to be illogical, but in practice, states seek sovereignty because they fundamentally want to retain freedom of action and choice in military affairs, and that requires security of supply and technological advantages[4]. In practical terms, this commitment to protectionism is actually enshrined in EU mechanisms. Article 346 of the Treaty on the Functioning of the EU (TFEU Lisbon), which has remained essentially the same since the 1957 Treaty of Rome, states:

> *Any Member State may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production or trade in arms, munitions and war material; such measures shall not adversely affect the conditions of competition in the common market regarding products which are not intended for specifically military purposes*[5].

In effect, EU Member States – particularly those with large domestic defence industries – are able to 'set their own rules' for the tendering of defence-related contracts[6].

But the costs of Article 346 are significant: a European Parliament study mapping the 'costs of non-Europe' argues that 'the existence of 28 compartmentalised national markets, each with its own administrative

[1] European External Action Service, *Shared Vision, Common Action: A Stronger Europe, A Global Strategy for the European Union's Foreign and Security Policy,* 2016, p.7.
[2] Augustine, N. R., *Augustine's Laws*, 6th ed., American Institute of Aeronautics & Astronautics, Reston, Virginia, US, 1997.
[3] Briani, V., 'Armanents duplication in Europe: a quantitative assessment', *CEPS Policy Brief*, No. 297, 2013.
[4] As argued elsewhere: see Uttley, M. R. H. and Wilkinson, B., 'A spin of the wheel? Defence procurement and defence industries in the Brexit debates', *International Affairs*, Vol. 92, No. 3, 2016 (a), pp. 569–586; Uttley, M. R. H. and Wilkinson, B., 'Contingent choices: the future of United Kingdom defence procurement and defence industries in the post-Brexit era', *Global Affairs*, Vol. 2, No. 5, 2016 (b), pp. 491–502; Dorman, A. M., Uttley, M. R. H. and Wilkinson, B., *A Benefit, Not a Burden*, The Policy Institute at King's, London, 2015.
[5] Article 346. Treaty on the Functioning of the European Union.
[6] Bungay, F., *Defence Policy and Procurement*, London: Trade Policy Research Centre, 2012, p.11.

burden and regulated separately, hinders competition and results in a missed opportunity for economies of scale for industry and production'[7]. It goes on to estimate the financial cost as somewhere between EUR 26 billion and EUR 100 billion per year[8].

This is precisely why a thriving EDTIB is such a priority. It has the potential to undercut the need for and use of Article 346, and in so doing, to provide not just security gains, but significant economic gains by reducing the duplication of effort by Member States, and supporting the development of capabilities that could be used collaboratively and cooperatively by Member States.

	EU	United States
Defence Expenditure	€227bn	€545bn
%age of GDP	1.3%	3.3%
Investment per soldier	€27,639	€108,302
Duplication of Systems		
Number of weapons systems	178	30
Main Battle Tanks	17	1
Destroyers/Frigates	29	4
Fighter Planes	20	6

Table 1: Comparison of US and EU systems[9]

1.2 The EDTIB did not receive the attention and political commitment it needed until 2013

Early efforts to strengthen the base were not entirely successful. By 2007, protectionism and duplication – coupled with rising unit costs and declining defence budgets – still dominated.[10] The European Defence Agency's 2007 *Strategy for the European Defence Technological and Industrial Base* put the case in forthright terms: 'a fully adequate DTIB is no longer sustainable on a national basis'[11]. The arrival of the global financial crisis in 2007–2008 and the years that followed only made matters worse. As Figure 1 shows, defence budgets across the EU were increasingly squeezed as national governments, despite some ringfencing of defence, typically reduced military expenditure. Meanwhile, unit costs continued to rise and a series of major defence acquisition programmes were delayed or cancelled[12].

Against this backdrop, the EDTIB fell down the EU's list of priorities between 2008 and 2013. It received few focused discussions in European Council meetings where other issues, largely emanating from the financial crisis, took precedence. This was despite French and Polish efforts during their respective presidencies of the Council of the EU (2008 and 2011) to reignite interest and impetus in the EDTIB.

[7] European Parliamentary Research Unit, *Mapping the Cost of Non-Europe, 2014–19*, Brussels, 2014, p. 77.
[8] Ibid., p. 21.
[9] European Commission, *EU Budget for the Future: The European Defence Fund*, factsheet, 2018, available at: https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-eu-defence-fund_en_0.pdf
[10] Uttley, M. R. H. and Wilkinson, B., 2016 (a).
[11] European Defence Agency, *A Strategy for the European Defence Technological and Industrial Base*, 2007. Quoted in Hartley, K., 'Creating a European Defence Industrial Base', *Security Challenges*, Vol. 7, No. 3, 2011, pp. 95–111.
[12] 'Watchdog warns of defence delays', *BBC News*, 10 January 2013, available at: https://www.bbc.co.uk/news/uk-20960050

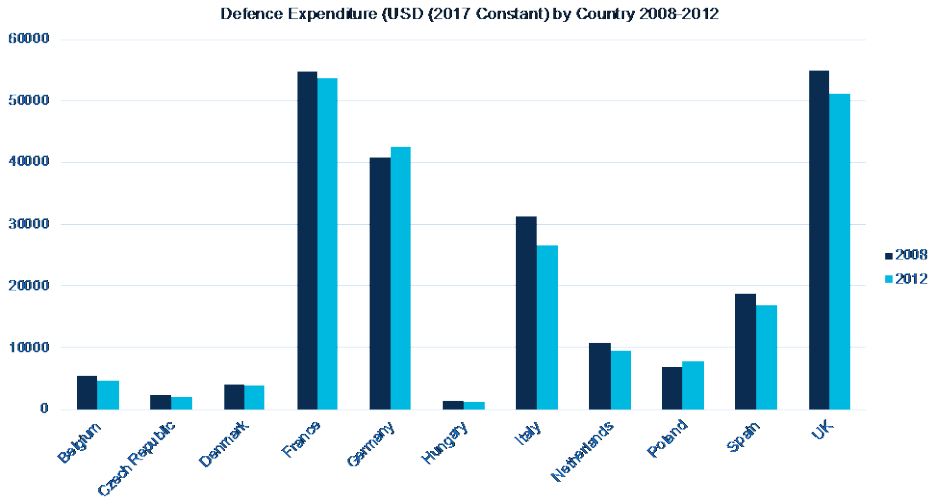

Figure 1: Military expenditure by country 2008–2012 (USD 2017 Constant)[13]

It was not until 2013 that the EDTIB received renewed and much-needed attention. The key moment was a report by EU High Representative/Vice-President Catherine Ashton, which identified the EDTIB as the essential foundation for a successful Common Security and Defence Policy (CSDP). In her report, she noted that 'the European defence market remains fragmented in terms of demand and supply' and questioned whether this was 'sustainable' in view of economic and security realities[14]. The Council of the EU agreed in December 2013, stating that 'interdependence is becoming increasingly paramount' and underscoring the need to address 'challenges together, making the best use of scarce national and Union resources through increased and more systematic cooperation and coordination among Member States'[15].

High Representative Ashton's report injected new commitment and energy into initiatives, which translated into significant efforts to strengthen the EDTIB. It led, for instance, to the publication in 2014 of a roadmap for the European defence industry: *A New Deal for European Defence*. This, for the first time, articulated a series of actions (rather than principles) for a more competitive and efficient defence and security sector. These included:

1. an internal market for defence where European companies can operate freely and without discrimination in all Member States;
2. an EU-wide 'security of supply' regime where armed forces are sufficiently supplied in all circumstances, no matter in which Member State their suppliers are established;
3. a preparatory action on CSDP-related research to explore the potential of a European research programme which, in the future, may cover both security and defence (this is in addition to exploiting all possible synergies between existing civil and defence research);
4. an industrial policy that fosters the competitiveness of European defence industries and helps to deliver all the capabilities Europe needs to guarantee its security at affordable prices[16].

[13] Data taken from Stockholm Institute of Peace Research Institute, *SIPRI Military Expenditure Database 1948–2017,* available at: https://www.sipri.org/databases/milex
[14] Ibid.
[15] Council of the European Union, *Council Conclusions on Common Security and Defence Policy*, Brussels, 2013, available at: https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/139719.pdf
[16] European Commission, *A New Deal for European Defence: Implementation Roadmap for Communication COM (2013) 542; Towards a more competitive and efficient defence and security sector*, COM (2014) 387 final, Brussels, 2014, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0387&from=EN

EU High Representative/Vice-President (HR/VP) Federica Mogherini's appointment not only built on these initiatives, but added further momentum. A 2015 progress report on initiatives outlined in the New Deal for European Defence document also indicated levels of political commitment despite the fact that the preparatory action concept had run into numerous regulatory difficulties in terms of its 'scope, contents, budget and implementation'[17]. Despite the challenges, the update promised further meetings of the 'Group of Personalities' convened by European Commissioner for Internal Market and Services Elżbieta Bieńkowska, and a more detailed proposal for the approval of the European Parliament and Council in 2016.

1.3 Despite renewed commitment, there were still significant barriers to a stronger EDTIB

By November 2016, the expended political capital had begun to yield results and what were once policy proposals were now moving into the delivery phase. Papers such as the Implementation Plan on Security and Defence (IPSD) and the Defence Action Plan (EDAP) were released in late 2016 (both of which are covered in detail in another CSDP briefing, entitled *CSDP defence capabilities development*, which outlines key policies for the EDTIB). Specifically, the IPSD paved the way for the development of the Coordinated Annual Review on Defence (CARD) – an annual exercise to review capability and equipment development plans across Member States (this is discussed in more detail in *EU's Institutional Framework regarding Defence Matters*)[18].

Despite the hugely impressive levels of commitment and the development of policy, practical progress in strengthening the EDTIB was still slow. This was not so much due to problems with funding oversight, the basic premise or the levels of funding (though these factors certainly did not help). Rather, it was because many of the Member States with significant defence industries continued to resort to Article 346 and pursued national procurement where possible. The perception among these Member States was that sovereignty had to be maintained over the largest or more complex programmes. Indeed, Uttley estimated that, putting expenditure on international collaborative weapons systems to one side, 80 % of defence expenditure in the EU happened at national rather than European level. With Member States continuing to prefer 'the national' over 'the European' when it came to defence expenditure, the progress towards a truly integrated EDTIB was painfully slow[19].

Other actors were also moving more swiftly, causing the EDAP to repeat familiar warnings and concerns about EU defence and security thinking over the previous decade and beyond (namely that defence budgets in Europe were in decline, where other global actors were increasing theirs at pace).

These concerns were not without foundation. As Figure 2 shows, China's military expenditure nearly doubled between 2008 and 2016. By contrast, in a paper published in 2016, the EDAP noted that 'over the last decades [from 2016] EU Member States have decreased defence spending by nearly 12 % in real terms […] This decrease in national spending in defence has not been compensated by more European

[17] European Commission, *Report on the Implementation of the European Commission's Communication on Defence*, 2015, available at:
http://eeas.europa.eu/archives/docs/csdp/documents/pdf/report-implementation-communication-defence.pdf
[18] Council of the European Union, *Implementation Plan on Security and Defence*, 3498th Council Meeting, 14 November, Brussels, 2016, available at: https://eeas.europa.eu/sites/eeas/files/eugs_implementation_plan_st14392.en16_0.pdf.
See also Council of the European Union, *Council Conclusions on Implementing the Global Strategy in the Area of Security and Defence*, 3498th Council Meeting, 14 November, Brussels, 2016, available at:
www.consilium.europa.eu/media/22459/eugs-conclusions-st14149en16.pdf.
[19] Uttley M., 'Defence Procurement', in *Routledge Handbook of Defence Studies* (Routledge, 2018), 72–86.

cooperation. Europe suffers from inefficiency in spending due to duplications, a lack of interoperability, technological gaps and insufficient economies of scale for industry and production'[20].

The paper went on to estimate the annual costs of the lack of cooperation as 'between EUR 25 billion and EUR 100 billion'[21]. The EDAP concluded with a stark assessment: 'Without a sustained investment in defence, the European industry risks lacking the technological ability to build the next generation of critical defence capabilities. Ultimately, this will affect the strategic autonomy of the Union and its ability to act as a security provider'[22].

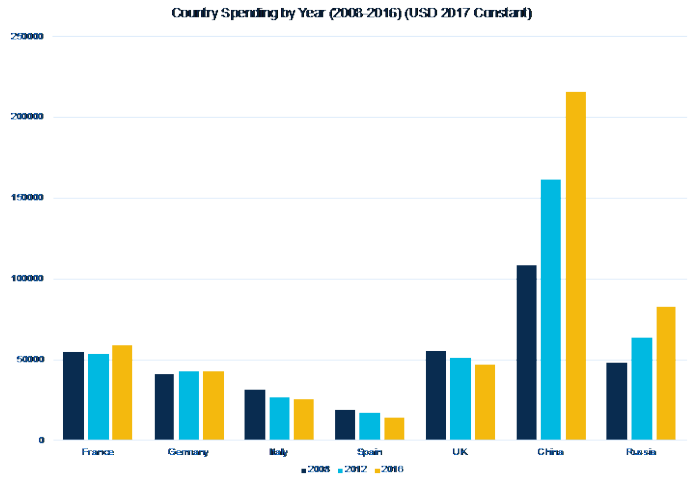

Figure 2: Military expenditure by country 2008–2016 (USD 2017 constant)[23]

2 The state of play at the end of HR/VP Mogherini's mandate

Since 2016, deeper political commitment and energy has led to the development of important initiatives and policies, especially the commencement of new funding streams. This section will look at four of these key funding streams: the pilot project, which subsequently became the Preparatory Action on Defence Research (PADR); the European Defence Industrial Development Programme (EDIDP); and the European Defence Fund (EDF), which will encompass PADR and EDIDP in 2021.

These funding streams are summarised in Table 2 on page 11 for ease of reference. As shown in the third section of this paper, despite renewed efforts and initiatives to create a integrated EDTIB, structural challenges and barriers remain. These barriers have slowed down progress to strengthen the EDTIB and build a more integrated defence industry across Europe. They will need to be addressed if progress is to be made.

2.1 Pilot project and Preparatory Action on Defence Research (PADR)

Efforts to build EU defence integration and a stronger EDTIB by allocating new funding streams began in 2015, with the allocation of EUR 1.4 million from both the 2015 and 2016 EU budgets to the EDA through a delegation agreement from the European Commission (the pilot project). Although the scheme was

[20] European Commission, *European Defence Action Plan: Towards a European Defence Fund*, Brussels, 2016.
[21] Ibid.
[22] Ibid.
[23] Data taken from Stockholm Institute of Peace Research Institute, *SIPRI Military Expenditure Database 1948–2017,* available at: https://www.sipri.org/databases/milex

financially small, it was symbolically important and heralded a clear intent to foster closer integration in defence, as well as a commitment to build the EDTIB.

The EDA, now with sole responsibility for managing the funding, released a Call for Proposals in March 2016. Work on the chosen projects began in November that year with a focus on sensor platforms, unmanned aerial vehicles and inside-building awareness.

The pilot project was largely seen as a success. As Dirk Tielbuerger, the Head of EU Defence Funding, reported to the European Parliament Subcommittee on Security and Defence, it provided an opportunity to test the 'first template for [funding] activities, be it in terms of modalities or in terms of topic finding, project selection or monitoring of the work of the winning consortia'[24].

The pilot project was quickly replaced with a more substantial funding stream, the PADR, which has received EUR 90 million in funding to date (EUR 25 million in 2017, EUR 40 million in 2018 and EUR 25 million in 2019). The tactical aim of PADR was to test funding and oversight mechanisms, and establish which challenge areas the funding should be directed towards to ensure positive capability outcomes[25]. At a more strategic level, PADR was about demonstrating the potential added-value of defence research to Member States in terms of new strategic capabilities, while also showing industry that the funding process was streamlined.

This shaped a funding model where projects could only receive financing if participating Member States agreed to buy the final product. Equally, the emphasis was (and is) on projects that could not be conducted by a single Member State alone. Funding requirements insist on at least three partners from different Member States and a focus on the priorities identified in the Capability Development Plan, which is integrated with the CARD exercise).

Five projects have been funded so far[26]. PYTHIA, which aims to identify key trends in the rapidly evolving world of defence technology, received EUR 1 million in funding for partners from Bulgaria, France, Italy, Poland, Romania and the UK. The largest award went to Ocean 2020, a project focused on enhancing situational awareness in maritime environments by using manned and unmanned systems. The project received EUR 35 million for a consortium led by Leonardo. Three further projects received in the region of EUR 2 million each: GOSSRA, which focuses on ensuring that elements worn by soldiers (e.g. sensors or digital goggles) are interoperable; ACAMSII, which is looking to develop adaptive camouflage; and Vestlife, which is a project to create protective clothing for soldiers. Projects receiving funding in the 2019 round have not yet been announced, but with EUR 25 million of funding available, the programme is focused on the development of electromagnetic spectrum dominance and future disruptive defence technologies.

2.2 European Defence Industrial Development Programme (EDIDP)

If the PADR is focused on basic research, then the EDIDP is far more applied and focused on capability development. It is, in effect, an industrial programme that is specifically aimed at supporting the EDTIB by bolstering competitiveness and innovation capacity across the defence technological and industrial base. It is also symbolically important because it represents a comparatively substantial investment of EUR 500 million over two years.

Unlike the previous funding streams, the Commission is responsible for the EDIDP and has oversight of the distinct funding and governance structures around the funding stream. Firstly, the EDIDP is a co-funding

[24] Tielbuerger, D., *State of play of the Pilot Project and the Preparatory Action on Defence Research,* European Parliament Subcommittee on Security and Defence, available at: www.eda.europa.eu/docs/default-source/speeches/2019-02-19_sede-committee_dirk-tielbuerger.pdf

[25] For an extended analysis of the PADR, see the collection of chapters in Karampekios, N., Oikonomou, I. and Carayannis, E. G., eds., *The Emergence of EU Defense Research Policy: From Innovation to Militarization*, 1st ed. 2018 edition, Springer, 2017.

[26] For further details, see: European Union External Action, *Defending Europe: European Defence Fund – Factsheet*, 2018, available at: https://eeas.europa.eu/headquarters/headquarters-homepage/35203/defending-europe-european-defence-fund-factsheet_en

model (up to 20 % of funds are provided by the EDIDP) that requires undertakings from at least three different Member States. These Member States must be able to demonstrate that their respective governments are fully committed to financing further development and to procuring the final product, including joint procurement. These conditions are in place to ensure benefits to the wider EDTIB, namely through the reasonable expectation that this will result in cooperation over the development and procurement of capabilities.

Secondly, there are strict controls on whether organisations are based in the EU and/or controlled by a third country. While there appear to be mechanisms for deviating from this requirement, they are not clearly defined and, at this stage, look sufficiently strict to act as a disincentive[27].

Thirdly, in order to support wider CSDP efforts, a bonus of 10 % can be allocated to projects identified through Permanent Structured Cooperation (PESCO)[28], while further bonuses are also available for small and medium-sized enterprises (SMEs). All technology and assets developed with EDIDP funding remains under the ownership of the relevant Member States.

The EDA has already specified two 'flagship' projects that it will fund. The first is Eurodrone, which will receive EUR 100 million to support the development of the Medium Altitude Long Endurance Remotely Piloted Aircraft System (MALE RPAS), which received seed funding under the pilot project. The second flagship project is ESSOR: European Secure Software defined Radio, which will receive EUR 37 million. In addition, the Commission has outlined four future funding areas[29]:

- **Enabling operations, protection and mobility of military forces** with a focus on unmanned systems (EUR 80 million);
- **Intelligence, secured communication and cyber** (EUR 80 million);
- **Ability to conduct high-end operations** with a focus on the next generation of ground-based precision strike capabilities, of ground combat and air combat capabilities (aircraft and drones), and of future naval platforms (EUR 70 million);
- **Innovative defence technologies supported by artificial intelligence** with a specific stream for SMEs to work on innovative defence solutions (EUR 27 million).

2.3 European Defence Fund (EDF)

In 2018, on the basis of the three previous funding streams – in effect, pilot programmes with increasingly large budgets – the Commission agreed to launch a fully-fledged EDF to run from 2021 to 2027. The main purpose of the EDF is not just to streamline and simplify the current structure by integrating the PADR and the EDIDP into a single fund. With a proposed total budget of EUR 13 billion under the next EU multiannual financial framework for 2021–2027, the EDF is also a signal of serious financial and political commitment to integrated European defence, and to shoring up and developing the EDTIB.

Although the fund replaces the PADR and EDIDP, it retains the basic versus applied distinction between them, with EUR 4.1 billion allocated to research and EUR 8.9 billion to capability development. The proposed level

[27] Fiott, D., 'The EU, NATO and the European defence market: do institutional responses to defence globalisation matter?', *European Security*, Vol. 26, No. 3, 2017, pp. 398–414.
[28] European Council of the EU, *Permanent Structured Cooperation (PESCO) updated list of PESCO projects – Overview – 19 November 2018*, 2018, available at: https://www.consilium.europa.eu/media/37028/table-pesco-projects.pdf
[29] European Commission, *EDIDP and PADR – factsheet*, 2019, available at: https://ec.europa.eu/docsroom/documents/34510

Table 2: Summary of EU Defence-Related Funding Streams since 2015

Fund name	Value (in €)	Summary	Programmes funded
Pilot project 2015–2016	**€1.4m**	The pilot project was introduced in the EU budgets of 2015 and 2016 with the aim to test funding concepts	1. Inside Building Awareness and Navigation for Urban Warfare (SPIDER): €433.225; 2. Standardisation of Remotely Piloted Aircraft System (RPAS) Detect and Avoid (TRAWA): €433.292; 3. Unmanned Heterogeneous Swarm of Sensor Platforms (EuroSWARM): €434.000.
PADR 2017–2019	**€90m** 2017: €25m 2018: €40m 2019: €25m (awards to be announced)	PADR was a genuine test-bed for proving the relevance of European defence research and for laying the foundations for the EDF	1. Strategic Technology Foresight (PYTHIA): €1m; 2. Ocean 2020: €35m to enhance situational awareness in a maritime environment, using manned and unmanned systems; 3. Gossra: €1.5m to improve the compatibility of complex system elements (i.e. sensors or digital goggles); 4. ACAMSII: €2.6m for adaptive camouflage; 5. Vestlife: €2.4 million for ultralight protective clothing for soldiers.
EDIDP 2019–2020	**€500m** 2019 awards to be announced	A 'capability' strand to build on the research and development phase, and create financial incentives for Member States to cooperate on joint development and the acquisition of defence equipment and technology, in order to reduce their costs.	1. Multipurpose unmanned ground systems; 2. Permanent air or space capabilities for ISR and tactical remotely piloted air systems (RPAS); 3. Cyber situational awareness and defence capabilities; 4. Positioning, navigation and timing, and satellite communication; 5. European command and control (C2) system; 6. Upgrade of next-generation ground-based precision strike capabilities; 7. Air combat capabilities (call EDIDP-ACC-2019); 8. Future naval platforms and related technologies; 9. Innovative and future-oriented defence solutions.
EDF 2021–2027	**€13bn** Research: €4.1bn Capability development: €8.9bn	Streamlining of the PADR and EDIDP. The EDF will provide support all along the industrial development lifecycle, from research to prototype development up to certification. Projects developed through the PESCO framework may receive additional co-financing of 10 %, ('the PESCO bonus').	Projects will be defined in line with defence priorities agreed by Member States within the context of the ECDP.

of funding can be up to 100 % for the research phase, and from 20–80 % co-financing (with Member States' budgets) for the development phase. For the final acquisition phase, 100 % of costs will be covered by Member States.

Many of the features of both previous schemes also continue. The eligibility criteria look set to stay broadly similar, with organisations being required to be based in the EU without significant control from any other country. Article 5 of the agreement allows for some third party involvement, but only to those non-EU Members of the European Economic Area (EEA). Although other parties can work on projects, it looks likely that they will be unable to receive EU funding to do so (e.g. they will need match-funding from another source) and, more problematically, they will have no ownership or control of intellectual property created through the projects.

3 Current gaps and future challenges

Since the publication of the EUGS, mentioned at the beginning of this policy brief, a great deal of activity in respect of the EDTIB has taken place – partly in response to that existential fear, and partly in response to economic and capability concerns. The rate, extent and commitment encapsulated in the activities and investments should not be underestimated. There has been a change in the EU's approach to its own defence industrial base and to the efforts to strengthen, build and grow that base for wider economic and security gains.

The progress has been such that HR/VP Mogherini's declaration in a 2017 speech that 'we have moved more in 10 months than in the last 10 years' does not look like overstatement or exaggeration[30]. However, challenges and issues remain for the EDTIB going forward although, in identifying these, it is important not to take away from the significant and tangible progress that has been made. These barriers to progress are very real and unless that is acknowledged, progress will be slow, if not impossible. Some will require specific actions to be overcome, but many demand diplomacy and persuasion. At a time when the EU is evolving, and when wider public attitudes towards the EU are also shifting, the diplomatic task may be the more urgent – and challenging.

3.1 Challenge 1: The financial commitment is significant but not transformative

The proposed allocation of EUR 13 billion is a clear symbol of the EU's commitment to strengthening the EDTIB. When taken along with the co-funding from the Member States, it looks to be a significant sum (depending on the levels of co-financing actually provided by Member States).

However, the question is whether this investment is actually enough to be transformative for the EDTIB. In the context of defence research and capability development, EUR 13 billion (even with co-funding from Member States) is not a significant investment, particularly when taken in comparison to national investment in domestic defence industrial bases. For instance, it is far smaller than the investment of those Member States with the largest defence budgets, and even smaller so when compared to defence investment taken collectively across the EDA 27.

The question will be whether this level of investment is sufficient to incentivise the defence industry – both the primes and the SMEs – and governments to favour more collaborative approaches to defence research and development. Only time – and robust evaluation – will tell whether the EDF and its precursors have had any impact on incentivising more integrated, joined-up defence research and capability development.

[30] HR/VP Mogherini, F., *The EU Global Strategy: Translating vision into action*, speech, European External Action Service, 2017, available at: https://eeas.europa.eu/headquarters/headquarters-homepage/28575/eu-global-strategy-translating-vision-action_en

As yet, it is not possible to evaluate whether the PADR or the EDIDP have had any effect on closing this gap, since figures for 2018 and 2019 are not available. Evaluation of this in the short-term will be essential, as without in-depth economic analysis, it will not be possible to assess the impact of both funds. Nor will there be a baseline to which the EDF's performance can be compared.

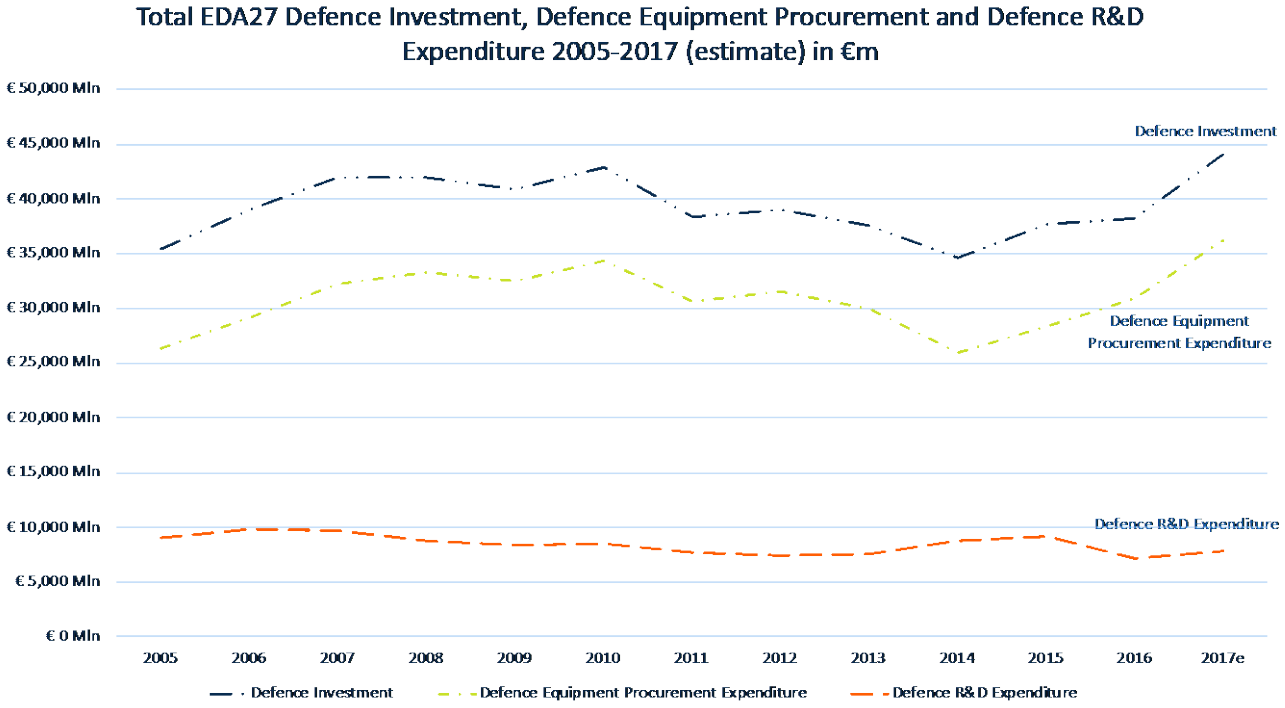

Figure 4: Total EDA27 defence investment, defence equipment procurement and defence R&D expenditure 2005–2017 (estimate) in €m[31]

3.2 Challenge 2: The EDF has detractors on moral and political grounds

The EDF has attracted attention, but support for it has not been unanimous. Some question, on moral grounds, whether the EU should fund defence in general. Andrew Smith, a spokesperson for Campaign Against the Arms Trade, wrote in *The Guardian* that 'the organisation known for pacifism has fallen prey to arms traders it hired to advise on military strategy'[32]. An open letter from more than 1,000 academics and scientists to Members of the European Parliament (MEPs) implored them not to sign off on the funding[33].

There are also questions about future political commitment. In 2018, Daniel Fiott, an editor at the EU Institute for Security Studies, raised concerns:

> *EU investments into EU security and defence are not free from politics and the current wave of populist and extreme political movements in Europe are – in one way or another – relevant to debates about such investments. For example, the forthcoming European Parliament elections in May 2019 could reinstate parliamentarians that are opposed to EU defence investments on the grounds of Euroscepticism and/or pacifism… Although a number of populist parties and governments have called*

[31] European Defence Agency, *Defence Data 2005–2017*, available at: https://data.europa.eu/euodp/en/data/dataset/defence-data-2016-2017
[32] Smith, A., 'Why Does the EU Need a €13bn Defence Fund? It Should Be Waging Peace', *The Guardian*, 19 April 2019, available at: https://www.theguardian.com/commentisfree/2019/apr/19/eu-13bn-defence-fund-arms-companies
[33] '1000 Researchers and Scientists Oppose the European Defence Fund,' Scientists for Global Responsibility, 2019.

for enhanced EU security and defence efforts, there is no guarantee that the next legislature will not try to block or reframe initiatives such as the EDF[34].

While the final agreement from the Council and the Parliament is likely to be approved, and according to Eurostat there is strong public support for more EU defence funding, future funding is not guaranteed[35]. As things stand, there is a risk that if opposition to the EDF and wider defence integration gains momentum and popular support, it may well pull the hard won political commitment from all the efforts that have gone in so far.

3.3 Challenge 3: A protectionist EU?

A further issue is the spectre of EU protectionism. The EDF paves the way for what might be called a protectionist EU in terms of defence affairs (or put more positively, an autonomously-capable EU). Although it allows third country entities to participate in cooperative projects, this participation can only be effected through EU-based subsidiaries and is subject to numerous constraints. Additionally, the third party rule in its current form only allows non-EU Members of the EEA to receive funding.

In other words, the US – and potentially the UK depending on the Brexit journey – would be unable to participate directly in EDF-funded defence projects, preventing access to two very significant domestic defence industries. As Sophia Besch pointed out, the EDF aims to strengthen Europe's 'technological and industrial defence base as well as fill capability gaps, which may reduce the number of weapons Europe buys from the United States […] to be transparent – a stronger Europe in the field of defence will be a worse client for the U.S. defence industry'[36].

For that reason, the US has been lobbying heavily over participation criteria in EU defence projects, although these efforts have been largely unsuccessful so far. The Commission has argued that it is merely setting conditions for accessing funding that are similar to the ones that EU companies face in third country markets. HR/VP Mogherini even said that the rules are actually less restrictive than for EU companies in the US[37]. However, there remains sufficient concern in the US for officials to send a letter to Mogherini warning that the initiatives would 'represent a dramatic reversal of the last three decades of increased integration of the transatlantic defence sector'[38].

A report by the American Chamber of Commerce to the European Union warned that a 'Buy European Act' in the defence sector is likely to be met by the US closing off portions of its own defence markets to European companies[39]. As a number of Member States have close security and defence industrial ties with the US (e.g. Sweden, Finland, Poland and the Netherlands), it is possible that they will be under pressure to have the third party rules amended. Equally, political tensions over NATO are likely to make some Member States (e.g. France) unwilling to submit.

3.4 Challenge 4: The power of sovereignty

At the heart of the EDF is the attempt to avoid duplication and capability gaps caused by the preference that most Member States have for developing and procuring defence equipment at a national level. The

[34] Fiott, D., 'The Multiannual Financial Framework and European Defence', *Intereconomics*, Vol. 53, No. 6, 2018 (a), pp. 311–315.
[35] Besch, S., *Developing a Home-Grown European Defence Equipment Market*, Centre for European Reform, 2019. See also Fiott, D., 2018 (a); and Fiott, D., 'European Defence Markets and Industries: New Initiatives, New Challenges', *Nação e Defesa*, 2018 (b).
[36] 'The Importance of Being Protectionist', 2019.
[37] HR/VP Mogherini, F., *Remarks by HR/VP Federica Mogherini at the Press Conference Following the Foreign Affairs Council (Defence)*, speech, European External Action Service, 2019 available at: https://eeas.europa.eu/headquarters/headquarters-homepage/62387/remarks-high-representativevice-president-federica-mogherini-press-conference-following_en
[38] 'US warns against European joint military project', *The Financial Times*.
[39] See American Chamber of Commerce to the EU, The European Defence Action Plan: Challenges and perspectives for a genuine transatlantic defence and industrial relationship, Brussels, 2018, available at: www.amchameu.eu/system/files/position_papers/final_website_edap_with_recommendations.pdf

logic of that choice is clear: sovereignty gives a state control and, through that, technological advantage over its rivals, as well as surety and security of supply. But in practice, it is also far more expensive and, in a world of static or declining defence budgets, this is no longer tenable.

But the challenge for the EDF – and for wider defence integration – will be persuading the Member States of the relative advantages of cooperation. There are concerns over a number of issues:

- whether joint defence development and procurement will be cheaper in practice;
- that the major prime contractors in Western Europe will win all the high-tech work, leaving the other defence industries at risk.
- how to select the capability areas that will receive funding: will the CARD process work and will Member States trust it enough to make it a valuable process?
- future exports and to whom jointly developed items could, or could not, be exported (the different opinions among Member States on Saudi Arabia is an example of this).

Ultimately, the question will be whether Member States really see enough incentive to stop using Article 346, or at least to radically limit instances in which they resort to it. In order to achieve this, the real focus will need to be on persuasion and building trust – and this might be the most challenging aspect of all.

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IN-DEPTH ANALYSIS

Requested by the Sub-Committee on Security and Defence

European Parliament

EU's Institutional Framework regarding Defence Matters

Policy Department for External Relations
Directorate General for External Policies of the Union
PE 603.484 - January 2020

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DIRECTORATE-GENERAL FOR EXTERNAL POLICIES
POLICY DEPARTMENT

IN-DEPTH ANALYSIS

EU's Institutional Framework regarding Defence Matters

ABSTRACT

This policy brief provides a short overview of recent initiatives and developments in the EU's institutional defence architecture, with a particular focus on changes proposed and implemented since 2016. Specifically, it looks at the new Permanent Structured Cooperation (PESCO) framework, the Coordinated Annual Review on Defence (CARD), the European Defence Fund (EDF), the Military Planning and Conduct Capacity (MPCC), as well as proposals to establish a European Peace Facility (EPF) and to take more Common Foreign and Security Policy (CFSP) decisions through qualified majority voting. It examines the institutional state of play at the end of Federica Mogherini's mandate as EU High Representative and the implications of EU defence institutional innovation for existing governance structures, internal coherence and effective oversight. Finally, it identifies some of the challenges posed by the recent reforms and initiatives relating to the EU's existing defence infrastructure, and briefly introduces proposals to address these challenges.

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Table of contents

1 The EU's institutional framework for defence

The new initiatives and developments in the EU's institutional defence architecture in recent years have the potential to make the Union a more capable defence actor. At the same time, they challenge existing governance structures, internal coherence and effective oversight.

In 1966, Stanley Hoffmann argued that the integration of policy fields at a supranational level might work well in the realm of 'low politics' (e.g. economic integration), but would run into impermeable barriers if it tried to affect key national interests. Supranational institutions would face limitations because EU Member States still considered some 'high politics' areas to be their prerogative. Therefore, national capitals would prevent such institutions from expanding their remit to cover such issues (Hoffmann, S.,1966).

Defence was long considered the most cherished policy field, and 'the last bastion' of national sovereignty. Similarly, national defence industries were seen, 'principally, as part of a country's arsenal: a repository of goods, services, know-how and manpower from which a national military can draw in times of conflict' (Heidenkamp, H,. Louth, J., and Taylor, T., 2013, p. 3). The view that national capitals ought to keep control of defence issues persisted despite practical pressures to integrate, such as coming together in order to enjoy economies of scale (Hoffmann, S., 1966).

However, between 2016 and 2019, three factors have challenged this approach and led to calls for the EU to play a greater role:

1. Europe's neighbourhood has come under threat.
2. The US commitment to guaranteeing Europe's security has been called into question.
3. The UK has voted to leave the EU.

As a result, the EU has agreed a range of new defence initiatives. Today, many of the building blocks of the EU's defence architecture have been created; the challenge lies in stable construction.

The first section of this paper briefly describes the most important institutional Common Security and Defence Policy (CSDP) actors, outlines some of the most important changes to the defence institutional framework brought about by the Treaty of Lisbon (2007), and analyses the institutional processes and developments since then. In the second section, the paper examines the state of play of the EU's defence architecture at the end of Federica Mogherini's mandate as EU High Representative and the implications of EU defence institutional innovation. The third section discusses the challenges to the institutional framework for defence, as well as possible remedies.

1.1 The role of the Treaty of Lisbon in facilitating institutional developments in EU defence matters

The Treaty of Lisbon catalysed a number of institutional developments in EU defence matters. Its institutional changes improved the political coherence of the EU's Common Foreign and Security (CFSP) and CSDP (Bopp, W., 2008).

At the highest level of the EU's institutional framework for defence lie the European Council meetings. Heads of state and government meet at least four times a year and retain ultimate decision-making[1] and political responsibility for all matters connected with foreign and security policy. The Foreign Affairs

[1] The unanimity rule for foreign security and defence policy, set out in the Maastricht Treaty, was strictly retained in the Lisbon Treaty, though with the possibility of abstention and constructive abstention, and with some notable exceptions relating to the European Defence Agency and permanent structured cooperation, to which majority voting applies (Howorth, J., 2014).

Council is responsible for the EU's external action[2]. The Lisbon Treaty created the dual post of the High Representative for Common Foreign and Security Policy and Vice-President of the European Commission (HR/VP), who chairs the Foreign Affairs Council in its 'defence ministers configuration', and also directs the European Defence Agency (EDA). The EDA was officially included in the articles of CSDP in the Lisbon Treaty, to support the development of defence capabilities and military cooperation among its Member States (all Member States except Denmark). The Treaty further gave birth to the EU External Action Service (EEAS), to serve as the diplomatic service of the EU, under the authority of the HR/VP. Within the EEAS, two dedicated administrative structures were set up: the Civilian Planning and Conduct Capability (CPCC), and the EU Military Staff. In addition, the Crisis Management and Planning Directorate (CMPD) was put in charge of overall strategic issues in relation to civilian and military CSDP missions.

The Treaty formally recognised the European Parliament's right to be consulted and informed on defence matters. Parliament can scrutinise the CSDP, as well as address the HR/VP and the Council. It has oversight authority with regard to the CFSP aspects of the EU budget. It holds biannual debates on progress in implementing the CFSP and CSDP, and adopts reports on foreign and defence policy, drafted by the Committee on Foreign Affairs (AFET) and the Subcommittee on Security and Defence (SEDE) (Turunen, T., 2019)[3]. The European Parliament and the Member States' national parliaments also hold two interparliamentary conferences per year to debate matters relating to the CFSP.

Finally, the Treaty also laid the groundwork for a new form of flexible cooperation for CSDP called Permanent Structured Cooperation (PESCO).

As Howorth notes: 'Everybody knew that Lisbon would be the start, rather than the culmination, of a process' (Howorth, J., 2014, p. 52). The CSDP did not evolve substantially in the first few years following the entry into force of the Lisbon Treaty in 2009 (Turunen, T., 2019). But the European Council held the first thematic debate on defence in December 2013 and tasked the HR/VP and the Commission with assessing the impact of changes in the EU's global environment (General Secretariat of the European Council, 2013). Based on this assessment, in June 2015, HR/VP Federica Mogherini was tasked with drafting an EU Global Strategy on Foreign and Security Policy (EUGS) for 2016, which she presented to the European Council in June 2016 (EEAS, 2016). It refers to an integrated approach to conflicts, with the objective to build coherence and synergies between the EU's institutions and instruments.

Member States welcomed the strategy and agreed to move to its implementation phase. The EUGS itself did not outline new tools to make full use of the Lisbon Treaty's potential, but it did open the door to the development of such tools (Legrand, J., 2016). Since 2016, there has been a 'relaunch' of the CSDP project, with a range of new institutional developments (Howorth, J., 2019).

In November 2016, the HR/VP presented the Implementation Plan on Security and Defence (IPSD) to the Council. The plan sets out three strategic priorities: responding to external conflicts and crises when they arise, building the capacities of partners, and protecting the EU and its citizens through external actions. It outlines ambitions to deepen defence cooperation, establish PESCO, strengthen rapid response and the planning and conduct of missions, and enhance CSDP partnerships (Council of the EU, 2016). That same month, the Commission launched its European Defence Action Plan (EDAP), proposing the establishment of a European Defence Fund that would support investment in the joint research and development of

[2] The Political and Security Committee (PSC) acts as the principal ambassadorial adviser to the Foreign Affairs Council and prepares the EU's crisis response. The PSC itself takes advice from the EU Military Committee (EUMC) and the Committee for Civilian Aspects of Crisis Management (CIVCOM) on military and civilian questions respectively, as well as from the political and military group, which deals with cross-cutting issues. The Committee of Permanent Representatives (COREPER) evaluates the institutional, financial, and legal implications of CFSP agreements reached in the PSC.

[3] The Parliament's right of scrutiny was further strengthened in a Declaration of Political Accountability adopted by the HR/VP in 2010.

defence equipment and technologies; boost investment in small and medium enterprises, start-ups, mid-caps and other suppliers to the defence industry; and strengthen the single market for defence (European Commission, 2016).

Historically, what stands in the way of the EU pursuing its strategic objectives through an effective (foreign and) defence policy are a lack of political will, a lack of defence capabilities, a lack of a common strategic culture[4], and a paralysing need for consensus. While institutional innovation cannot compensate for a lack of political will, the EU's defence institutional structure must aim to help Member States work more effectively together. PESCO, the EDF and the Coordinated Annual review on Defence (CARD)[5] are targeted at helping Member States to develop the capabilities they need and improve the operational readiness of their forces. The Military Planning and Conduct Capability (MPCC) targets the ability of Member States to deploy together in civilian and military missions. In addition, two new proposals – the European Peace Facility (EPF), and the suggestion to use more qualified majority voting in foreign policy decision-making – aimed at improving defence policy decision-making and financing have also emerged over the course of the Mogherini mandate.

1.2 New initiatives and proposals since 2016

Over the course of the last three years, the Commission, the HR/VP, the EDA and the Council have all made contributions to the new European defence architecture**.**

In May 2017, the Council endorsed the CARD. The CARD was conceived as a tool to help Member States to harmonise their national defence plans and make sure that they are consistent with EU objectives, as well as to formalise defence cooperation (European Defence Agency, 2019 (a)). EDA acts as the CARD secretariat and is responsible for gathering all relevant information. CARD is implemented on a voluntary basis. Member States decide independently what data they want to report, and how to implement CARD recommendations. The mechanism therefore relies primarily on trust and peer pressure (Blockmans, S., 2018). In the spring of 2017, a two-year trial run began and the first full cycle of the CARD will take place in 2020 (European Defence Agency, 2019 (a)).

In December 2017, the Council of the European Union adopted a decision establishing PESCO (Council of the EU, 2017). Twenty-five EU Member States have entered the format since then. The first phase of PESCO runs from 2018 to 2020. The High Representative, the European External Action Service (including the EU Military Staff). The Council and the EDA jointly serve in a secretariat function for PESCO, while Member States remain the key actors. There are *de facto* no legal penalties if participating countries do not meet their commitments: the framework relies on peer pressure and the (unlikely) threat of suspension (Blockmans, S., 2018).

The European Commission followed up on its defence action plan with a proposal for a dedicated budget for defence under the next Multiannual Financial Framework (European Commission, 2019). Although the EDF is a largely supranational instrument (Fiott, D., 2019), it is intimately linked with PESCO and the CARD. In the words of the EDA, 'CARD gives us an overview of where we stand and identifies next steps, PESCO in turn gives us options on how to do it [defence planning] in a collaborative manner, while the EDF could provide the funds to support the implementation of cooperative defence projects in general, but with a bonus, if in PESCO' (European Defence Agency, 2019 (a)).

In December 2016, EU leaders also agreed that a new permanent operational planning and conduct capability, the MPCC, would be established within the existing EU Military Staff at the EEAS (Council of the

[4] See for a more detailed discussion of the strategic culture challenge the Policy Brief on CSDP Missions and Operations in this series.
[5] This brief discussed these proposals only briefly, for more information on capability development see Policy Brief in this series on military capability development.

EU, 2016). The MPCC was established in June 2017. It reports to the PSC and informs the EUMC. By establishing this body, the EU aims to achieve better coordination between EU missions and operations taking place in the same regions, and provide mission commanders in the field with better support from Brussels (Reykers, Y., 2019).

Two new proposals with the potential to change the EU's defence institutional architecture have emerged over the course of the Mogherini mandate. First, in 2018, the Commission put forward a proposal inviting the European Council to use the 'passerelle clause' to take more decisions by qualified majority voting (QMV) and extend the QMV procedure to other CFSP matters that do not have military or defence implications. The Commission proposed three initial areas where QMV could be applied: human rights promotion, EU sanctions and launching civilian missions (Schuette, L., 2019). Accordingly, in the mission statement to Josep Borrell (the candidate for High Representative), incoming Commission President Ursula von der Leyen required him to seek to allow certain decisions on the CFSP to be adopted by QMV.

Second, the EPF was proposed by HR/VP Mogherini with the support of the Commission (also in 2018). The idea is to establish a new off-budget fund worth EUR 10.5 billion over a seven-year period to coincide with the timeframe of the next Multiannual Financial Framework (Council of the EU, 2018). On a day-to-day basis, an EPF Committee, composed of Member State representatives and chaired by a representative of the High Representative, would manage the EPF, in particular budgets and accounts. Actions to be funded by the facility would be decided by the Council or, within the framework of Action Programmes approved by the Council, by the High Representative with the endorsement by the Political and Security Committee (PSC) (Ibid.). Building on and, to an extent, replacing the African Peace Facility[6] and the Athena mechanism[7], the proposed EPF could fund a larger proportion of the common costs of EU military operations. It could also help finance military peace support operations led by other international actors, and engage in broader actions to support partner countries' armed forces with infrastructure, equipment or military assistance, as well as in other operational actions with military or defence implications under the CFSP (EEAS, 2018). The EPF would therefore circumvent the restrictions on the provision of military aid that are set down in existing EU treaties.

2 The state of play at the end of the Mogherini mandate

As the Mogherini era draws to a close, three years after the publication of the Global Strategy, it is evident that the EU architecture for defence has evolved and improved. The flurry of activity since 2016 in particular has provided the EU with institutions that have the potential to make it more capable of taking effective security action. However, many of these initiatives are nascent or not yet launched. EU defence is entering a crucial implementation phase. To ensure the success and credibility of the EU's defence policy, internal coherence, ambition and effective governance of the new programmes will be critical.

2.1 The EDF, PESCO and the CARD

Since their launch, the EDF, PESCO and the CARD have developed quickly. The EDF in particular is set to strengthen the European Commission's role in defence industrial policy; most importantly through the creation of a new Directorate-General for the Defence Industry and Space. Combining responsibility in this way could lead to more efficient management of the EU's new financial envelopes. It should also provide the Member States and intergovernmental EU players with a single interlocutor (Koenig, N., 2019).

An initial list of 17 projects to be developed under PESCO was adopted by the Council on 6 March 2018, a second batch of 17 projects was adopted on 19 November 2018, and a third batch of 13 projects was

[6] The Africa Peace Facility is financed from the extra-budgetary EDF.
[7] The Athena mechanism is an off-budget financing arrangement established by the Council for the financing of the common costs of military CSDP operations.

adopted on 12 November 2019. The Council further adopted a decision establishing a common set of governance rules for PESCO projects in June 2018 (European Defence Agency, 2019 (b)). A review to assess PESCO's progress is planned for 2020, after which the Council could choose to enhance PESCO commitments before the second phase (2020–2025). This could be an opportunity: PESCO members pledged to improve their militaries' ability to deploy together and to reform the way joint military operations are funded, but the operational side of PESCO has not received much attention since the framework's launch.[8]

The CARD trial run report was completed in autumn 2018. It showed that firstly, Member States still largely carry out defence planning and acquisition from a national perspective; and secondly, an accurate and comprehensive EU overview on defence cooperation between Member States is still lacking (European Defence Agency, 2019 (a)). Some EDA members failed to participate in the trial and the data provided by participants was not always easily comparable (Mills, C., 2019).

Therefore, it is potentially problematic that the EDA remains chronically underfunded. In May 2017, defence ministers underscored and strengthened the EDA's role as the main instrument for intergovernmental capability planning and prioritisation in Europe, but only minor adjustments were made to its budget to compensate for its increased responsibility for, and involvement in, PESCO, the CARD and the EDF. The 2018 edition of the European Parliament's annual report on the implementation of the CSDP rightly notes that possible additional budgetary appropriations may be necessary to cover the administrative expenditure of the EEAS and the EDA, in order to allow them to fulfil their functions as the PESCO secretariat, and for the EDA to run the next CARD phase successfully (European Parliament, 2018).

On the one hand, the EU's decision to invest in defence research is a 'game changer', because it represents a revolutionary readjustment of its approach to defence research funding (Fiott, D., 2018). The Commission's involvement in defence research and development impacts not only European security, but European integration as a whole, with implications for 'the very nature and orientation of the European project' (Karampekios, N., Oikonomou, I., and Carayannis, E., 2018, p. 377).

But, as Keith Hartley argues, as long as governments remain the main driver of the economics and politics of European armament collaboration, politics will always interfere with the economic benefits of integration. He writes that: 'European defence solutions require a single European state able to provide a single agreed view of threats to Europe and their solutions. Without a single European state the inefficiencies of national state solutions will continue to be reflected in the costly duplicating of military capabilities and defence solutions' (Hartley, K., 2018, p. 82).

Because the new instruments incorporate elements of supranational and intergovernmental governance structures, their coherence and coordination is at risk. As Fiott notes: 'Designing an overarching governance structure that can allow for maximum effectiveness and symbiosis between PESCO and the EDF is crucial' (Fiott, D., 2019).

2.2 The MPCC and EEAS institutional reform

Responding to the institutional developments of the last three years, the EEAS has reformed its crisis management structures. As Steven Blockmans and Loes Debuysere explain, in 2019 the former EEAS CMPD has been absorbed into the EEAS Directorate Integrated Approach for Security and Peace. The directorate is responsible for crisis response and planning, and operates in parallel with a 'policy pillar', which brings

[8] Instead, the European Intervention Initiative, set up outside of EU structures by France, pursues similar objectives among its 14 members. Through the bottom-up framework involves sharing threat assessments, exchanging expertise and intelligence, training together, and jointly developing capabilities, its ultimately aimed at fostering a shared strategic culture. More work is required to ensure it develops in line with the EU's institutional defence architecture (European Political Strategy Centre, 2019).

together all policies relating to security and defence (e.g. PESCO, the CARD, cyber security) on the one side, and a 'conduct pillar', which combines responsibility for the CPCC and the new MPCC. The authors note that the new directorate has the potential to foster stronger operational coordination within the EEAS and between other services, to clarify and strengthen the chain of command and to better embed the EU's integrated approach in the institutional structure of the EEAS. The crisis meetings hosted by the new directorate are particularly interesting in this context, as they bring together all relevant EEAS divisions and Commission DGs involved in crisis management (Debuysere, L., and Blockmans, S., 2019).

In the field of EU crisis management, from an institutional perspective, the establishment of the new MPCC was significant. As Thierry Tardy argues, with the MPCC, 'a little taboo has been broken' (Tardy, T., 2017, p. 3). Given the sensitivities that any debate on an EU permanent planning and conduct structure have revealed in the past, the establishment of the MPCC carries notable political meaning (Ibid) – with its establishment, member-states agreed to delegate powers in the realm of strategic and operation command and control and the MPCC is seen by some as a step towards a permanent EU military headquarters (Reykers, Y., 2019). Member States carried out a review of the MPCC in November 2018, where they agreed to expand its remit and responsibilities. Having initially limited the MPCC to operational planning and conduct at strategic level for only the EU's non-executive military missions, EU leaders decided that the MPCC should be ready to also manage one executive military CSDP operation limited to EU battle group size by the end of 2020 (Mills, C., 2019). To ensure optimal integration of the MPCC in the existing EEAS structures, and strengthen coordination between civilian and military work strands, it will also be necessary to enhance cooperation between the MPCC and the CPCC, also through the Joint Support Coordination Cell (JSCC).

But, as Rieker and Blockmans note, despite the flow of new initiatives for improving coordination between EU institutions in the field of crisis management, there is still no rapid decision-making capacity (and therefore no well-developed capacity for crisis response). This shortcoming is partly the result of the unanimity requirement for launching a common security and defence initiative (Rieker, P. and Blockmans, S., 2018), partly an expression of the persistent differences in national interests and threat perception among Member States, and partly due to funding restrictions on the EU's defence activities.

2.3 New proposals: QMV and the EPF

The latest changes proposed to the EU's defence architecture attempt to address the challenges of decision-making and sustainable finance. QMV could help overcome divisions between Member States and make the EU's foreign policy more effective. But Leonard Schuette has shown that this effect will only be achieved when:

1. differences between national interests are small;
2. only an individual Member State or a small group of them are seeking to block decisions, perhaps encouraged by third countries.

Schuette warns that the EU should not set a precedent of majority voting in security policy 'unless the very nature of the Union were fundamentally changed' (Schuette, L., 2019). It would indeed not be wise (and illegal under the EU's treaties) to use QMV for matters that cut to the heart of national sovereignty, such as the decision to deploy troops. But the European Commission proposal for QMV remains below that threshold, envisaging its application instead for decisions on sanctions, the launch of civilian missions and positions on human rights (European Commission, 2018). In these matters of foreign policy decision-making, QMV, applied with diplomatic care, could help to make EU decision-making faster and more ambitious, as well as less vulnerable to efforts by third parties to pressure single member-states into blocking an EU-level decision.

The EPF could help to harmonise a fragmented EU financing architecture for peace and security, where several actors share responsibility. However, it might also contribute to the further institutional entrenchment of military activities versus civilian means of security, crisis management, conflict prevention and development (Deneckere, M., 2019). Commentators have also warned that, even with mitigation strategies in place, some EU weapons provided to fragile countries might end up in the wrong hands and be used to commit atrocities, which in turn could lead to attempts to deny the evidence or otherwise evade accountability (Ryam, K., 2019).

The EPF would require functioning links to the EU's supporting crisis management infrastructure, for example on situational awareness and context analysis. Depending on which institutions and bodies would be involved in the management of the facility – the current proposal foresees that implementation will be ensured by the HR/VP, with the support of the EEAS, assisted by the Commission for the purposes of financial administration – an increase in financial and administrative capacity might also be required (Ibid.).

3 Missing elements

Three challenges to a robust EU defence institutional infrastructure currently stand out.

3.1 Link between strategy, industry and ambition

Moving forward, to ensure coherence and coordination between the EU's new initiatives it will be important to create and maintain direct links between the Union's strategic objectives, its level of ambition and any planned industrial projects. First, more work is required to flesh out the military implications of the strategic goals set in the EUGS and the IPSD. In this context, the European Parliament has called for an EU Security and Defence White Book to define an overarching strategic approach to European defence (European Parliament, 2018). Alternatively, Member States might devise a 'strategic compass'. What matters most is that any resulting document reflects a common understanding of the Union's defence objectives and means.

The next challenge will be to prevent compartmentalisation and a growing gap between defence policy and market, strategy and industry (Molina, I., and Simon, L., 2019). The role of the new DG Defence Industry and Space is limited in scale and scope. It has been tasked with focusing on implementation and it is focused on the defence market rather than on defence policy *per se*. As a result, the Commission is compelled to approach defence industrial policy through an economic policy lens, with the objective of strengthening Europe's defence technological and industrial base. At the same time, the EDF is explicitly geopolitical. A constructive working relationship between the commissioner responsible for the technological-industrial aspects of European defence and the HR/VP in charge of the political-strategic aspects will be crucial (Ibid).

The third challenge will be to translate the EU's agreed level of ambition into military requirements and tools, for which the Union will need to fix its defence planning process. The European Court of Auditors recently pointed out that there now exist as many as four different planning instruments – the EU Military Staff's capability development mechanism, the EDA's capability development plan, the CARD and PESCO – which often overlap or contradict each other, and should be coordinated internally, as well as aligned with NATO defence planning timelines (European Court of Auditors, 2019). The objective should be that every new piece of equipment, weapons system or training facility that Member States build together has a clear link to the EU's strategic priorities and capability shortfalls.

3.2 Parliamentary scrutiny

A more 'Europeanised' CSDP requires democratic control over policy direction and resource allocation. Security and defence policies remain challenging areas for parliamentary scrutiny. For the European

Parliament, defence policy has remained the most elusive of all domains (Herranz-Surrallés, A., 2019). This is becoming more problematic. As the 2018 edition of the European Parliament annual report on the implementation of the CSDP notes: 'the parliamentary structures at EU level, which were established at a time when the EU's level of ambition and level of activity regarding security and defence matters were rather limited, are no longer adequate to provide the necessary parliamentary oversight of a rapidly evolving policy area demanding the capacity for swift responses' (European Parliament, 2018).

As Fiott has noted, there is scope for parliaments to play a role in the evaluation of EDF projects. The annual PESCO report that the HR/VP must present to the Council could provide basic elements for a debate between the European Parliament and the HR/VP during their biannual meetings. But scrutiny and oversight over the defence fund and PESCO are limited. The EPF faces a similar issue. It is to be established as an intergovernmental CFSP instrument, which would likely give the European Parliament no formal oversight role (Fiott, D., 2019).

As Fiott outlines, one way to increase parliamentary scrutiny could be through strengthened cooperation between the European Parliament and national parliaments (Ibid). The European Parliament has repeatedly called for its SEDE to be upgraded to a full committee and to provide it with the competences necessary to contribute to comprehensive parliamentary oversight of CSDP, including PESCO, the EDA and any other CSDP actions as envisioned by the Treaties (European Parliament, 2018). The necessary political will to pursue this institutional change has so far been lacking (Herranz-Surrallés, A., 2019). But as the Commission management competencies for defence have increased, the subject of parliamentary scrutiny should be re-examined.[9]

3.3 A European Security Council

Both the French and German governments have made proposals for a European Security Council (ESC), with the goal to increase the effectiveness of European foreign policy. Such a Council could, for example, take decisions on the launching of civilian and military operations, as well as providing permanent political guidance (Coelmont, J., 2019). However, the notion still needs to be further developed. At the time of writing, it remains unclear how a ESC should work in terms of membership and voting rights, whether it would be set up within or outside of EU structures, and which states would be involved beyond Germany, France and the UK.

Luigi Scazzieri sketches out four different institutional formats the ESC might take (Scazzieri, L., 2019). It could be:

1. a wholly new body within the EU's institutional architecture;
2. a dedicated meeting of the European Council, with all Member States plus the UK as a non-voting member, with the aim of fostering a more regular strategic debate between national leaders on European foreign policy;
3. an intergovernmental forum outside EU structures, involving only a select few Member States and the UK;
4. an expanded 'EU three format' (the informal arrangement though which France, Germany, and the UK currently discuss policy towards Iran).

Any concrete proposal for a ESC will have to be measured against its potential to increase the EU's effectiveness as a defence actor, the risk it carries in relation to undermining unity, the legitimacy of its decisions and how well it is integrated with, and able to benefit from, the EU's existing defence structures.

[9] See Policy Brief on CSDP Missions and Operations for a discussion of parliamentary scrutiny of CSDP operations.

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