

European defence – A year on from the global strategy

SUMMARY

On 7 June 2017, the Commission presented its reflection paper on 'European defence by 2025'. The paper, part of the white paper process on the future of Europe, comes almost a year after the unveiling of the European Union's global strategy on foreign and security policy, and follows 12 months of significant progress in decisions on the course of EU security and defence policy (CSDP).

During the last quarter of 2016, High Representative of the EU for Foreign Affairs and Security Policy and Vice President of the Commission, Federica Mogherini, presented a set of three specific action plans to upgrade EU security and defence policy: the implementation plan on security and defence, the European defence action plan, and the implementation plan for the EU-NATO Warsaw Declaration. The three plans, which are sometimes referred to as the 'winter package on defence', detailed a series of actions to be taken in the medium- and long-term to implement the Lisbon Treaty provisions on security and defence. These are expected to lead to stronger coordination within the EU, as well as strengthen the EU defence industry and market.

Debates on the future of European defence were significantly affected by two major events that took place in 2016: the decision of the United Kingdom (one of the strongest players in European defence) to withdraw from the EU; and the election of Donald Trump as President of the United States.

This briefing complements [an earlier version](#) of July 2016.

The centrespread of this briefing presents a timeline of the major developments in EU defence policy in the year since the global strategy's release.



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Glossary

EDAP:	European defence action plan
EDA:	European Defence Agency
CSDP:	Common security and defence policy
NATO:	North Atlantic Treaty Organization
CARD:	Coordinated annual review on defence
PESCO:	Permanent structured cooperation
MPCC:	Military planning and conduct capability

Defence union: part of the EU's future?

European integration in the area of security and defence has a long [history](#), often marked by insurmountable hurdles. While integration in several other policy areas became increasingly closer through successive Treaty reform, security and defence – closely linked to national sovereignty – remained in the intergovernmental arena. Lack of political will and mutual trust among European Union (EU) Member States have often been [cited](#) as key obstacles to the achievement of a more integrated – or even common – EU defence.

Nevertheless, in March 2017, faced with several dilemmas regarding the future of the EU, the European Commission presented a [white paper on the future of Europe](#). Many were surprised to see defence feature as one of the areas that, under all five scenarios proposed, would not be scaled down by the EU, but instead move forward – under some scenarios – towards a European defence union. Three distinct proposals were further developed in the [reflection paper on the future of European defence](#), published by the Commission in June 2017.

The emphasis placed on defence is not coincidental. The white paper's publication follows a series of recent developments in EU security and defence, and comes at a time when the Council, the European External Action Service (EEAS) and the European Parliament (EP) show renewed determination to advance in this area. This resolve, initially framed by the Parliament and [Council](#) in 2013, stemmed from an acknowledgment of the changing geostrategic landscape in which the EU operates; from the observation that the Lisbon Treaty's provisions on security and defence were not being used to their full potential; and from the empirical observation that more integration in the area of security and defence held [added value](#) – including economic – for EU Member States. Political will has also been strengthened by the prospect of United Kingdom withdrawal from the EU, and by the impact of Donald Trump's election on the transatlantic alliance.

'Winter package' on defence and its implementation**Background**

In December 2016, the European Council [discussed](#) a defence package presented by the High Representative of the EU for Foreign Affairs and Security Policy and Vice President of the Commission (HR/VP), including: 1) specific actions to implement the security and defence component of the [global strategy](#); 2) the European Commission's [European defence action plan](#) (EDAP); and 3) proposals to strengthen EU-NATO cooperation within the framework of the [Warsaw Joint Declaration](#). At the December 2016 Council Summit, EU leaders set a timetable for [specific actions](#) related to the package (table 1); the HR/VP was tasked to submit proposals for a permanent operational planning and conduct

capability, aimed at streamlining the conduct of both civilian and military EU operations, and on further improving the development of civilian capabilities. The Council also invited the Commission to make proposals for the establishment of a European defence fund, including a window on the joint development of capabilities commonly agreed by the Member States in the first semester of 2017.

Table 1 – Defence measures envisaged for 2017

Action	Actor	Schedule	Completed
Agree on forthcoming Commission proposals for the establishment of a European defence fund	Member States	First semester 2017	Yes
Report on progress on external security and defence	Council	March 2017	Yes
Provide further strategic guidance on external security and defence	European Council	June 2017	Yes
Revision of the Athena mechanism	Member States	End of 2017	Pending

Source: [EPRS](#).

Implementation plan on security and defence

The [implementation plan](#) on security and defence seeks to mobilise various tools and policies that will allow the EU to respond to external conflicts and crises, build partners' capacities, and protect the European Union. The plan aims at deepening defence cooperation, moving towards [permanent structured cooperation](#) (PESCO), enhance the EU's military and civilian response tools, improve the planning and conduct of missions, and enhance CSDP partnerships with third countries.

Developments & implementation

In February 2017, the HR/VP presented a concept note entitled: [operational planning and conduct capabilities for CSDP missions and operations](#). On 6 March 2017, the Council [approved](#) the note and decided to establish a military planning and conduct capability (MPCC). The decision establishing the MPCC was [adopted](#) by the Council on 8 June 2017. The MPCC will serve as a command and control structure for non-executive EU military training missions. The MPCC will work under the political control of the Political and Security Committee (PSC) and aims to improve the EU's crisis management structures, as the lack of such a structure [undermines](#) its capacity to independently plan and run its own operations. The capability will be established within the existing EU military staff. The Council also decided to create a civilian/military joint support coordination cell that will increase synergies between civilian and military work.

At the 6 March 2017 meeting, the Council also [welcomed](#) the work launched on the [coordinated annual review on defence](#) (CARD), a voluntary Member State-driven tool for deepening cooperation, fostering capability development, and ensuring optimal use and greater coherence of defence spending plans. CARD is designed to ensure a more structured forum for Member States to coordinate and discuss their individual national defence plans, with the EDA acting as a coordinator reporting to EU defence ministers on a biennial basis. The Council recalled the need for implementation of the review of the capability development plan by spring 2018, and welcomed the development of proposals by the EDA for the improvement of the EU capability development process.

In its conclusions of 9 March 2017, the European Council welcomed the progress achieved, while calling for additional action and resources. During their bi-annual meeting, on 18 May 2017, EU defence ministers adopted conclusions on the implementation of the EU global strategy on security and defence, with a view to the

European Council in June. Discussion focused on the conditions needed to trigger PESCO, as well as the content and the modalities of such cooperation; the terms and conditions for the CARD; and strengthening the instruments for a rapid response to crises, including EU battle groups.

On 22 June 2017, the European Council [decided](#) to launch PESCO. Leaders agreed first to define a common list of membership criteria and binding commitments (to be drawn up by Member States within three months), as well as a list of projects to enable interested Member States to quickly notify their intention to participate. With regard to [battle groups](#), the European Council agreed that their deployment should be borne as a common cost by the EU-managed [Athena mechanism](#) on a permanent basis.

European defence action plan

On 30 November 2016, the Commission presented the European defence action plan (EDAP), encompassing three key initiatives: a European defence fund for joint research and joint development of defence equipment and technologies; promoting investments in SMEs, start-ups, mid-caps and other suppliers to the defence industry; and strengthening the single market for defence.

Developments and implementation

The Council gave full support to the Commission's work on the implementation of the EDAP (together with the Member States) in March 2017. It reiterated the need to enhance the development and maintenance of Member States' capabilities, supported by a more integrated, sustainable, innovative and competitive European defence technological and industrial base (EDTIB). The EDF was [launched](#) on 7 June 2017. It includes funding for research as well as for the joint development and acquisition of defence capabilities. Through the EDF, the EU will – for the first time ever – dedicate part of its budget to defence research, but also, through the provision of co-financing, give Member States incentives to increase their defence spending.

The EU therefore offers grants for collaborative research in innovative defence technologies and products, fully and directly funded from the EU budget. Projects eligible for EU funding will focus on priority areas agreed by Member States, and could typically include electronics, metamaterials, encrypted software or robotics. The signature of the first grant agreements is expected by the end of 2017. Essentially, research funding is already operational in the form of the [preparatory action on defence research](#) (PADR), which aims at demonstrating the added-value of EU supported defence research and technology (R&T). Financing for the PADR (€25 million for 2017) was approved in April 2017. The EDF research envelope sets aside a total of €90 million in funding up to the end of 2019 (including the €25 million allocated for 2017). In 2018, the Commission will propose a dedicated EU defence research programme with an estimated annual budget of €500 million. Defence investment in the EU has been [flagging](#), with research and development (R&D) declining since 2009. The EDF aims to address concerns about weak R&T and the need for more defence cooperation and innovation.

Through the funding allocated to development and acquisition, the EDF will promote Member State cooperation on joint development and the acquisition of defence equipment and technology through co-financing from the EU budget and practical support from the Commission. Only collaborative projects will be eligible, with a proportion of the budget earmarked for projects involving cross-border participation of SMEs. Studies suggest that up to 30 % of annual defence expenditures could be saved through the pooling of procurement at EU level. The Commission has proposed a

[regulation](#) establishing a European defence industrial development programme, through which the EU will offer co-financing of €500 million in total for 2019 and 2020, and has proposed to prepare a more substantial programme for post-2020, with an estimated annual budget of €1 billion. In December 2016, the European Council invited the European Investment Bank (EIB) to examine possible measures with a view to supporting investments in defence research and development activities.

The EDF will also help Member States reach two of the benchmarks established in 2007, namely: (1) to invest 20 % of total collective defence spending on equipment procurement, including R&D and R&T; (2) to invest 20 % of total R&T spending on European collaborative defence.

Brexit and the future of EU defence

On 29 March 2017, the United Kingdom triggered Article 50, initiating negotiations for the country's withdrawal from the EU. The departure of the UK will affect the country's participation in the European Defence Agency, and CSDP missions, as well as joint defence projects with other EU Member States. The UK government's position, as expressed in the [white paper on the UK withdrawal from the EU](#) (2 February 2017), is that the UK will continue to work with the EU on foreign policy and security and defence. It states that: 'Our objective is to ensure that the EU's role on defence and security is complementary to, and respects the central role of, NATO. After we leave the EU, we will remain committed to European security and add value to EU foreign and security policy.'

The UK has the highest [defence budget](#) in the EU, and is a net contributor to European security and defence, as well as one of the three EU countries to spend at least 2 % of their GDP on defence. Historically, it has also been at the core of Member State-driven defence initiatives. Currently the UK [contributes](#) 3 % of civilian capabilities in EU operations and 5 % in military missions. Moreover, the UK is part of the 'Five Eyes' pact with the USA, Canada, Australia and New Zealand, which involves cooperation in signals (monitoring, intercepting and interpreting communications, radio and radar signals) and intelligence sharing.

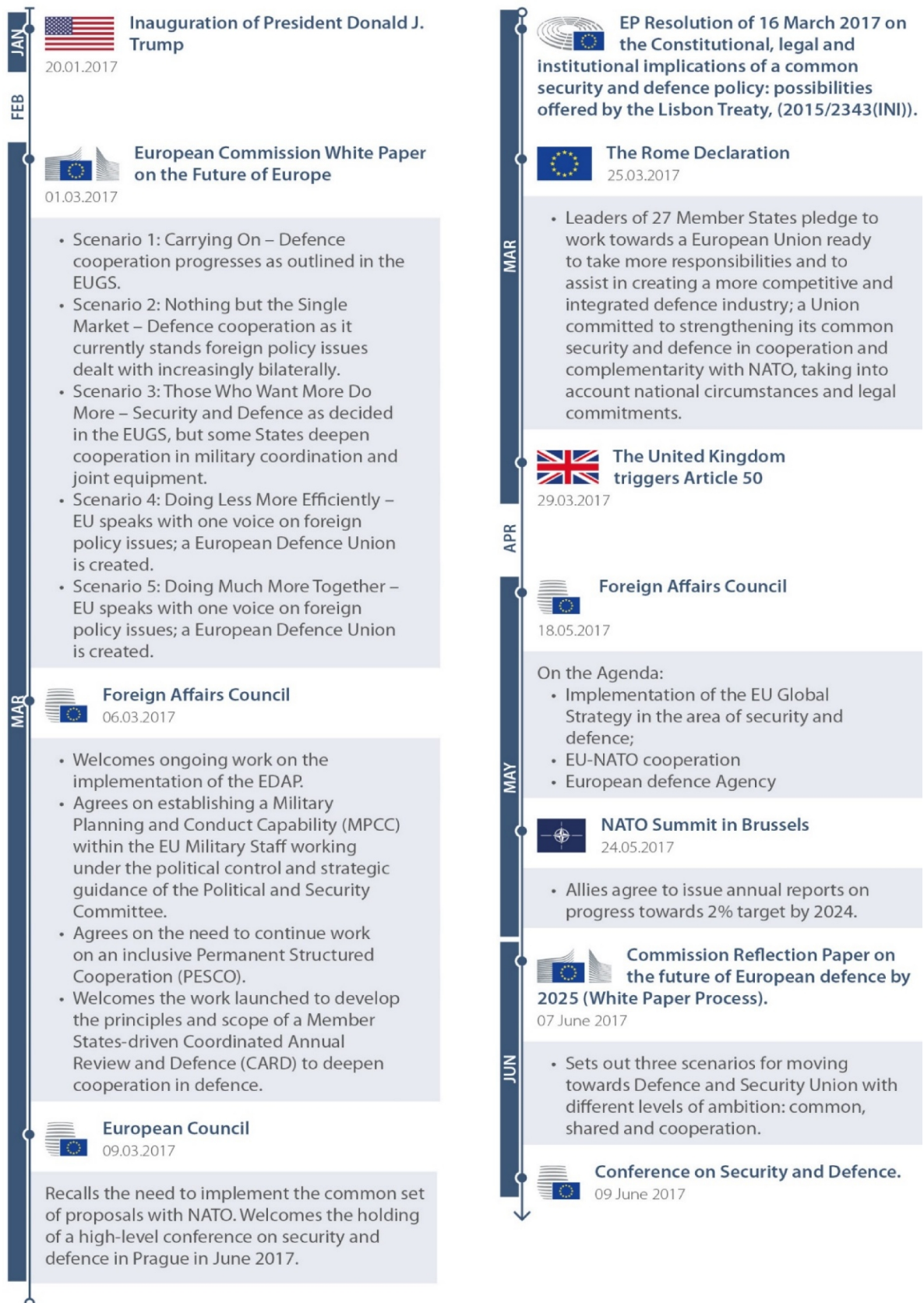
The European security and defence policy which evolved into the CSDP was launched as a means to reflect the [1998 Saint Malo Declaration](#) between the UK and France, which called for the EU to develop the capability for autonomous action supported by adequate military power. However, the UK has historically been [reluctant](#) to commit or allow for security and defence integration.

In the case of a 'messy divorce', the negative impact of Brexit on EU defence capabilities has been assessed by some to be significant, with losses on both sides. [RAND](#) estimates that the EU's defence capabilities will be reduced by a quarter, and urges for mitigation of the changes in security and defence cooperation. The [Centre for European Reform](#) emphasises that the Commission and the EDA must find a way to involve the UK in their efforts to overhaul the European defence market. A [paper](#) by RG Whitman assesses the costs and benefits of three possible future relationships between the UK and EU foreign, security and defence policy under three scenarios: integrated player, associated partner or detached observer.

However, many argue that Brexit coupled with transatlantic diplomatic uncertainty has provided the necessary [impetus](#) for greater EU security and defence integration. The EP's position on the Brexit negotiations, adopted on 6 April 2017, warned against any trade-off between security and the future EU-UK economic relationship. It is still unclear whether the UK would be [excluded](#) as a beneficiary under the EDF, but the wording of the EDF proposal seems to suggest that this would be the case.

Timeline: developments in EU defence, following the global strategy

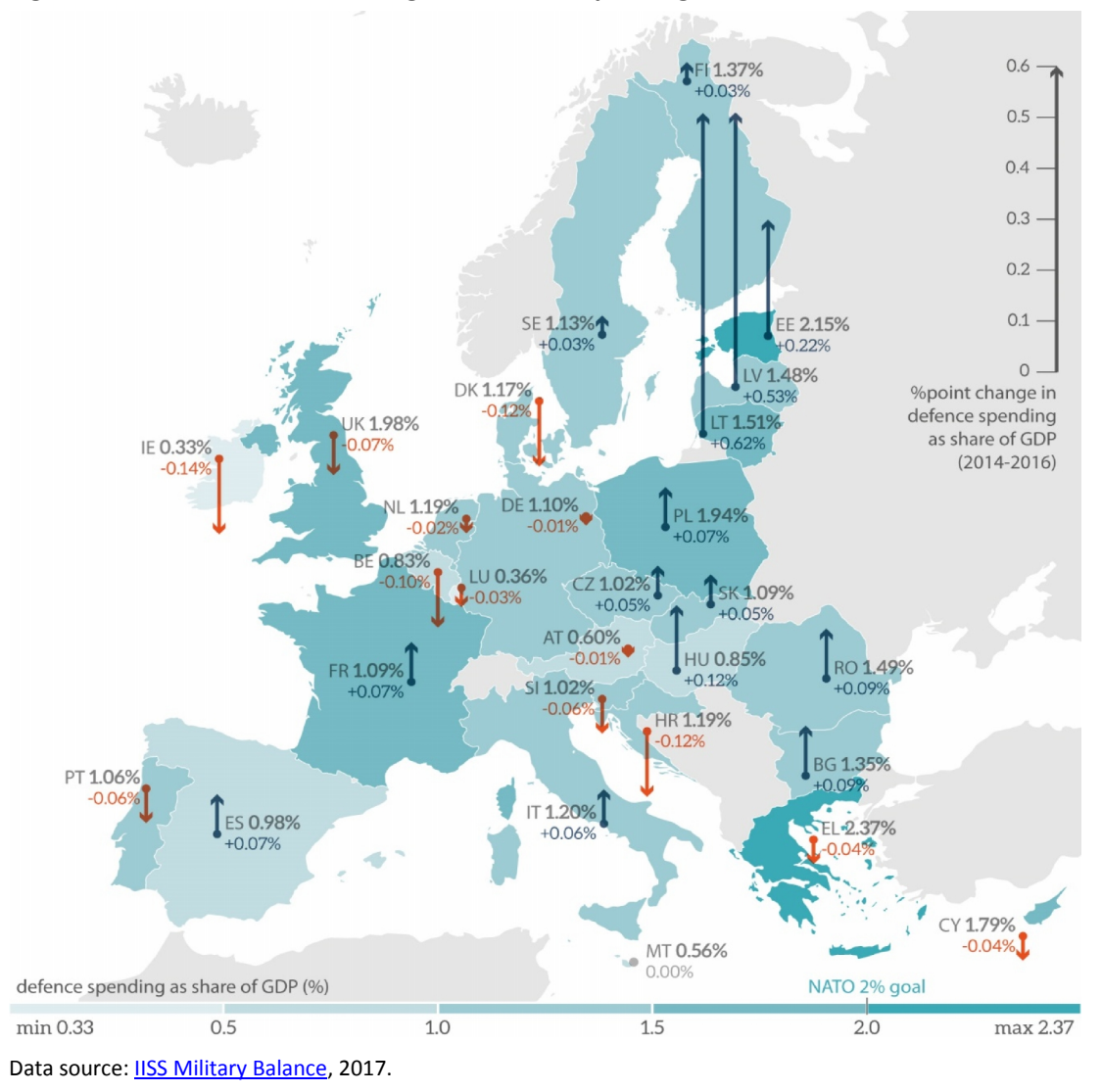




EU-NATO Cooperation

As a result of the challenges emanating from Europe's Southern and Eastern Neighbourhood, greater cooperation between the EU and NATO was agreed in Warsaw on 8 July 2016, in the form of an EU-NATO [Joint Declaration](#). On 6 December 2016, the Council endorsed a set of 42 specific proposals for the implementation of the Joint Declaration and adopted conclusions for its implementation that will see enhanced [cooperation](#) in the fields of countering hybrid threats; operational cooperation; interoperability; irregular migration; cyber security; the defence industry; joint exercises; and supporting partners' capacity building efforts in the Western Balkans as well as the Eastern and Southern Neighbourhoods. The global strategy takes note of the importance of the EU's partnership with NATO.

Figure 1 – EU Member State changes in defence spending 2014-2016



Developments and implementation

On 19 June 2017, the European Council [welcomed](#) the progress made on the implementation of the common set of proposals endorsed in December 2016. Among other things, the Council welcomed the positive contribution of non-NATO EU Member States to NATO activities. The [progress report](#), submitted to the EU leaders by the HR/VP and the Secretary-General of NATO highlighted, among other things:

- In hybrid threats: the establishment of the EU hybrid fusion cell and its interaction with the newly created NATO hybrid analysis cell; joint exercises for response to hybrid scenarios.
- In human trafficking: cooperation and coordination between Operations Sophia and Sea Guardian.
- On defence capabilities: efforts to ensure coherence of output between the NATO defence planning process and the EU capability development plan (CDP).
- On defence industry and research: the establishment of a mechanism for interaction to further develop a dialogue on industrial aspects, with focus on areas of common interest such as small and medium-sized enterprises (SME).
- On partnerships: strengthening cooperation on the ground and at headquarters level; cooperation in key areas of interaction (strategic communications, cyber, ammunition storage, and safety) in three pilot countries (Bosnia and Herzegovina, Moldova and Tunisia); the EU plans to allocate funds as a contribution to NATO's building integrity programme.

In the meantime, following pressure from the new US administration, on 25 May 2017, NATO leaders [agreed](#) to develop annual national plans which will outline how the Allies intend to meet the 2 % pledge and indicate progress in the areas of spending, capabilities and contributions (see figure 1 for EU Member State defence spending). The Allies also agreed that NATO would support the [global coalition](#) against ISIL/Da'esh through airborne warning and control system (AWACS) surveillance planes and improve the alliance's information sharing on terrorism.

Member States

Greater EU cooperation in defence and security has received particularly high levels of [popular support](#) in recent years. Following the presentation of the winter package, and throughout the developments towards its implementation, national capitals have pronounced their support for closer defence cooperation. At the meeting of the French, German, Italian and Spanish heads of state or government at Versailles in March 2017, the four leaders [spoke](#) in defence of a multi-speed Europe and for greater defence integration. Former French President, [François Hollande](#) was particularly in favour of the idea of focusing on defence as a means to relaunch the European project. The new French President, Emmanuel Macron, advocates closer European defence integration compatible with NATO, and has [pledged](#) to raise French defence spending. At the European Council of June 2017, both the German Chancellor and the French President [pushed for progress](#) in EU defence cooperation.

Nevertheless, approaches differ, particularly regarding financing. In March 2017, for example, Germany [opposed](#) a proposal by France and Italy to use bonds to finance the EDF, saying it would not be a viable way to finance European military projects. Germany also argued that it would be unacceptable to view national contributions to the fund as one-time measures to obtain exemptions from European stability and growth requirements.

Stakeholder views

Think-tanks

The winter package was welcomed with mixed feelings by expert communities. According to [some analyses](#) the implementation plan for security and defence 'clarifies the stated ambition but does not pitch it at a new level'. However, there is widespread appreciation

for the lists of specific proposals and detailed timelines contained in the three plans. In its publication [European Defence: The Year Ahead](#), the European Institute for Security Studies (EUISS) pointed out that many of the new initiatives agreed to in 2016 offer the EU a number of innovative avenues – and solid building blocks – through which to move from vision to action in defence.

Many experts [argue](#) that the EU's most serious problem in defence is the persistent shortfalls in military capabilities for independent action. This case is made by an Egmont Institute working paper which proposes a network of core groups, constituted on the basis of 'a comparable will to act and backed up by their military capabilities'.¹ This thinking suggests flexibility rather than emphasis on acting at 28 (or, in the future, 27). A report by [Clingendael](#) proposes that, while the Member States should continue to lead, EU institutions should be more involved in the implementation of the Lisbon Treaty provisions. The report also emphasises the need to strengthen capabilities and intelligence sharing between Member States.

Overall, the determination and willingness of Member States to act is a key challenge identified by most think-tanks. This is the case for the implementation of PESCO, a longstanding European Parliament [goal](#), [according](#) to EUISS, and for the successful functioning of the EDF according to the [Centre for European Reform](#). Regarding the CARD, EUISS [suggests](#) that a major challenge will be maintaining Member State willingness to share national defence plans. The paper also asks whether 'a continuation of a voluntary approach can meet today's demands for a more credible European defence'. Up to now the norm has been for Member States to plan for their defence on a national basis which, the expert argues, has led to sometimes duplicative and increased costs.

A frequently adopted approach holds that the emphasis should be on developing further existing tools rather than 'inventing' new ones. Battle groups are a case in point: as [argued](#) in a relevant EUISS publication, 'making the EUBG concept more flexible would allow for a broader spectrum of possible tasks. There is already a list of suggested strategic enablers included in the EUBG concept, such as special forces, combat aircraft, helicopters, airlift, naval assets, engineers, gendarmerie, civil-military capabilities, and others. Making the EUBGs more modular would make it possible for mission-tailored EUBGs or for some of the non-core assets to be deployed separately. They could then be attached to an existing EU civil-military mission or UN-led operation. In some cases, a rapid deployment of, say, a military police unit or an intelligence cell may be what is needed rather than a full infantry battalion.'

According to the [Centre for European Reform](#), the most laudable efforts emerging from Brussels are those related to greater coordination and effectiveness of EU defence spending. The think tank maintains that more investment in defence is needed for the CSDP to have any chance of success. However, as [pointed out](#) by the European Council on Foreign Relations, spending more should be coupled with spending smarter for there to be any increase in defence effectiveness, given the fragmentation of European militaries. In this vein, coordination is much more essential than increases in spending.

Some analyses eye the research funding plans in particular with caution, as – in the long-term – they are [conditional](#) on a future agreement on the EU's post-Brexit multi-annual financial framework (2021-27). Daniel Fiott of the EUISS [points out](#) that the costs involved in cross-border defence initiatives and the record on European defence cooperation is mixed. Thus, a greater understanding of how the European Commission can ensure complementarity between its efforts on defence research (the 'research window') and

joint capability development (the 'capability window') is required. According to Fiott, it is crucial to determine at which stage of research and development, defence technology and/or capability programmes should be supported. A failure to transition from research and technology (R&T) to research and development (R&D) is commonly referred to as the 'valley of death'. With regard to the MPCC, Thierry Tardy of the EUISS [discusses](#) its creation as a step towards an EU military command, which Tardy attributes to three parallel processes: the identification of a specific need, the momentum generated by the release of the EU global strategy, and Brexit.

Transatlantic relations and EU defence

The advent of a new US administration in Washington, less partial to the multilateral 'way of doing things' in general, and (initially) to NATO, spurred much thinking regarding the EU's strategic autonomy in defence. Held soon after the inauguration of Donald Trump as US President, the Munich Security Conference in February 2017 provided the stage for key US officials to clarify the administration's views on NATO and the transatlantic Alliance. During his election campaign, President Trump had [called](#) NATO 'obsolete'. Yet, in Munich, Vice-President Mike Pence [argued](#) that the USA will be 'unwavering' in its commitment to the Transatlantic Alliance, while Defence Secretary James Mattis [stated](#) that 'Article 5 is a bedrock commitment'. Both reiterated the long-standing US demand that all members of NATO fulfil their obligation to maintain defence expenditures above the 2 % of GDP threshold. At the time, Commission President Jean-Claude [Juncker](#) and German Chancellor, [Angela Merkel](#) reacted to the US demands, arguing that the EU's commitment to security should not only be assessed through defence spending levels, but should take into account the Union's contributions to humanitarian and development aid, based on the view that 'modern politics cannot just be about raising defence spending'. Following Juncker's meeting with Merkel and Trump, the US President [called](#) for Germany to prop up its defence spending in order to repay what it 'owes' the USA for guaranteeing its defence. On Trump's visit to Brussels for the NATO Summit, the US President reprimanded NATO members for their delay in boosting their defence spending. The US President also failed to endorse Article 5. However, less than a month later, Mattis [characterised](#) the US commitment to Article 5 as 'ironclad'. In his budget request for 2018, President Trump asked for a significant increase for US military spending in Europe.

A number of experts maintain that unease about US engagement in transatlantic security could increase the momentum for EU defence and security policy and bring about the prioritisation of strategic autonomy, as embodied in the global strategy, and the development of EU capacities. Such views are expressed in a briefing by [Carnegie](#) and the Egmont Institute. In the latter publication, the author [proposes](#) four possible scenarios for the future EU-NATO relationship, depending on the success of the EU in moving towards a more integrated CSDP. In one scenario the EU becomes a security actor 'comparable to NATO', through the progressive merger of the CSDP and a more European NATO, and with the support of the USA.

The European Parliament

In November 2016, the European Parliament adopted two major resolutions on the European defence union (EDU) and on the implementation of the CSDP. The former calls for more spending (2 % of GDP) on defence, and a fairer and more transparent defence industry. It highlights compatibility and cooperation with NATO, particularly in the east and the south, to counter hybrid and cyber threats, improve maritime security and develop defence capabilities, and welcomes the 2016 EU-NATO Joint Declaration. However, it also states that 'the EU should aspire to be truly able to defend itself and act autonomously if necessary, taking greater responsibility' in cases where NATO is not willing to take the lead, a statement that is in line with the idea of 'strategic autonomy' as embodied in the global strategy. The second resolution calls for an overhaul of CSDP

to allow the EU to act autonomously for collective security and defence. It supports the creation of a permanent headquarters for the EU to command peacekeeping and crisis management operations under the CSDP; a significant step in this direction was the creation of the MPCC. This resolution also emphasises transatlantic cooperation and complementarity with NATO, but notes that the EU should be able, using its own means, to protect EU non-NATO Member States. It also underlines the fact that 'NATO is best equipped for deterrence and defence, and is ready to implement collective defence (Article 5) in the case of aggression against one of its members, while the CSDP currently focuses on peace-keeping, conflict prevention and strengthening international security'.

In its resolution of 14 December 2016 on the [implementation of the common foreign and security policy](#), Parliament re-emphasised that the EU must strengthen its security and defence capabilities and expressed support for the setting up of a defence configuration of the Council; the activation of PESCO, and the creation of a permanent civilian and military headquarters. On 16 March 2017, the EP voted on a resolution on the [constitutional, legal and institutional implications of a common security and defence policy: possibilities offered by the Lisbon Treaty](#), in which it urges the Council to move towards the harmonisation and standardisation of the European armed forces, to facilitate the cooperation of armed forces personnel under the umbrella of a new EDU. Parliament also called on the Council and the HR/VP to elaborate a white book on security and defence and a roadmap with clear phases and a calendar towards the establishment of an EDU and a more effective common defence policy.

Main references

Thierry Tardy, '[MPCC: towards an EU military command?](#)', EUISS, June 2017.

Daniel Fiott, '[The CARD on the EU defence table](#)', EUISS, April 2017.

Richard G. Whitman, '[The UK and EU Foreign, Security and Defence Policy after Brexit: Integrated, Associated or Detached?](#)', National Institute Economic Review, November 2016.

Endnotes

¹ In this line of thinking, a group with France and the UK as the core for high-intensity interventions outside Europe would be a logical formation, with a second group of Germany and Poland providing the core for heavy land forces (as a follow on force to the NATO Response Force), and a third core group led by Italy or Greece concentrating on support for border security and stabilisation operations.

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