BRIEFING

European Parliament

Russia's war on Ukraine: Reflections on European security, neutrality and strategic orientation

SUMMARY

The Russian war on Ukraine has shattered long-held views that war was 'a thing of the past' on the European continent. The new security situation has sparked debates in capitals all over Europe on security and defence arrangements, policies and strategic orientation.

While it has become commonplace to argue that the EU has made substantial progress on European defence cooperation since 2016, the Strategic Compass, adopted in March 2022, represents a 'sea change' in EU defence landscape, according to High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP), Josep Borrell. The return of war to Europe has given Member States the strongest push in decades to make progress on common European security and defence. The Versailles Declaration promised significant progress and all eyes subsequently turned to the defence-focused European Council meeting in May 2022, to see whether EU leaders would take the first steps to live up to these expectations. Following a request from Member State leaders at Versailles, the Commission has presented a defence investment gap analysis, to be endorsed at the May 2022 meeting.

Following the Russian invasion, a long-held taboo was also broken when Member States agreed to finance the provision of lethal arms to Ukraine with funds from the European Peace Facility (EPF). The war has also been a wake-up call for many EU countries when it comes to their defence policies and budgets. Many Member States announced significant increases in their defence budgets and U-turns in their defence policies, perhaps most notably Germany, which appears to be entering a new era in its security and defence policy. Moreover, Denmark is seeking to scrap its EU common security and defence policy (CSDP) opt-out.

The war has also sparked debates in neutral and non-aligned states. Finland and Sweden have officially decided to apply for NATO membership, and countries such as Austria, Ireland and Malta have also started a reflection process on security, defence and neutrality.

IN THIS BRIEFING

EPRS | European Parliamentary Research Service

Author: Sebastian Clapp
Members' Research Service

PE 729.450 – May 2022

EN

Introduction

With Putin's decision to invade Ukraine on 24 February 2022, Russia has shattered long-held views that war was 'a thing of the past' in Europe. This new reality has sparked a reflection process in European capitals, which are rethinking their security and defence policies and has led to some even questioning their neutrality, non-alignment or defence opt-out. The European Union has broken taboos, with the financing of lethal weapons for Ukraine and presented a united front towards Russian aggression, not least through the imposition of sweeping sanctions (detailed in several EPRS publications). The invasion launched the strongest push for further cooperation on European defence in decades, and the war has also been a wake-up call for many Member States to invest more money in their defence capabilities supported inter alia by EU level initiatives and incentives. The North Atlantic Treaty Organization (NATO), which remains the cornerstone of collective defence for its members (21 of the 27 EU Member States), has significantly enhanced its military presence on its eastern flank and started a reflection process on its deterrence and defence measures in the face of Russian aggression. It will be up to the EU Member States to use this momentum to create a more secure European future. The special meeting of the European Council of 30-31 May 2022 provides an opportunity to prove their commitment.

The Versailles Declaration and its implementation

On 10-11 March 2022, EU leaders agreed inter alia to:

- ✓ Take more responsibility for the EU's own security;
- ✓ Increase EU capacity to act autonomously;
- ✓ Reinforce EU-NATO cooperation;
- ✓ Substantially increase defence expenditure;
- ✓ Develop further incentives for collaborative defence investments and joint procurement;
- ✓ Invest in strategic enablers and critical emerging technologies for security and defence;
- ✓ Strengthen resilience against cyber and hybrid threats and step up the fight against disinformation;
- ✓ Accelerate military mobility efforts in the EU;
- ✓ Continue to support partners through the EPF.

The Strategic Compass should provide guidance on how to fulfil these commitments. As a first step, leaders instructed the Commission, together with the European Defence Agency, to complete an analysis of defence investment gaps. This analysis was presented on 18 May. It identifies gaps in defence expenditure, industry and capabilities. To close these, the Commission proposes, inter alia, to establish a Defence Joint Procurement Task Force, a short-term EU instrument of €500 million, to reinforce defence industrial capabilities through joint procurement, a European defence investment programme regulation and a move towards a joint EU defence programming and procurement function. The analysis should be endorsed at the 30-31 May European Council meeting, focusing on defence.

Commitment to stronger European defence

It has become common to argue that the EU has made unprecedented progress on defence since the adoption of the EU Global Strategy in 2016, with initiatives such as Permanent Structured Cooperation (PESCO), the European Defence Fund (EDF) and the Coordinated Annual Review on Defence (CARD). However, according to experts, Russia's war on Ukraine has 'unleashed the strongest push to strengthen Europe's defence since the end of the Cold War'. Since 24 February 2022, the EU 'advanced more in building a geopolitical Europe in one week than ... in several years' according to HR/VP Borrell. In this regard, the March 2022 Versailles Declaration is ground-breaking. EU leaders reiterated the EU's commitment to 'take more responsibility for its own security', inter alia by 'investing more and better' in defence capabilities, strengthening its defence industry and increasing the EU's 'capacity to act autonomously', while stressing close EU-NATO cooperation as key to European security. Most significantly, in March 2022, the EU's ministers of defence and foreign affairs formally approved the Strategic Compass, an ambitious plan of action for strengthening the EU's security and defence policy up to 2030. According to some analyses, the Strategic Compass amounts to the 'EU's first defence white paper', while others argue that it does not yet constitute a white paper. Following the invasion of Ukraine, several last-minute changes were made to the Strategic Compass, mostly aimed at toughening the language on Russia. For instance, while in initial versions of the document, Russia was not even mentioned in the executive summary, the final version now introduces it by noting that 'the return of war in Europe, with Russia's unjustified and unprovoked aggression against Ukraine ... [is] challenging our ability to promote our

vision and defend our interests'. The document later continues that 'Russia is grossly violating international law and the principles of the UN Charter and undermining European and global security and stability'. It also calls for those responsible for war crimes in Ukraine to be held to account. The Strategic Compass is the result of an almost two-year process of reflection and negotiation launched during the German Council Presidency in the second half of 2020. The Heads of State or Government subsequently endorsed it on 24 March 2022. In contrast to the EU Global Strategy, the Strategic Compass was a Member State-driven process from the beginning, which the Council adopted in order to avoid the pitfalls that plagued implementation of the EU Global Strategy (according to analysts, neither Member States nor the Commission felt ownership of the strategy). It includes over 80 concrete actions – 51 to be implemented by the end of 2022 – and timelines to achieve them. It also ensures political accountability through regular review and progress reports at the highest political level. As a basis for this, the HR/VP, together with the Commission and European Defence Agency (EDA), will deliver an annual progress report. The first-ever comprehensive EU threat analysis, which was the initial step in developing the Strategic Compass, will be regularly revisited (starting in 2022), 'at least every three years or sooner'. The latter, and the achievement of the planned core objectives, will form the basis for a proposal to revise the document in 2025. Some of the most notable developments with defence implications include (non-exhaustive list):

- Rapid deployment capacity: The Strategic Compass calls for the development of a rapid deployment capacity, a modular force of up to 5 000 personnel, consisting of modified EU battlegroups combining the forces and capabilities of Member States. Its purpose will be to respond rapidly to imminent crises outside the EU, for initial entry or to secure an exit. EU leaders agreed to establish a fully operational force by 2025.
- Reinforced EU-NATO cooperation: Member States agreed to reinforce EU-NATO cooperation; NATO remaining the cornerstone of collective defence for those EU countries that are also NATO members. A third EU-NATO declaration is envisaged after the Madrid Summit of 28-30 June 2022. The crisis has once again shown the importance of close EU-NATO cooperation.
- More and better defence investment: EU leaders agreed to increase defence spending substantially and to spend their defence budgets better by increasing interoperability and reducing fragmentation, especially building upon existing EU tools, such as the EDF and PESCO. Furthermore, the Commission will propose further incentives to enhance collaborative defence investment, such as a VAT waiver or new financing solutions, as detailed in its communication on its contribution to European defence. An important milestone to create further incentives for collaborative investments will be the interim evaluation of the EDF (by 2024). EU leaders also agreed to define objectives on increased and improved defence spending by mid-2022. As a first step, the Commission and EDA presented a defence investment gap analysis on 18 May, breaking another long-standing taboo, by proposing, inter alia, a short term fund of €500 million to reinforce defence industrial capabilities through joint procurement to close urgent capability gaps.
- Strategic enablers: EU leaders committed to stepping up efforts to develop and acquire strategic enablers – capabilities that facilitate rapid deployment and the sustainment of forces and capabilities in theatres of operation e.g. air refuelling and airlift capabilities. This will enable the EU to, inter alia, deploy the proposed rapid deployment capacity at short notice in non-permissive environments. The importance of strategic enablers was again underlined by the Afghanistan evacuation in August 2021, where HR/VP Borrell noted that Europe 'depended on American decisions', as Europe had to rely on the United States to secure Kabul airport and upon US military and logistical support. Critical gaps on strategic enablers should be reduced by 2025.
- 'Cutting-edge high-end' capabilities: The onus will be on filling critical capability gaps and on developing specific strategic capabilities. In line with the first CARD report, these include future combat air systems, air defence systems, main battle tanks and unmanned naval platforms. This

EU Battlegroups: EU Battlegroups are multinational, military units of up to 1 500 personnel, each meant to respond rapidly to emerging crises around the world. While they are fully operational since 2007, due to a lack of political will and financial solidarity, they have never been deployed. Their deployment requires a unanimous decision by the Council.

focus on next-generation capabilities will last beyond the next decade. It should reduce fragmentation and increase interoperability of Member States' forces. According to one analyst, the Strategic Compass 'proposals on capability development are its most concrete and promising'.

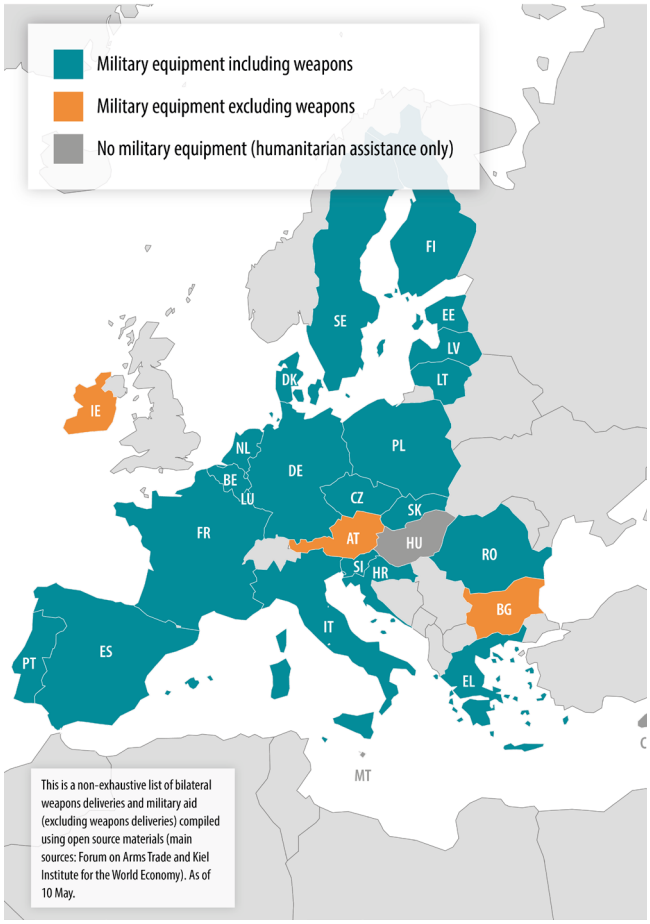
- Enhanced military mobility: Military mobility is an EU initiative aimed at enhancing the mobility of military personnel and equipment. It is an EU-NATO cooperation flagship project, supported by a PESCO project, in which non-EU NATO members Canada, the United States and Norway also participate. The 2021-2027 EU multiannual financial framework allocates €1.69 billion for military mobility though the Connecting Europe Facility. The Russian invasion has triggered a U-turn in thinking on military mobility, with it now taking centre stage in efforts to improve European defence. In the Strategic Compass, EU leaders agreed, inter alia, to accelerate the implementation of dual-use (civilian and military) infrastructure projects, and to launch an analysis of EU transport infrastructure by the end of 2022. They also called for a revised action plan on military mobility by the end of 2022 (the last version dates from 2018). On 6 April 2022, Members of the European Parliament from across the political spectrum sent an urgent letter to EU leaders, emphasising the urgent need to boost military mobility in the face of Russia's aggression.
- EU Hybrid Toolbox: The Strategic Compass calls for the development of a 'Hybrid Toolbox' in 2022, as a tool to increase EU resilience. It is meant to assist in countering the ever-growing number of hybrid threats facing the EU, and combines all the existing tools to counter hybrid threats into an overall framework.
- Enhanced EU cyber resilience: EU Member States committed to further enhancing the EU's protection against cyber threats. The Strategic Compass calls, inter alia, for a stronger EU cyber-defence policy and a new European cyber-resilience act in 2022, to establish common standards for cybersecurity products. A further strengthening of the Cyber Diplomacy Toolbox (a framework for a joint diplomatic response from the EU to malicious cyber activities) and the Joint Cyber Unit (a platform that strengthens cooperation between EU institutions and Member States' authorities) is also envisaged.

These very recent developments have sparked optimism among many experts, who note that these are 'signs that Europe is stepping up its game' and that Europe has 'leapt forward a decade...[and changed] more [since the invasion] than in the preceding 33 years'. HR/VP Borrell has praised the 'belated birth of a geopolitical Europe'. All eyes are now on the forthcoming special meeting of the European Council on 30-31 May 2022. As HR/VP Borrell has pointed out: 'next up: implementation, implementation... the real metric for success will be whether the Strategic Compass leads to concrete results or not'. Experts also confirm this, arguing that 'the key to ensuring this [initiatives in the Strategic Compass] will be successful implementation'. The meeting of the European Council on 30-31 May 2022 is an opportunity to take further steps to reinforce European defence. Given the rapid increase in energy prices and rising inflation, it will nevertheless be a challenge to ensure sufficient financial contributions from Member States to realise all the goals set in the Strategic Compass and to maintain the combined political will necessary to make these significant advances on defence.

Breaking taboos: EU financing of lethal arms

In what has been described as a 'watershed moment', EU Member States agreed to jointly finance the provision of lethal weapons to Ukraine. According to HR/VP Borrell, this represents the breaking of a taboo. It is significant as, according to Commission President Ursula von der Leyen, 'for the first time ever, the European Union will finance the purchase and delivery of weapons and other equipment to a country that is under attack'. The tool being used for this purpose is the European Peace Facility, an off-budget €5.69 billion (in current prices) financing instrument, operational since July 2021. It can be used, inter alia, for capacity-building in partner countries and organisations (including through the provision of lethal weapons). On 28 February 2022, the EU agreed to supply Ukraine with military equipment worth €500 million, including weapons designed to deliver lethal force. The fund was subsequently increased to a total of €2 billion. A part of the weapons and military aid to Ukraine pledged/delivered by EU Member States may be eligible for reimbursement under the EPF. The EU Military Staff has set up a clearing house to coordinate supply and demand.

Figure 1 – Bilateral weapons deliveries and military aid to Ukraine



Source: EPRS, 2022.

Member States review their defence policies and budgets

For several Member States, Russia's aggression against Ukraine has been a wake-up call when it comes to their defence policies and budgets, and the necessity to invest in defence capabilities. According to experts, the 'national orientation and policy changes have been seismic'. Numerous Member States have announced increases in their defence spending following Russia's unjustified invasion of Ukraine, accomplishing what several US Presidents have failed to achieve in the past two decades: Europe finally 'bearing a greater share of the burden'. The 21 EU Member States that are also NATO members have long been bound by the NATO defence spending norm of 2 % of GDP, formalised at the 2014 NATO Summit in Wales, at which the Allies pledged to 'move towards the 2 per cent guideline within a decade.' However, in 2021, only six (Lithuania, Latvia, Estonia, Croatia, Poland and Greece) of the 21 reached 2 % of GDP in defence spending (see Figure 2). EU Member States also agreed to 'regularly increase defence budgets in real terms' under their PESCO commitments. Furthermore, at the Versailles Summit, EU leaders agreed to 'resolutely invest more and better in defence', a commitment subsequently enshrined in the Strategic Compass.

Germany: According to experts, perhaps the most significant policy changes in this regard have occurred in Germany. On 27 February 2022, Chancellor Olaf Scholz announced, in what has been called a 'remarkable U-turn' in Germany's defence posture (the *Zeitenwende*), his government will invest 2 % of GDP annually from 2022, for the first time since the 1990s (For the past two decades, defence spending averaged about 1.3 % of GDP. In 2021, Germany's defence budget was €46.9 billion – 1.53 % of its GDP). The government plans to establish a special €100 billion fund for investment in military procurement. Shortly after the '*Zeitenwende*' speech, the Finance Minister presented a new draft budget including the increased defence budget and new draft legislation to create the €100 billion special extra-budgetary fund. Following its approval by the German government on 16 March, both the draft budget and draft law have to go through the parliamentary procedure. Agreeing the draft budget requires a simple majority (expected to be completed by June 2022). However, the new law on the extra-budgetary fund necessitates a constitutional amendment, as it needs to diverge from the German constitutional debt brake and therefore needs to meet a two-thirds majority in both chambers of parliament. To achieve the required votes, the largest opposition party, the Christian Democratic Union/Christian Social Union (CDU/CSU), will have to approve the new legislation. It has already proposed several amendments including clarifications that the funds will be spent exclusively on the armed forces (*Bundeswehr*) and a specific clause in the new law guaranteeing the 2 % of GDP NATO spending target. The debate continues.

According to experts, this turnaround in defence posture ushered in a new era in German security and defence policy in a country traditionally wary of military power. If implemented, 2 % of GDP in

2022 would amount to €75.5 billion, given the sheer weight of the German economy, the country would, according to estimates by SIPRI, a think-tank, have the third-largest defence budget in the world. It is hoped that, once approved, this could be spent, inter alia, on new F-35 fighter jets, heavy-transport helicopters and the modernisation of the Patriot air defence missile system, as well as on armed drones and even modern warships. However, according to some, this is doubtful, as the German *Bundeswehr* has such gaping capability and material shortfalls, which need to be filled first. Germany also agreed to deliver lethal weapons to a conflict zone (Ukraine) for the first time, and suspended the completed Nord Stream 2 pipeline from Russia. A recent poll also shows that public opinion is firmly behind the government, with 78 % of respondents supporting both the sending of weapons to Ukraine and the ground-breaking increases in defence spending. Moreover, on 18 March 2022, Germany launched the process for the development of its first national security strategy to underpin its new outlook on foreign, security and defence policy, which according to analysts, will seek to elaborate the strengths and potentials of German posture by the beginning of next year. However, while the *Zeitenwende* may sound impressive on paper, some experts have criticised the German government for not being decisive enough.

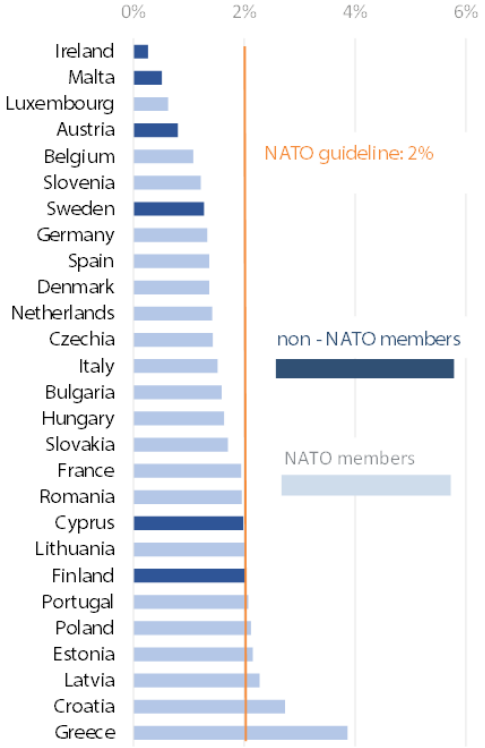
Denmark: Denmark decided to hold a landmark referendum on scrapping its opt-out from EU common security and defence policy on 1 June 2022. This is significant because, while Denmark is a founding member of NATO and neither neutral nor non-aligned, it has opted out from EU defence policies with defence implications. The origins of this opt-out lie in the initial Danish rejection of the Maastricht Treaty in 1992. This led to the Edinburgh Agreement of 1992, in which Denmark was granted several opt-outs from the Maastricht Treaty (on defence, EU citizenship, certain police and judicial cooperation matters and the adoption of the euro). The Agreement notes that 'Denmark does not participate in the elaboration and the implementation of decisions and actions of the Union which have defence implications, but will not prevent the development of closer cooperation between Member States in this area'. These opt-outs enabled Denmark to secure a 'yes' result in a second referendum and consequently the ratification of the Maastricht Treaty. The opt-out has prevented Denmark from participating in EU military operations, disqualified it from joining the EDA and participating in PESCO projects, and invoking the Article 42(7) TEU mutual defence clause. However; the defence opt-out is not all-encompassing and only applies to those matters that have both defence implications and for which the legal basis falls under Articles 42-46 TEU (CFSP provisions with defence implications). Whether the criteria are fulfilled is up to legal interpretation, which has allowed a certain margin for manoeuvre. Denmark thus contributes personnel to civilian CSDP missions and participates in policies with a non-CSDP legal basis, such as the European Peace Facility, cooperation on military mobility and even the European Defence Fund.

In the event of a positive result in the referendum, Denmark will be able to participate in all EU defence initiatives and in CSDP military operations. It will also gain a seat at the table when developing EU defence initiatives. Recent polling suggests 32 % of Danes are in favour and 27 % are against revoking the opt-out, while 28 % are still uncertain on how to vote. Denmark also declared that it seeks to reach NATO's required 2 % of GDP in defence spending gradually by 2033. Danish Prime Minister Mette Frederiksen recently told a news conference that 'Historic times call for historic decisions'.

Several other EU Member States have also committed to increase their defence budgets (non-exhaustive list):

- On 1 March 2022, **Romania** announced its intention to increase defence spending from 2 % to 2.5 % of GDP, from 2023, meant, inter alia to procure armoured vehicles, rocket systems from the United States and 32 F-16 fighter jets from the Royal Norwegian Air Force.
- **Italy** approved a gradual increase in its current defence budget from 1.4 % to 2 % of GDP by 2028 (the initial target date of 2024 had to be postponed, following coalition infighting).
- **Sweden** intends to increase its defence budget to 2 % of GDP (from 1.3 %) within a decade, thus meeting the NATO target as a non-NATO member.

Figure 2 – Member States' defence expenditure in % of GDP, 2021



Data source: SIPRI, 2022.

- **Austria** will seek to increase its defence spending to 1 % of GDP from 0.74 %, a move that is especially significant in a country that prides itself on its permanent neutrality and in which the army has been subject to years of tough budget cuts.
- **Poland** announced an increase in its already comparatively high defence budget at 2.2 % in 2022, to 3 % of GDP from 2023, some of which will be used inter alia to fund 250 US Abrams tanks.
- The **Netherlands** have recently approved an additional €5 billion in defence budget for the next few years – a 40 % increase relative to 2022. With these additional funds, it will meet the 2 % of GDP target in 2024 and 2025.

Member States' substantial and resolute commitments to enhance their defence expenditure are promising. To live up to the commitments agreed at the Versailles Summit, namely not only to 'invest more' but also to invest 'better' by boosting collaborative defence procurement and investment, it will be important not only to increase defence spending, but to increase the amount that is spent on common capability projects and joint acquisition of defence equipment. Under PESCO's more binding commitments, participating Member States had already committed to a collaborative equipment procurement collective benchmark of 35 % of total equipment spending. Moreover, in the Strategic Compass, Member States agreed to implement the recommendations of the first CARD report, which advises Member States to boost collaborative investments. They also committed to intensifying their cooperation on capability development under PESCO (therefore including the collaborative equipment procurement benchmark of 35 %) and using the EDF to strengthen defence capabilities through joint research and development. The most recent annual EDA defence data report (2019-2020), however notes that collaborative defence investment had fallen in recent years. In 2020, collaborative defence procurement had reached new lows, with only 11 % of equipment having been procured in cooperation with other Member States (see Figure 3). Collaborative research and technology (R&T) investment had also fallen significantly, reaching a new low of only 6 % of total R&T spending (see Figure 4). According to an Egmont Institute expert, this is 'simply wasteful'.

Indeed, a 2019 EPRS study estimates that, at the time, the cost of the lack of cooperation on defence investment between Member States could be €22.15 billion. Some 30 % of defence expenditure could potentially be saved through increased collaborative defence spending. The European Commission is currently working on further incentives, such as a VAT waiver to support joint procurement by early 2023, or new financing solutions to facilitate joint procurement, as detailed in the Commission contribution to European Defence of 15 February 2022. The lack of collaborative defence investment has both financial and strategic consequences: the first CARD report finds that the many different types of military equipment and disparate levels of modernisation and interoperability between Member States result in a fragmented European defence landscape. According to the report, this has a negative impact on Member States' ability to conduct joint operations. It would create a 'significant operational advantage, especially when Member States deploy and operate forces together', if they engaged in more collaborate procurement and investment. There is therefore certainly a strong strategic imperative for working together, if the EU wants to achieve the goals set in the Strategic Compass. Defence analysts therefore argue that the current momentum to strengthen defence cooperation should be used not only to add more money to defence budgets, but to change the way defence investment is conducted, to strengthen Member States' defence integration. The Commission's 18 May defence investment gap analysis – detailing existing gaps in expenditure, capabilities and industry and proposals to close them – and the 17 May launch of a Hub for Defence

Innovation (a platform to encourage and support cooperation on innovation in defence among EU countries), can be considered first steps in this regard.

Neutrals, non-aligned, and others

Of the 27 EU Member States, 6 are not NATO members, due to their neutrality, non-alignment or for other reasons (see below). The Russian war on Ukraine has triggered urgent debates in the capitals of these Member States, at times shattering long-held views on military neutrality, as countries reconsider their security and defence arrangements in the face of Russian aggression.

Neutrality and non-alignment

Neutrality remains a contested and ambiguous term, but is generally considered, at a minimum, to mean a prohibition on joining military alliances, more specifically being subject to collective defence obligations. Non-alignment – a more minimalist version of neutrality – is also understood to preclude a country from joining a military alliance. The lines between the two are blurred and each neutral or non-aligned country is different according to its own interpretation, their respective polices and constitutional requirements. In fact, a former Finnish President once said: 'There are as many kinds of neutrality as there are neutral states'. According to some experts, this could be seen as being at odds with the EU's aim to move towards a fully fledged EU Defence Union by 2025 – a term used openly by Parliament and the Commission – and the mutual defence clause (Article 42(7) TEU) included in the Treaty of Lisbon. To bridge this gap, the neutral and non-aligned countries demanded the insertion of the 'Irish clause' in the EU Treaties denoting that EU defence policy 'shall not prejudice the specific character of the security and defence policy of certain Member States'. It is supposed to ascertain for those Member States that the EU will not become a binding military alliance and that in the case of an attack on one Member State they would not have to intervene militarily. It thus ensures compatibility of their constitutions or policies with the EU Treaties, although this is contested by some experts.

The development that has perhaps been most discussed in this regard, is Finland and Sweden's possible future NATO membership, which has been called 'a potentially seismic shift ... that would reshape European geopolitics'. Both Finland and Sweden have long histories of neutrality, but have identified as militarily non-aligned more recently as, according to some, 'they relinquished their neutrality when they joined the EU'. Both countries have committed themselves fully to the EU's CSDP, and support a much stronger EU role in matters of international security and defence and already cooperate closely with NATO. Both joined NATO's Partnership for Peace (a programme for practical bilateral cooperation between NATO and partners) in 1994, the Euro-Atlantic Partnership Council (a multilateral forum for dialogue) in 1997, and are Enhanced Opportunity Partners – the closest relationship to NATO except membership – granting them enhanced access to interoperability programmes, exercises and information-sharing. The partnership is based on an individual Partnership and Cooperation Programme (IPCP), agreed with NATO for each country for a two-year period. They also have strong and well-trained militaries, with significant naval and air capabilities (see Figure 4). Their armed forces are already mostly interoperable with NATO equipment and NATO standards and regularly exercise with NATO Allies, such as in NATO's Cold Response exercise. They have also operated together in several different conflicts, including in Bosnia, Afghanistan or Kosovo. They have also been invited to recent NATO meetings of foreign and defence ministers (see above).

While Sweden has seen its neutrality and military non-alignment as a deeply embedded part of its identity, the Finns have arguably more pragmatic reasons, due to their considerable border with Russia and long history of conflict with the Soviet Union. Since the Russian war on Ukraine started, public opinion in both countries has shown clear support for joining NATO. Since Russia's war on Ukraine, Finnish public support for

Article 5, Washington Treaty (NATO): 'The Parties agree that an armed attack against one or more of them ... shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, ... will assist the Party or Parties so attacked by taking ... such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area …'

Article 42.7, Lisbon Treaty (EU): 'If a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an

NATO membership has shot up to 76 %. In Sweden, 57 % support such a move. This is extraordinary, considering that in polls prior to Russia's most recent invasion of Ukraine, only 17 % of Finns and 31 % of Swedes supported NATO membership. Thus, according to former Swedish Prime Minister, Carl Bildt, 'the unthinkable might start to become thinkable'. It has long been understood that if one country joins, the other would as well. Given their intertwined fates and strong public support, a joint press conference given by the prime ministers of Finland and Sweden noted that the latest Russian invasion 'had changed Europe's whole security landscape' and 'dramatically shaped mindsets'. Both Finland and Sweden had already broken a long-standing taboo, when they agreed to supply weapons to an active war-zone, namely Ukraine. Finland is reportedly sending anti-tank weapons and assault rifles, while Sweden is sending anti-tank weapons and protective equipment.

On 15 May 2022, Finland's leaders officially confirmed their government's intent to join NATO, while Sweden followed with its official confirmation on 16 May 2022. This was followed by official applications to NATO on 18 May 2022. In both cases, one of the determining factors had been the collective security guarantee provided by NATO's Article 5, as opposed to the EU's mutual defence clause (Article 42(7) TEU). The importance the two countries place on collective defence guarantees can also be seen in the joint letter that they sent to EU leaders prior to the Versailles Summit, in which they reminded other Member States of the importance of the mutual defence clause in the event of an armed attack. Finland and Sweden sought further guarantees. Accordingly, Finnish Prime Minister Sanna Marin argued in her 16 May 2022 speech, seeking the Finnish Parliament's approval for a NATO application: 'Finland would become part of NATO's collective defence and the security guarantees that come with it ... the EU is not a defence alliance nor does it aspire to be one. .... The majority of the Member States of the European Union have relied on NATO in organising their defence. Supported by NATO security guarantees, the deterrent effect of Finland's defence would be considerably stronger than it is at present'.

Figure 3 – Sweden and Finland's defence expenditure, capabilities and personnel

	Finland	Sweden
Troops total	257 250	24 600
Active	19 250	14 600
Reserve	238 000	10 000
Main battle tanks	100	120
Combat aircraft	107	96
Helicopters	40	106
Armoured personnel carriers	613	1 064
Artillery	672	357
Defence expenditure (in % of GDP for 2021)	2.03 %	1.28 %

Data source: IISS and SIPRI.

Sweden's all-party review on defence made a similar conclusion: 'It is clear that there is a lack of political will among EU Member States for collective defence within the EU ... The security crisis has also highlighted the boundaries of NATO's commitments to non-Allies and made clear that Article 5 applies to the defence of Allies only. NATO's collective defence does not include a partner dimension.'

- Finland's parliamentary and executive process: The President of the Republic and the Government submitted a report to Parliament on 16 May 2022, after it had been approved by the Finnish government on 15 May. The report concludes that 'Finland will apply for membership in the North Atlantic Treaty Organization (NATO) once it has consulted with Parliament on the matter'. Parliament started its deliberations on the matter on 16 May and on 17 May, overwhelmingly voted in favour of the step, with 188 votes in favour and only 8 against. In a next step, the President, following a presentation by the Finnish government, decided to start accession talks. On 18 May, Finland submitted its official letter of application to NATO. The initial idea to hold a referendum was abandoned.
- Sweden's parliamentary and executive process: In March 2022, Sweden launched a review of its security policy, including all parties in the Swedish Parliament, which concluded on13 May. The report notes that NATO membership would have a positive effect on Swedish security and raise the threshold for military conflicts in northern Europe, but the report itself did not issue a recommendation, deferring to parliament. A parliamentary debate or vote on the matter is not a formal requirement for a decision on a NATO membership application, but the Swedish

government decided to consult Parliament anyway. A special session to debate the issue of NATO membership was held on 16 May. Following the debate, Swedish Prime Minister Magdalena Andersson noted that the move had broad parliamentary support. A referendum will consequently not take place. Together with Finland, Sweden submitted its official application for NATO on 18 May 2022.

NATO accession process

NATO maintains an open-door policy (Article 10 of the Washington Treaty). This states that any 'European state in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area' may join the Alliance in principle. The treaty also notes that any decision on future NATO membership must be made 'by unanimous agreement' of NATO members. It must meet certain political, military and economic criteria. These are laid out in the 1995 Study on Enlargement, analysing the merits of admitting new member states post-Cold War, and how this should be done. These criteria include inter alia 'a functioning, democratic political system; a commitment to the peaceful resolution of conflicts; the ability and willingness to make a military contribution to NATO operations'. Countries that aspire to join NATO initially engage in intensified dialogue with NATO, to better understand the necessary reforms and steps that need to be taken to join the Alliance. Aspirant countries can then be offered a Membership Action Plan (MAP) a programme of advice and support for countries interested in joining the Alliance, in which they need to demonstrate their ability to meet Alliance commitments and obligations. Once Allies have unanimously agreed to invite an aspiring NATO member to join the Alliance, they officially invite the country to start accession talks, subsequently followed by the invitees sending letters of intent to NATO, along with timetables for necessary reforms. Each invitee must then sign an Accession Protocol to the Washington Treaty, which must also be signed by each Ally. These accession protocols need to be ratified according to national requirements. In a final step, invitees are officially invited to accede to the North Atlantic Treaty. Aspirant NATO members become formal Allies when they deposit their instruments of accession with the United States Department of State, as the United States is the depository of the Washington Treaty.

NATO Secretary General Jens Stoltenberg has 'warmly welcomed' Finland and Sweden's requests to join, calling it 'an historic step'. A step that also has the 'full, total and complete backing' of US President Joe Biden. While NATO accession is usually a long and arduous process, it should be relatively swift in Sweden and Finland's case, as according to one expert, they meet all the accession criteria and are 'Western militaries in every sense of the word'. It is, however, unclear whether all NATO members would support their accession. Turkey has signalled opposition to Finland and Sweden's accession to NATO, which is problematic as any decision on enlargement must be unanimous. Turkey's concern lies with Sweden and Finland's alleged support for the Kurdish militant group, the PKK. However, Secretary General Stoltenberg has expressed confidence that Turkey's concerns can be resolved. Experts note that Sweden and Finland's NATO membership would 'be a geopolitical gamechanger' that will strengthen the Alliance 'militarily and geographically', as Sweden and Finland have strong militaries (see Figure 3), in a strategically important region for the defence of the Alliance. It would add strategic islands (especially Gotland in Sweden) in the Baltic Sea to Alliance territory, which it has long been feared could be used as a staging point for an attack on the Baltic States. The move could also remove uncertainty as to whether Swedish and Finnish airspace could be used to supply and reinforce the Baltic States in case of an attack.

Austria has been neutral since 1955, when it was prescribed as a condition in its State Treaty as a prerequisite for the withdrawal of Allied troops, and later that year codified in its constitutional law, which committed the country to 'perpetual neutrality' and a prohibition on joining 'military alliances'. When Austria joined the EU in 1995, after holding a successful referendum on the matter, it added a clause to its constitution to enable participation in CFSP. Polls in March 2022 confirm that 81 % of Austrians support Austrian neutrality. In line with this neutrality, Austria has only sent non-lethal military equipment to Ukraine, such as helmets, protective vests and fuel. Austria makes large contributions to CSDP missions and operations, and is an active participant in several PESCO projects. Polls in May 2022 show that 83 % of the Austrian public strongly supports further EU security and defence cooperation. Austria is not a NATO member and moves towards joining NATO have not obtained popular support. Surveys from May 2022 show that 75 % reject NATO

membership. Austria actively participates in NATO's Partnership for Peace and Euro-Atlantic Partnership Council, which it joined in 1995 and 1997 respectively, and is a major troop contributor to NATO's Kosovo Force (KFOR) mission. While Austria is militarily neutral, it is not 'morally neutral', as Austrian Chancellor Karl Nehammer was keen to stress on his recent visit to Moscow (as the first and only EU leader to do so since the Russian invasion started): 'We are military neutral, but have a clear position on the Russian war ... it must stop'. Austria recently announced a substantial increase in its defence budget (see above) and a willingness to improve its army and capabilities. Discussions have started in Parliament on a new security strategy following Russia's aggression. While the chancellor and defence minister recently underlined neutrality's importance to Austrian identity, many security officials, think-tankers, diplomats, celebrities, and former political elites demand serious reflections on the future of Austrian defence policy.

In **Ireland**, a debate on the country's neutrality has also started. Irish Foreign Minister Simon Coveney recently noted that the war in Ukraine should be 'a catalyst ... for an honest rethink' on Irish security arrangements. This follows a call from Irish President Michael D.for an 'informed and respectful debate' on the future of Irish neutrality, and a statement by Irish Taoiseach Micheál Martin that 'Irish neutrality needs to evolve'. Ireland has been neutral since the 1930s, however neutrality is a tradition or policy, not a constitutional requirement. Neutrality in Ireland is interpreted as non-membership of military alliances and non-participation in collective defence arrangements. Polls in April 2022 show that this policy has overwhelming public support, with two thirds of voters in support and in favour of no change to the policy. However, Ireland actively participates in CSDP initiatives, which is a 'hallmark of Irish defence policy', as well as in several PESCO projects. Ireland is a strong contributor to CSDP missions and operations. It cooperates with NATO within the Partnership for Peace and Euro-Atlantic Partnership Council, both of which it joined in 1999. Polls in March 2022, found that 48 % support NATO membership, versus 39 % who were opposed, which seems at odds with the strong Irish support for its military neutrality. In line with its policy of neutrality, Ireland is only sending non-lethal equipment to Ukraine, such as helmets, protective vests and medical supplies.

Russia's recent aggressions do not appear to have sparked great interest in a change in neutrality, with recent polling shortly before the war in **Malta** showing that 63 % of Maltese backed neutrality. Nor did the issue of Malta's security arrangements, or its stance on neutrality, feature prominently in the recent Maltese general election. Malta declared its neutrality in 1981, and it has been enshrined in its Constitution since 1987, which notes that Malta 'is a neutral state ... [and refuses] to participate in any military alliance'. In a declaration annexed to Malta's EU Accession Treaty, Malta confirmed its commitment to CSDP, noting that this does not prejudice its neutrality 'as any decision by the Union to move to a common defence would have to be taken by unanimous decision [taking into account Member States'] constitutional requirements'. Malta contributes to CSDP operations and missions. Given its size and lack of military personnel and capabilities, these contributions can only be modest, but have recently been increased. Malta remains the only EU Member State, except Denmark (with its defence opt-out) not to participate in PESCO, noting that it would 'wait and see' whether PESCO would compromise neutrality. Recently however, some voices in Malta have launched a debate on the matter of neutrality and Malta's security and defence policy. A recent Eurobarometer survey has shown that 75 % of Maltese respondents agree that, following Russia's war on Ukraine, 'greater military cooperation within the EU is needed'. Moreover, 74 % approved the EU's delivery of military equipment to Ukraine. Malta itself however is sending medical supplies rather than military equipment, in line with its neutrality.

Finally, **Cyprus** is a different case altogether, with Turkey occupying the north of the country. Its troubled relationship with Turkey – a NATO member for the last 70 years – prevents it from joining NATO, or even the NATO Partnership for Peace (the only EU country not to participate). Participating in CSDP is considered a national priority for Cyprus and it places particular importance on participation in PESCO, which offers an opportunity to alleviate some of the effects of the arms embargo that was imposed on the country in 1992, with some of its effects still felt today (the USA

maintains some restrictions in place). Cyprus also contributes personnel to CSDP operations and missions and, due to its inability to accede to NATO, is a strong proponent of the EU's mutual defence clause. Cyprus has not sent military equipment to Ukraine, but provided medical supplies.

European Parliament position

In Parliament's Foreign Affairs (AFET) Committee's recent report on the EU's foreign, security and defence policy after the Russian invasion of Ukraine, adopted by AFET on 10 May 2022, the committee recommends that progress be made towards establishing a defence union, serving as a starting point for implementing a common EU defence. It also calls to demonstrate the political will to make genuine progress in defence cooperation, as expressed in the Versailles Declaration. AFET Members also encourage the Council and HR/VP to work together with like-minded partners. The recommendation notes that Member States should work swiftly on the most urgent aspects of the Strategic Compass, including the operationalisation of Article 42(7), the toolboxes to tackle hybrid threats, fight disinformation and deal with cyber-threats, as well as working towards full operationalisation of the Rapid Deployment Capacity by 2025. On EU-NATO cooperation, Members underline the importance of the work on a substantial third EU-NATO joint declaration, and that it is essential that the priorities in the Strategic Compass be duly considered in the process leading up to the new NATO Strategic Concept. AFET recommends that defence spending be increased to meet the 2 % of GDP guideline. Members highlight that Ukraine should be provided swiftly with the weapons that it needs, and that the EU and NATO should reflect on the possible security guarantees that can be provided to Ukraine. They underscore that the EDF should be strengthened, that the number of collective defence industry projects increased, and that efforts announced by the Member States to increase defence spending should be streamlined and coordinated. Lastly, Members demand to be closely involved in the further implementation and scrutiny of the European Peace Facility and the Strategic Compass, and call for the Parliament to gain a comprehensive budgetary function in foreign, security and defence matters. Finally, the committee calls for the establishment of a regular Council of EU Defence Ministers. The AFET report is scheduled for a vote in plenary in June 2022.

MAIN REFERENCES

Arnold, E., *An Unprecedented Week for European Security*, RUSI, 2022

Biscop, S., A *European Defence Summit in May 2022: from compass to capabilities*, Egmont, April 2022

Cramer C., Franke U. (eds.), *Ambiguous Alliance: Neutrality, opt-outs, and European Defence,* ECFR, 2021.

Dempsey, J., *What Russia's War in Ukraine means for Europe*, Carnegie Europe, March 2022

Dempsey, J. et al., *Russia's invasion of Ukraine changes everything*, Carnegie Europe, February 2022

Dempsey, J., *Russia's war on Ukraine must change the EU*, Carnegie Europe, May 2022

Stoetman, A., *European defence and the war on Ukraine*, Clingendael, March 2022

DISCLAIMER AND COPYRIGHT

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2022.

Photo credits: © Photocreo Bednarek / Adobe Stock.

eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

http://epthinktank.eu (blog)