

# The European Parliament and the CFSP Budget

## The case of the Rapid Deployment Capacity

### KEY FINDINGS

- Expenditure for actions under the Common Foreign and Security Policy represents only a small fraction of the Union's overall external spending, and follows specific budgetary arrangements that combine a CFSP budget line under Heading 6 with off-budget funding, in particular for military expenditure under the Common Security and Defence Policy.
- The Strategic Compass document of 2022 sets the objective of establishing an EU Rapid Deployment Capacity of 5000 troops plus supports, though without detailing the financing of its shared costs.
- A provisional solution to financing the extra costs of military exercises has been found for 2023, by drawing on the European Peace Facility fed by Member States' contributions.
- The European Parliament has consistently called for a greater involvement in the scrutiny of CSDP, and proposed that *administrative* costs for the new capacity come under an increased CFSP budget, while *operational* costs should be borne by the EPF.
- Increased shared financing, whether through the EPF or the EU Budget, would also need to be balanced against the scale of required support for Ukraine.

Introduced by the Treaty of Maastricht in 1992, the Common Foreign and Security Policy (CFSP) came as a late addition to European Community, resp. European Union, policies.

Its Security and Defence component (CSDP) is even more recent, having been first floated at the Cologne Summit of June 1999 in reaction to renewed insecurity in the Balkans, and fully formalised only in the Treaty of Lisbon, at a time when its first missions were already active.

As such, both policies still sit somewhat uneasily alongside the Union's "classical" policies and activities, in both structural and budgetary terms.



By funding as well, at a mere EUR 2.68 bn planned for 2012-27, CFSP expenditure remains modest. Even if one adds to this the off-budget European Peace Facility (see below) at EUR 5 bn, planned spending in this policy area pales besides the total of Heading 6 (approx. EUR 96 bn), let alone the overall volume of the MFF.

## Relevant legal bases

Within the Treaty of Lisbon (TEU),<sup>1</sup> Title V (“General provisions on the Union’s external action and specific provisions on the common foreign and security policy”) lays the foundations for the CFSP and CSDP. Its Section 2 (“Provisions on the common security and defence policy”) outlines the workings of the CSDP in more detail. **Articles 42 and 43 TEU** refer more specifically to **missions**, which may “*use civilian and military means*” (Art. 43(1)) – although the context and language of both articles is largely military.

The **role of the European Parliament**, narrowly circumscribed in **Article 36 TEU**, is essentially reduced to a right to information by, and twice-yearly debate with, the High Representative of the Union for Foreign Affairs and Security Policy (HRVP). However, the authors of an In-depth Analysis commissioned by SEDE in 2022<sup>2</sup> concluded that these restrictions could not extend so far as to completely void the Parliament’s key role in democratic oversight of all EU action, and encouraged the Institution to use its powers more strategically.

**Financing arrangements** for both CFSP and CSDP are set out in **Article 41 TEU**, with additional provisions to be found in **Article 42(3) TEU**. The latter in particular provides for “*a start-up fund made up of Member States’ contributions*” to finance preparatory actions for missions under Articles 42 and 43 TEU.

In practice, the above start-up fund was never enacted (not least because the absence of a time limit could have led to impositions on Member States’ national budgets). Rather, the concept was overtaken by Council Decision (CFSP) 2021/509 of 22 March 2021<sup>3</sup> which created a **European Peace Facility** (EPF): The EPF effectively played the same role regarding common costs of EU missions, although its scope extends to assistance to third countries, and assistance to Ukraine has indeed become its main feature.

Faced with the need to upgrade defence spending after the Russian attack on Ukraine, the European Commission has recently proposed a legal task force to re-examine Article 41 (2)<sup>4</sup>, with a view to financing arms purchases (as opposed to actual military operations) through the EU Budget. This would avoid the complications of having to top up EPF funds through a Council decision each time.

## The Rapid Deployment Capacity

Following the first-ever comprehensive threat analysis conducted by the EU in 2020, the Council adopted a **Strategic Compass** in March 2022. Intended as an all-round plan of action for strengthening the Union’s security and defence policy by 2023, the final drafting of the document clearly took place under the cloud of the Russian aggression against Ukraine. Accordingly, as one set of commentators remarked, “*the document essentially characterises the EU’s security and defence actorness as that of a regional – not a global – power. (...) the Strategic Compass appears at times bogged down in policy details rather than answering the tough questions that might reveal an overarching vision for EU security and defence.*”<sup>5</sup>

Nevertheless, one of the key elements of the Strategic Compass document is the commitment to establish an **EU Rapid Deployment Capacity (RDC)**, as a means “*to respond to imminent threats or quickly react to a crisis situation outside the Union at all stages of the conflict cycle.*”<sup>6</sup> The objective is a permanent ability to deploy a modular force of up to 5000 personnel, going beyond the established Battle Groups in including all arms of service as well as strategic support elements, as required by the specific mission.<sup>7</sup>

As with the pre-existing EU Battlegroups, and in the best tradition inherited from NATO, the bulk of costs can be expected to “lie where they fall”, i.e. with the Member States contributing troop contingents or other assets. The Strategic Compass accordingly does not dwell on the financing aspect of this new capacity - except to express the hope that *“an extended scope of common costs (including the costs of exercises) [will] contribute to the rapid and efficient deployability of this capacity.”*

With details of future financing still to be hashed out, in October 2023 the **first military exercise** in the new structure, MILEX 23, was held in southern Spain near Cádiz. It was deemed a success, in that a total of 31 units from nine EU Member States took part, convening around 2,800 military personnel from the navy, army, space and cybernetic security military branches.

By way of a provisional solution, to offset the additional costs of the exercise MILEX-23 received **funding from the European Peace Facility (EPF)** to the tune of EUR 5 million, under a Council decision topping up the EPF funds.<sup>8</sup>

Among other commentators, the European Organisation of Military Associations and Trade Unions (EUROMIL) emphasised that this could only be *“a one-time solution, a permanent one needs to be found. The Council, both under the Spanish and the Belgian Presidency, should also focus on the budgetary aspects for European defence.”* The organisation also calls for a set of minimum standards for the social and working rights of *“the men and women who contribute to the success of these exercises”*.<sup>9</sup>

Beyond this ad-hoc solution, it would appear that planning for the RDC continues to be based to a large extent on hope, as implied by EUMC Chairman Gen. Robert Brieger in a recent interview: *“We are discussing financial support... We need the incentive to at least cover some costs ... so that Member States are more willing to participate than in the past.”*<sup>10</sup>

With planning for MILEX-24 already well under way, it seems clear that a more permanent solution for financing the RDC’s common costs has to be found, and soon.

## Parliament’s position on CSDP financing

In its **resolution of 16 March 2017** on constitutional, legal and institutional implications of a common security and defence policy: possibilities offered by the Lisbon Treaty,<sup>11</sup> the European Parliament **implicitly posits budgetary financing of CFSP and CSDP as the rule**, by recalling the clearly limited set of exceptions set out in Article 41(2) TEU: Since these exceptions only concern operating costs for various types of missions, as well as for the EDA and PESCO, all costs of permanent arrangements or structures set up outside EDA and PESCO would logically fall under the EU budget.

More explicitly, Parliament’s **recommendation of 8 June 2022**<sup>12</sup> called for its greater involvement in the further implementation and scrutiny of the EPF and Strategic Compass, and for it to have a **comprehensive budgetary function in foreign, security and defence policy**, in full application of the TEU. In particular, it encouraged the Council and the HRVP *“to make full use of the possibilities for funding from the Union’s budget provided for in the Treaties”* in the context of the MFF review.

Most recently, the **resolution of 19 April 2023** on the EU Rapid Deployment Capacity<sup>13</sup> reiterates and reinforces this position, noting the effective failure of the “costs lie where they fall” financing principle for the EU battlegroups and outlining a funding system for the new capacity: Under this set-up, administrative expenditure for the RDC should be funded from the Union budget, provided the CFSP budget is considerably increased, while common operating expenditure should be extended in scope and covered by a revised and increased EPF, in order to provide the much-needed incentives for contributing Member States.

- <sup>1</sup> Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union, [OJ C 115, 9.5.2008](#)
- <sup>2</sup> MOSER, C./BLOCKMANS, S., *The extent of the European Parliament's competence in Common Security and Defence Policy*, Brussels 2022, Policy Department for External Relations, [PE 702.559](#)
- <sup>3</sup> Council Decision (CFSP) 2021/509 of 22 March 2021 establishing a European Peace Facility, and repealing Decision (CFSP) 2015/528, [OJ L 102/14, 24.3.2021](#)
- <sup>4</sup> FOY, H.: "EU looks to bypass treaty ban on buying arms to support Ukraine", [Financial Times, 21 March 2024](#).
- <sup>5</sup> BLOCKMANS, S/MACCHIARINI CROSSON, D: The EU's Strategic Compass: A guide to reverse strategic shrinkage? [CEPS, 31 March 2022](#)
- <sup>6</sup> [Strategic Compass](#) 2022, pp. 25-26
- <sup>7</sup> *European Union Rapid Deployment Capacity*, [EEAS Fact Sheet, October 2023](#)
- <sup>8</sup> Council Decision (CFSP) 2023/577 of 13 March 2023 amending Decision (CFSP) 2021/509 establishing a European Peace Facility, [OJ L 75/23, 14.3.2023](#)
- <sup>9</sup> *MILEX-23: a first step towards greater European defence*, [Euromil.org](#)
- <sup>10</sup> Pugnet, A.: „EU looks to convince countries to invest in crisis management force, top military chief says“, [euractiv.com, 27 November 2023](#).
- <sup>11</sup> European Parliament resolution of 16 March 2017 on constitutional, legal and institutional implications of a common security and defence policy: possibilities offered by the Lisbon Treaty, [P8\\_TA\(2017\)0092](#)
- <sup>12</sup> European Parliament recommendation of 8 June 2022 to the Council and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy on the EU's Foreign, Security and Defence Policy after the Russian war of aggression against Ukraine, [P9\\_TA\(2022\)0235](#)
- <sup>13</sup> European Parliament resolution of 19 April 2023 on the EU Rapid Deployment Capacity, EU Battlegroups and Article 44 TEU: the way forward, [P9\\_TA\(2023\)0113](#)

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