

IN-DEPTH ANALYSIS

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CSDP defence capabilities development



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ABSTRACT

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

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Author(s): Dr Ben Jones, Teaching Fellow in European Foreign Policy, King's College London, UK

Official Responsible: Jérôme LEGRAND

Editorial Assistant: Eva ASPLUND

Feedback of all kind is welcome. Please write to: jerome.legrand@europarl.europa.eu.

To obtain copies, please send a request to: poldep-expo@europarl.europa.eu

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1 Introduction

1.1 The challenge of international military capability development

There is no universally accepted terminology of military capability, but NATO offers two definitions that provide some insight into its meaning. The first reflects a classical understanding of capability as ‘military potential expressed in quantitative and qualitative terms’¹. This definition speaks to the measurability and thus relative scale and quality of military power, either among allies or against rival power or external threats². In a second definition, capability is defined more broadly, i.e., in terms of the inputs that go into the development and deployment of a military ‘effect’:

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

Under this ‘DOTMLPFI’ definition⁴, military capability refers to more than the material fact of a transport aircraft and its crew, or a company of soldiers and their rifles. Like the concept of a ‘value chain’ in the delivery of a commercial product from market research to the point of sale, the inputs to military capability are diverse, ideational as well as material, and make up aspects of a developmental process.

Both definitions cast some light on the EU approach to military capability development. The first recognises that the scale and form of the military capabilities that EU Member States acquire depend in part on their perception of external threats. The second explains the considerable complexities of pursuing capability development via international cooperation. Success hinges on the degree to which partners are in alignment across a whole range of factors, including those within the DOTMLPFI definition⁵, and particularly over ‘materiel’ or equipment. As a baseline, one would expect states cooperating closely over the development of military capability to be, to some extent, strategically aligned over foreign policy (e.g. within a formal alliance such as NATO). But neither alliance membership nor cooperation over capability development necessarily implies fully aligned foreign policies, still less the assumption that forces will always be used together⁶.

EU Member States retain very high levels of autonomy over their foreign policies. They may share many threat perceptions and most may rely on the NATO Article 5 mutual defence clause for their security, but they also diverge in their threat perceptions and disagree over how to deal with them (e.g., Iraq in 2003 and Libya in 2011). Thus, rather than assigning their capabilities permanently to fixed multi-national formations and roles, Member States prefer to maximise ‘strategic flexibility’ in the deployment of their armed forces⁷. As such, they often choose to cooperate at the defence industrial level but go no further, leaving them with the autonomy to deploy military capabilities as they wish. And, with a few exceptions, this has tended to be the approach for most of the post-war period⁸. Yet as concerns have grown over the affordability of military capability and the need for better interoperability, EU Member States have looked

¹ *NATOTerm*, available at: <https://nso.nato.int/natoterm/content/nato/pages/home.html?lg=en>

² See for example: Waltz, K., *Theory of International Politics*, 1979, p. 131.

³ *Ibid.*

⁴ DOTMLPFI is an acronym of the terms listed in the definition.

⁵ For a discussion on the concept of alignment in international relations, see Snyder, G., ‘Process variables in neorealist theory’, *Security Studies*, Vol. 3, No. 5, 1996, pp. 167–192.

⁶ ‘Alliances are made by states that have some but not all of their interests in common.’ Waltz, K., p. 166.

⁷ Henius, J., ‘Specialization: The Gordian Knot of NATO’s Smart Defence?’, *Smart Defence: A Critical Appraisal*, NATO Defence College, 2012, p. 31.

⁸ One long-standing example is the NATO Airborne Warning and Control System (AWACS), which is a NATO-owned and operated military capability; see: <https://awacs.nato.int>

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

The NATO alliance also shapes the approach of EU Member States to their military capabilities⁹. When they feel comfortable relying on the United States (US) for their defence, they are more likely to conceive of military capabilities as primarily ‘contributory’, and may perhaps be tempted to ‘free ride’ on US military power. By contrast, when they fear abandonment by the US, they tend to look to each other to meet some, or (*in extremis*) all, of their security needs, or to hedge collectively against future uncertainty¹⁰. From the US perspective, there is also a dilemma. Washington wants EU Member States to contribute more to their own defence, but greater autonomy may also mean EU action with less US influence.

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

2 Capability development since the Treaty of Lisbon

2.1 Historical background

During the Cold War, cooperation among European states over the development of their military capabilities was more limited than it is today. While NATO’s defence planning process identified the scale and form of the forces that its Member States were required to contribute, it left them considerable freedom to shape their own capabilities. Since the 1950s, western European states have embarked on major collaborative defence industrial ventures, particularly in aerospace, primarily with a view to preserving indigenous industrial capacity and technology. This national focus on military capability was also shaped by the Cold War context. Although some NATO Member States, particularly the UK and France, retained significant expeditionary capability, the alliance’s territorial defence posture was essentially static with national militaries responsible for the defence of geographic sectors. As such, although the alliance sought greater standardisation where helpful, there was little demand for ‘combined’ (i.e., multinational¹¹) forces or the interoperability of capabilities below division level¹².

The end of the Cold War and the crises in Yugoslavia and the Gulf presented NATO with an existential challenge and the alliance began to rationalise around ‘combined’ multinational force structures. Questions were also raised over the suitability of European military capabilities for expeditionary rather than territorial defence and the need for autonomous European action without direct US involvement. Given their reliance on the US during the Cold War, EU Member States were collectively low on ‘strategic enablers’, such as capabilities for surveillance and intelligence and long-distance mobility, shortfalls which continue to the present day¹³. These gaps were recognised in 1992 when the (now defunct) Western European Union (WEU) became responsible for the European aspiration to take on the so-called ‘Petersberg Tasks’, i.e., ‘humanitarian and rescue tasks, peace-keeping tasks and tasks of combat forces in

⁹ Obviously, this is also an issue for non-EU European NATO Member States, but this paper will focus on EU Member States.

¹⁰ Snyder, G., ‘The Security Dilemma in Alliance Politics’, *World Politics*, Vol. 36, No. 4, 1984, pp. 461–495; Fiott, D., ‘Strategic autonomy: towards “European sovereignty” in defence?’, *Issue Brief*, No. 12, EU Institute for Security Studies, 2018.

¹¹ The ‘Allied Command Europe Mobile Force (Land)’ (1960–2002) is an interesting exception.

¹² Hunter, R., *The European Security and Defense Policy: NATO’s Companion – or Competitor?*, RAND, 2002, p. 48.

¹³ Coelmont, J., ‘European Strategic Autonomy: Which Military Level of Ambition?’, *Security Policy Brief*, No. 109, Egmont Institute, 2019, p. 4.

crisis management, including peace-making¹⁴. These tasks were then transferred to the EU in the late 1990s.

The Franco-British 'St. Malo' summit of 1998 provided the breakthrough for EU action in the field of defence, announcing that, 'the Union must have the capacity for autonomous action'¹⁵. A key supporting goal was 'improving European intervention capabilities, and mobilizing and better using existing ones'¹⁶. Aspirations over military capability development were framed around the 1999 Headline Goal for the deployment of 60,000 EU troops within 60 days. In 2001, the European Capabilities Action Plan (ECAP) set out to identify and rectify the considerable capability shortfalls that stood in the way of this ambition, with a desire to 'improve efficiency and effectiveness' and 'enhance cooperation'. Capability shortfalls were most acute around mobility by air and sea, intelligence and reconnaissance assets, air-to-air refuelling, theatre missile defence, carrier-based air power and suppression of enemy air defence¹⁷.

Alongside its push for more effective military capability development, the EU also launched a parallel capability development process in the realm of civilian capabilities. The 2000 Feira European Council began the process, underlining a need for EU capacity in policing, justice and rule of law, civil administration and civil protection¹⁸. The 2008 Civilian Headline Goal targeted the capacity to run several concurrent civilian missions, including at least one large mission¹⁹. As with military capability development, however, the civilian side of the CSDP has also been beset by shortfalls, as it relies on voluntary contributions from Member States. There have also been significant administrative and financial problems²⁰. Though this period witnessed important institutional changes, including the establishment of the European Defence Agency (EDA), the EU Military Staff (EUMS) and EU Military Committee (EUMC), it did not result in any radical transformation of European military capability development and the success of ECAP was limited.²¹

2.2 Defence capability development since the Lisbon Treaty

The Lisbon Treaty represents an important milestone in the articulation of EU defence policy. In terms of capability development, it formalised the role of the EDA and included a commitment that 'EU Member States shall undertake progressively to improve their military capabilities'²². Most importantly, however, the treaty included the possibility for 'permanent structured cooperation' (PESCO)²³, through which a group of EU Member States could make 'more binding commitments' for 'more demanding missions'²⁴. This phrasing reflects its origins in the Franco-British 'St. Malo' vision for European defence, with a leading 'vanguard' group encouraging others to play up to a higher level. As Coelmont and Biscop note, however, there was also a more 'inclusive' conception of PESCO placed on the agenda by other Member States, particularly Germany²⁵. The potential shape of PESCO, however, remained ambiguous over the next

¹⁴<https://eeas.europa.eu/topics/common-security-and-defence-policy-csdp/5388/shaping-of-a-common-security-and-defence-policy- en#The+Petersberg+Tasks>

¹⁵ *Franco-British St. Malo Declaration*, 1998, available at: <https://www.cvce.eu/en>

¹⁶ *Ibid.*, p. 40.

¹⁷ Schmitt, B., *European Capabilities Action Plan*, EU Institute for Security Studies, 2003, p. 2.

¹⁸ Duke, S., 'Capabilities and CSDP: resourcing political will or paper armies', *Research Handbook on the EU's Common Security and Defence Policy*, 2018, pp. 154–181.

¹⁹ Council of the European Union, *Civilian Headline Goal 2008*, Brussels, 2004, p. 2.

²⁰ *Ibid.*, p. 165.

²¹ Schmitt, B., 2003, p.2.

²² Article 42 (3) of the Lisbon Treaty.

²³ Fiott, D., Missiroli, A. and Tardy, T., 'Permanent Structured Cooperation: What's in a Name?', *Chaillot Papers*, No. 142, EU Institute for Security Studies, 2017, pp. 14–16.

²⁴ Article 42 (6) of the Lisbon Treaty.

²⁵ Biscop, S. and Coelmont, J., *Europe, Strategy and Armed Forces: The making of a distinctive power*, Routledge, London, 2008, p. 78.

decade. While there were calls for launching PESCO with a more inclusive approach²⁶, political focus across Europe and in Brussels was drawn to the Euro area crisis and the establishment of the European External Action Service (EEAS)²⁷. While PESCO remained dormant, however, several international crises put military capability development back on the agenda.

The first was the financial crisis of 2008. The recession and resulting fiscal retrenchment hit most Member States badly and defence spending was not spared. Cuts came on top of long-term affordability issues that had already pared back capabilities. Most fundamentally, the rate of inflation in the cost of military capability acquisition and sustainment runs particularly high, and EU Member States have tended to respond to these trends by 'salami-slicing' numbers of ships, aircraft, tanks, personnel and so on. In the wake of new budgetary constraints, analysts and officials began to question the sustainability of this approach²⁸. European fears over the erosion of military capabilities also reflected US concerns over the capacity and performance of EU Member States in Iraq and Afghanistan²⁹. In response, several Member States sought cooperation with their neighbouring allies via 'islands' or 'clusters' of cooperation, notably the UK and France with the 2010 Lancaster House treaties³⁰.

Further crises were precipitated by the Arab Spring of 2011 and Russian intervention in Ukraine in 2014. The intervention in Libya in 2011, led initially by France and the UK and then by NATO, revealed that even a relatively straightforward operation could be a challenge for the EU Member States that took part. Serious capability gaps were apparent in precision-guided munitions, aircraft carriers and reconnaissance assets and air-to-air refuelling – as was a general dependence on the US for strategic enablers³¹. Then, in 2014, European security was further shaken by Russian military intervention in Ukraine. Attention turned back to NATO's collective defence responsibilities and the necessity for many EU Member States to maintain and develop capabilities such as artillery and heavy armour, in addition to the more expeditionary capabilities, which had been the focus since the 1990s.

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

However, given its events and the EU's policy responses towards them, it was 2016 that marked the pivotal year for European defence cooperation. The UK's decision to withdraw from the EU ('Brexit') raised serious questions over the Union's capacity for military action in the absence of one of its most militarily capable Member States, while also removing one of the most sceptical voices on EU defence initiatives from the debate and the decision-making process. Months later, the election of President Donald Trump in the US cast a cloud of uncertainty over the future of NATO³⁴.

²⁶ Notably from Belgium, Hungary and Poland in 2010, and Italy and Spain in 2011: see Fiott, D., Missiroli, A. and Tardy, T., 2017, pp. 24–25.

²⁷ *Ibid.*, p. 19.

²⁸ Jones, B., 'Choices and dilemmas for European defence acquisition: alone, together or "off-the-shelf"?', *Solving the European Defence Market Puzzle*, European Liberal Forum, Friedrich Naumann Foundation, 2018, pp. 23–44.

²⁹ de Durand, E., 'Entente or Oblivion: Prospects and Pitfalls of Franco-British Co-operation on Defence', *Future Defence Review Working Papers*, No. 8, Royal United Services Institute, London, 2010; Jones, B., 'Franco-British military cooperation: a new engine for European defence?', *Occasional Paper*, No. 88, EU Institute for Security Studies, Paris, 2011.

³⁰ Valasek, T., *Surviving Austerity: The case for a new approach to EU military collaboration*, Centre for European Reform, London, 2011.

³¹ Biscop, S., 'Mayhem in the Mediterranean: three strategic lessons for Europe', *Security Policy Brief*, No. 19, Egmont Institute, 2011.

³² European Council Conclusions, EUCO 217/13, 20, December 2013, p. 2.

³³ *Ibid.*, p. 5.

³⁴ 'Emmanuel Macron warns Europe: NATO is becoming brain-dead', *The Economist*, 7 November 2019.

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

The EUGS also noted the need for 'gradual synchronisation and mutual adaptation of national defence planning cycles and capability development practices'³⁹. The financial crisis and the resulting defence cuts had brought home the cost of having little or no effective information-sharing and coordination over military capability planning and development. The EUGS call for synchronisation paved the way for what was to become the Coordinated Annual Review on Defence (CARD), which was agreed in principle by the European Council in March 2017. Echoing this call for better alignment over defence planning and capability development, the 'Joint EU-NATO Declaration' of July 2016 pledged the two organisations to work together to 'develop coherent, complementary and interoperable defence capabilities'⁴⁰. In the same year, the European Commission announced its proposals for a European Defence Fund (EDF) with the aim of supporting the EU defence industrial base via funding for research and technology and joint development of capabilities, worth up to EUR 5.5 billion per year⁴¹. The most significant event of 2016 in relation to military capability development, however, was the re-emergence of PESCO as an 'inclusive' and 'modular' approach, based on future performance benchmarking rather than a narrow set of strict criteria for entry⁴².

In November 2016, EU High Representative Federica Mogherini sent a proposed Implementation Plan on Security and Defence (IPSD) to the Council for approval, proposing that PESCO 'cover commitments on defence expenditures, capability development and operational engagement'⁴³. In December 2016, the European Council Conclusions accordingly endorsed the EUGS level of ambition and called for proposals from the High Representative on 'elements and options for an inclusive Permanent Structured Cooperation based on a modular approach'⁴⁴. In December 2017, the Council formalised the establishment of PESCO⁴⁵, and in the following year, the first projects were announced.

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

³⁵ Council Conclusions, 14149/16, 14 November 2016, p. 4.

³⁶ European Commission, Shared vision, Common Action: A Stronger Europe, A Global Strategy for the European Union's Foreign and Security Policy, 2016, p. 4.

³⁷ *Ibid.*, p. 45.

³⁸ *Ibid.*, p. 20.

³⁹ *Ibid.*, pp. 20–21.

⁴⁰ NATO, Joint declaration by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization, 2016, available at: https://www.nato.int/cps/en/natohq/official_texts_133163.htm

⁴¹ European Commission, *European defence fund*, available at: https://ec.europa.eu/growth/sectors/defence/european-defence-fund_en

⁴² Fiott, D., Missiroli, A. and Tardy, T., 2017, p. 21.

⁴³ EU High Representative, *Implementation Plan on Security and Defence*, 2016, p. 29.

⁴⁴ European Council Conclusions, 15 December, 2016, p. 4.

⁴⁵ Council of the European Union, 'Council decision establishing PESCO and determining the list of participating Member States', *Official Journal of the European Union*, L331/57, 2017.

will be reviewed by the Council. A key difference between PESCO and previous initiatives is its legal status and its more formalised approach. As Biscop notes, pMS 'will have to explain any failure [...] to their fellow Member States, as well as to their publics and parliaments'⁴⁶. A further aspect of PESCO projects is that their cancellation may entail a certain amount of diplomatic risk and thus ensure high-level political sponsorship. Finally, PESCO's linkage to the EDF complements the 'stick' of the NIPs and the annual review process with the 'carrot' of extra funding⁴⁷; 20 % can be drawn from the EDF for projects, with a financial incentive of an extra 10 % for PESCO projects.

3 State of play on the new tools for capability development

3.1 Implementation Plan on Security and Defence (IPSD)

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

In terms of identifying capability development in the service of the LoA, the IPSD refers to three general priority areas, most of which are familiar EU capability shortfalls of the last twenty years: intelligence, surveillance and reconnaissance; strategic enablers; and cyber and maritime security⁴⁹. Under these three priority areas, some initiatives were already underway at the time of the release of the IPSD, including Air-to-Air Refuelling (AAR), Remotely Piloted Aircraft Systems (RPAS) and Cyber and Satellite Communication (GovSatCom). The IPSD called for further work between pMS and the EDA to develop these priorities and feed into a revised Capability Development Plan (CDP), the outcome of which will be considered below. It proposed a review of capability requirements in support of the LoA and the identification of shortfalls, all via mutual consultation with the NATO Defence Planning Process (NDPP).

Finally, the IPSD also sought to encourage deeper defence cooperation via 'pooling and sharing' capabilities, noting that 80 % of defence investment is still spent nationally⁵⁰. It emphasised the role of the EDA in acting as a resource to assist pMS in this field and 'strengthening the CDP'⁵¹. The IPSD also identified various *modus operandi* for developing defence cooperation to support pMS to deliver greater cooperation and more outputs. It cited 'concrete models of European cooperation' to emulate the success of the European Air Transport Command (EATC) and proposed similar initiatives in the field of medical services, logistics, training and so on⁵². Some of these areas have subsequently been taken up under PESCO, which the IPSD also proposed should be activated.

3.2 Capability Development Plan (CDP)

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

⁴⁶ Biscop, S., 'European Defence: Give PESCO a Chance', *Survival*, Vol. 6, No. 3, 2018, pp. 161–180, p. 163.

⁴⁷ *Ibid.*, p. 163.

⁴⁸ EU High Representative, 2016, p. 17.

⁴⁹ *Ibid.*, p. 20.

⁵⁰ *Ibid.*, p. 21.

⁵¹ *Ibid.*

⁵² *Ibid.*, p. 23.

⁵³ European Defence Agency, 2018 CDP Revision: The EU Capability Development Priorities, 2018 (a), p. 3.

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

As the first iteration in the post-2016 era, the 2018 CDP has become pivotal to the new agenda embodied by CARD, PESCO and the EDF, and is now developed in closer cooperation with NATO's own defence planning process⁵⁵. The 2018 CDP process has identified a set of Capability Development Priorities, broader in scope than the previous CDP, which had been intended primarily to support EDA initiatives. Instead, the 2018 CDP will support capability development 'irrespective of the framework and level (national, multinational, EU) at which they will be implemented'⁵⁶. In contrast to previous CDP iterations, the Capability Development Priorities are 'very generically phrased' and run across a broad spectrum of capabilities⁵⁷. They still reflect longstanding shortfalls but, strikingly in the post-Ukraine landscape, also include capabilities more associated with territorial defence, such as main battle tanks and anti-tank weapons, and emphasise intra-European military mobility and border crossing⁵⁸.

3.3 Coordinated Annual Review on Defence (CARD)

As Fiott notes, 'one of the complaints of the past was that EU military and policy planners had limited understanding of Europe's capability landscape beyond CSDP'⁵⁹. CARD is designed to address this problem, with the EDA undertaking a 'CARD Trial Run' process in 2017, in which it sought information on the 'aggregated defence plans' of EU Member States, their implementation of the EU Capability Development Priorities and progress on cooperation⁶⁰. The trial run found that spending on aggregate defence is increasing, though at very different rates across the EU. Data shared by some pMS also showed an upward trend in the collaborative dimension of capability development – from 24 % in 2015 to nearly 31 % in 2017. However, while collaborative research and technology expenditure remained around 11 % between 2015 and 2017, it fell in absolute terms.

Capability shortfalls remain a major concern, and the EUMS does not believe EU capabilities currently meet the CSDP LoA. The EDA has also concluded that defence planning is still carried out primarily from a national perspective and that pMS need to do more to align their approaches, particularly in terms of timelines for acquisition. To this end, it encourages pMS to set voluntary targets on spending and cooperation within their own multiannual defence reviews⁶¹.

The first full CARD cycle is now underway and is due to be completed by 2020⁶². It is based on the 2018 CDP, which has a much broader remit than the 2014 CDP to cover the full spectrum of capabilities, and is also being undertaken in closer cooperation with NATO officials and the NDPP.

⁵⁴ Fiott, D., Missiroli, A. and Tardy, T., 2017, p. 2.

⁵⁵ *Ibid.*, p. 5.

⁵⁶ European Defence Agency, 2018 (a), p. 4.

⁵⁷ Zandee, D., 'PESCO implementation: the next challenge', *Policy Report*, Clingendael Institute, 2018, p. 5.

⁵⁸ European Defence Agency, 2018 (a), p. 11.

⁵⁹ Fiott, D., Missiroli, A. and Tardy, T., 2017, p. 5.

⁶⁰ European Defence Agency, *Coordinated Annual Review on Defence (CARD)*, fact sheet, 2018 (b).

⁶¹ *Ibid.*

⁶² Report by the High Representative on interactions, linkages and coherence among EU defence initiatives, ST 9825 2019 INIT, EEAS, 2019, p. 12.

3.4 Permanent Structured Cooperation (PESCO)

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

The first list of projects, which was adopted in March 2018, was met by a certain degree of scepticism as they were viewed as low-profile, previously announced or unaligned with the capability shortfalls identified by the CDP⁶³. This is perhaps unfair as they included some potentially significant projects, such as the European Medical Command and the German-sponsored Crisis Response Operation Core (EU FOR CROC).

Analysts view the second wave of projects, announced in November 2018, as more closely aligned with capability priorities⁶⁴. A third list of projects was released in November 2019 and a fourth is scheduled for 2021; the EU High Representative has also suggested that pMS may move to a biennial process for future PESCO project rounds, with a strategic review of PESCO foreseen for 2020⁶⁵.

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

4.1 Top down: the EU level

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

First, at the highest level there is considerable ambiguity about the link between the military requirements of the CSDP (i.e., the Petersberg Tasks) and wider capability development through the CDM, CDP and PESCO. Though the EUGS LoA speaks of the broad remit of ‘protecting the Union and its citizens’, the CDM undertaken by the EUMS remains focused on the narrower LoA of the CSDP. Some analysts also note the ambiguous political and legal status of the broader EUGS LoA⁶⁶. Furthermore, the expansion of the CDP to a broader spectrum of capabilities, CARD’s comprehensive scope and close relationship with NATO planning, and the fact that PESCO projects are not directly related to any particular framework or institution⁶⁷ further distances capability development from the EU’s specified military tasks⁶⁸. The question then arises as to which capability shortfalls should be prioritised.

Mauro notes differences between the capability gaps identified by the CDM and the CDP⁶⁹. The CDM logically highlights quite discrete capability gaps of relevance to CSDP missions, such as strategic transport,

⁶³ Biscop, S., 2018; Billon-Galland, A. and Efstathiou, Y-S., ‘Are PESCO projects for purpose?’, *European Defence Policy Brief*, European Leadership Network, 2019.

⁶⁴ Billon-Galland, A. and Efstathiou, Y-S., 2019.

⁶⁵ Report by the High Representative, p. 12.

⁶⁶ Barrie, D. et al, *Protecting Europe: meeting the EU’s military level of ambition in the context of Brexit*, International Institute for Strategic Studies, 2018.

⁶⁷ Article 8 of Council Decision (CFSP) 2018/909, 25 June 2018, p. 40.

⁶⁸ Council of the European Union, ‘Council decision establishing a common set of governance rules for PESCO projects’, *Official Journal of the European Union*, L 161/37, 2018.

⁶⁹ Mauro, F., ‘EU Defence: The White Book implementation process’, *Analysis 6*, Institute of International Relations and Strategy (IRIS), Paris, 2019, p. 53.

'stabilisation capabilities', 'special forces (air)' and force protection⁷⁰. The CDP priorities, however, now reflect an aspiration for full spectrum capabilities, including those for higher levels of combat beyond the Petersberg Tasks⁷¹. Thus, Biscop argues that NATO and CDP shortfalls are 'nearly identical'⁷². While Valasek also sees scope for overlap, he argues that NATO planners are more likely to emphasise some capabilities over others (i.e., 'heavy armour, missile defence, anti-submarine warfare, and air command and control systems'⁷³). Moreover, where there is already clear US dominance in strategic enablers, there may be less pressure from NATO planners for Europeans to invest⁷⁴. Therefore, in those areas where NATO (and, by implication, the US) is more relaxed about its long-standing quantitative and qualitative asymmetry, this may serve to dis-incentivise an EU push for full spectrum strategic autonomy. As Biscop notes, 'ensuring the strategic autonomy of Europe is not an objective of the NDPP, which currently sets targets only for individual allies and for NATO as a whole'⁷⁵. Such ambiguity over capability requirement priorities has serious implications not only for the success of CSDP missions, but also for the aim of 'strategic autonomy' and the priority it should be accorded.

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

In terms of the likelihood of political costs to pMS, however, the picture is less clear. There is an obvious risk, as Zandee notes, that if the failure of the pMS to meet their own commitments is made plain in the annual report, there will be political pressure to 'water down' the assessment⁷⁶. There is also a risk that pMS will have various 'excuses' for their lack of success, some of which may be genuine, and it may therefore be difficult to make a fair assessment in such cases. Furthermore, while the inclusive and modular approach of PESCO has some benefits in terms of not being beholden to the slowest partner, the loss of the original Franco-British 'vanguard' element of PESCO could, over time, drain it of some of its power to incentivise and encourage.

Thirdly, there is the question as to whether PESCO is coherent as regards encouraging deeper cooperation over capability development, (i.e., pooling, sharing and specialising, on the one hand, and aspiring to develop new force structures on the other). As Biscop notes, the former has been somewhat neglected in more recent discussions on PESCO. Yet without greater rationalisation, it is difficult to see how capability gaps can be met⁷⁷. There is, however, tension between the concept of a national 'single set of forces' that can be allocated to different force structures – be they NATO, EU or *ad hoc* – and deeper forms of cooperation over specific, concrete capabilities that may lead to significant levels of mutual dependence. As Biscop notes, 'as soon as a state moves toward integration, choices must be made: a capability that has been integrated into one framework cannot simultaneously be merged with another'⁷⁸. In addition, where the component parts of an integrated multinational force can be removed and deployed elsewhere (e.g. Dutch-German army integration), these elements are unlikely to be as efficient and effective in other roles,

⁷⁰ Ibid, p. 43.

⁷¹ Ibid, p. 60.

⁷² Biscop, S., 2018, p. 172.

⁷³ Valasek, T., 'The EU's New Defense Pact: Marginal Gains', Carnegie Europe, 16 November 2017, available at: <https://carnegieeurope.eu/strategieurope/74760>

⁷⁴ House of Commons Defence Committee, Oral evidence: The indispensable ally? US, NATO and UK Defence relations, 2017.

⁷⁵ Biscop, S., 2018, p. 175.

⁷⁶ Zandee, D., 2018, p. 3.

⁷⁷ Biscop, S., 2018, p. 167.

⁷⁸ Ibid, p. 168.

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

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

4.2 Bottom-up: pMS level

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

In addition, while the UK has not been heavily involved in CSDP missions and operations in the past, shortfalls against the level of ambition will be exacerbated if British capabilities are no longer counted. The IISS also forecasts continued shortfalls in strategic enablers such as intelligence, surveillance and reconnaissance aircrafts, as well as amphibious ships⁸¹. Where concurrent operations are considered, the shortfalls extend to air mobility, maritime mine countermeasures, surface combatant ships and submarines.

Billon-Galland and Efstathiou conclude that, as it stands, the contribution of PESCO projects to meeting the needs of European armed forces on the ground will be limited. Most PESCO projects deal with non-high-end capabilities and lack the potential to address the full range of scenarios the EU has set itself to deliver⁸².

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

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

⁷⁹ Report by the High Representative, p. 10.

⁸⁰ Barrie, D. et al, 2018, p. 35.

⁸¹ Ibid.

⁸² Billon-Galland, A. and Efstathiou, Y-S., 2019, p. 9.

In terms of recent international events, both Brexit and the Trump Presidency could present challenges to the success of EU capability development initiatives. Firstly, regarding Brexit, the impact on the CSDP remains impossible to predict with any certainty. It will depend in part on the depth of a future trade deal and on the state of diplomatic relations at that point. Up until now, however, both sides have been relatively optimistic about potential cooperation in this field, and this is reflected in the recent UK-EU 'Political Declaration' on the post-Brexit relationship⁸³. Given that the CSDP is largely intergovernmental in procedure and that the EU has kept the door to close cooperation with third parties in this field open, it is perhaps more likely that suitable *modus operandi* will be found. Any ambitions for concerted autonomous EU action at scale, in terms of both capability development and operational deployment, will require either the involvement of the UK or substantial compensatory spending increases and/or rationalisation among remaining pMS.

Secondly, the recent negative reaction from the US to EU initiatives on defence cooperation appears to be driven in part by fears that US defence companies might be shut out of the EDF. This is not, however, only a concern for the US, but also for smaller EU Member States that benefit from access to US industry and would fear being corralled into a 'Buy European' position⁸⁴. It is also the case, however, that if Europeans are to work with each other across the whole capability value chain, beginning with research and technology and defence industrial cooperation is entirely logical. Given that that the EU will not become self-sufficient in its defence industrial needs for the foreseeable future, and the fledgling status of the EDF, some of this initial hostility may turn out to be excessive in time.

5 Conclusion and further areas for exploration

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

The first relates to the robustness of the 'carrot and stick' approach to PESCO. If a strong link is established between positive capability development and EDF resource levels, then further investment might provide exponential results and an obvious incentive to grow the fund. As for sanctions, however, it is hugely important that the process is robust. The Council is unlikely to be blunt in its assessment of the performance of particular pMS. But, as Zandee suggests, if sufficiently broad and transparent data over key milestones and deliverables are available, this may provide firm incentives to meet commitments⁸⁵. There is also an important role here for both national parliaments and the European Parliament to scrutinise and encourage the pMS, High Representative, Council and Commission to make the process as transparent and accountable as possible. There may also be a broader public relations role here, at least for parliamentarians at EU and national level who are supportive of the initiatives, to invite and encourage

⁸³ *Political Declaration setting out the framework for the future relationship between the European Union and the United Kingdom*, UK Government, 19 October, 2019, pp. 16-22.

⁸⁴ Brattberg, E. and Valasek, T., *EU Defense Cooperation: Progress Amid Transatlantic Concerns*, Carnegie Endowment for International Peace, 2019, p. 16.

⁸⁵ Zandee, D., 2018, p. 5.

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

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

⁸⁶ Biscop, S., 2018, p. 169.

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