



# **A EUROPEAN DEFENCE UNION?**

## THE EU'S NEW INSTRUMENTS IN THE AREA OF SECURITY AND DEFENCE

Justyna Gotkowska

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## INTRODUCTION

This report aims to present the evolution of the EU's security and defence policy since 2016. Public debate on this issue often comes down to slogans about a 'European army', which in reality no-one intends to create, or 'European strategic autonomy', a concept which has no clear definition. Discussions on the EU's security and defence policy are much less often based on actual knowledge of the activities the EU is undertaking in this area, or the interests of individual actors.

This is understandable: the development of new instruments in the EU is a highly bureaucratic process, in which many actors are involved: both the participating member states and the EU institutions. The aim of this report is to provide information about the security and defence instruments which have been developed so far in the EU; to present their assessment and their possible further development; and to show the opportunities and challenges they generate for the countries on NATO's eastern flank. At the same time, this text gives the broad political background to the whole process, and presents the interests of the participating actors.

## THESES

- Since 2016, efforts to increase cooperation in the EU's security and defence policy have accelerated. New initiatives have been undertaken, not only in the military and civilian dimension of the Common Security and Defence Policy (CSDP), but also in the related areas of the EU's industrial policy, transport policy and research & development. This development could not have happened without the coincidence of several factors. First, the largest member states wished to strengthen the EU's political, military and industrial standing in the face of the Trump administration. Second, Brexit triggered a political need to show that more European integration is possible. Third, the European Commission under Jean-Claude Juncker has treated closer security and defence cooperation not only as a vehicle for further integration but also as an instrument to increase public support for the EU. As a consequence, the creation of a European Security and Defence Union has become a flagship project for the European Commission.
- The original concept promoted by Paris for developing the EU's security and defence policy was to develop a framework of interlinked military and industrial instruments supported by the EU funds. Military-industrial cooperation would take place within an exclusive group of member states, which would also be interested in the strengthening of the EU's political, military and industrial autonomy *vis-à-vis* the US and in greater involvement in the crisis management in the EU's southern neighbourhood. However, such a concept would support the security interests of only some of the member states, and would provide financial support for armament cooperation among the biggest countries in the name of European defence industry integration.
- This concept has been significantly modified. This has happened mainly thanks to Germany, which has opted for a broad, inclusive and integrative approach to security and defence cooperation in the EU, and has been sceptical of Paris's interventionist attitude. Also the eastern flank countries, including Poland, have adopted a cautious stance. At present, crisis management remains the formal reference of the EU's security and defence policy. However, as a result of negotiations, most of the new instruments allow also support for capabilities needed for collective defence, as has been advocated by the eastern flank countries.

- Greater military integration in the EU will not necessarily mean competition and creating an alternative to NATO. If the EU's military, industrial and civilian tools are properly managed and coordinated, they may serve as a useful complement for the Alliance. However, in certain areas competition for member states' resources and involvement could arise. The growing tension between the US and Western Europe may also generate a strong impetus to deepen European military cooperation, which would include controversial discussions about European nuclear deterrence and collective defence.
- The decision to set up the DG for Defence Industry and Space in the new European Commission is a political signal indicating that defence policy is becoming increasingly important within the EU. Its establishment was intended to meet the expectations of some member states which would like the EU to have increased competence in this field. At the same time, the tasks of the new DG and its place in the structure of the European Commission represent a compromise with those member states which are sceptical of enhancing the Commission's role in defence policy. The new DG is the smallest that could be established in this area; its competences are limited to the defence industry and space programmes.
- However, so far nothing indicates that the enhanced cooperation between the EU member states will lead to a true integration of their defence policies and militaries. The new EU instruments, even if the member states use them actively, will to only a small extent increase European military capabilities, lead to innovation in the European defence industry, or improve the capacity of the military and civilian crisis management missions. The limited resources which the EU member states are willing to assign to security and defence policy in the multiannual financial framework for 2021-2027 show that this is only a secondary priority in comparison with the others.
- In the future, the framework for closer European security and defence cooperation will not be limited to the EU. Military-industrial cooperation in Europe will also, and perhaps above all, be shaped by the largest countries: France, Germany and the UK. They will use different formats for bilateral and multilateral cooperation, such as Germany's Framework Nations Concept (FNC), France's European Intervention Initiative (EI2), or the UK's Joint Expeditionary Force (JEF).

- It is not the substance of the EU's security and defence policy but the narratives about a 'European army', a 'European Security and Defence Union', or 'European strategic autonomy' that are the biggest problem. None of these will come with the EU's new military, industrial and civilian instruments. None of these are reflected in the real military capabilities and defence spending of the EU member states. The gap between rhetoric and reality has been deepened by the far-reaching French proposals on creating a new European security architecture or bolstering the EU's mutual defence clause. This has also been exacerbated by the Commission's rhetoric, which has treated closer cooperation between member states under the banner of the European Security and Defence Union as a vehicle for further European integration. All this has resulted in misleading ideas about the EU's present and future options in security and defence, as well as in misunderstandings between member states and between the EU & the US.



# I. CONCEPTS

## 1. A European Security and Defence Union?

**(A) The European Union Global Strategy (EUGS).** Since mid-2016, the EU's security and defence policy has been developed more dynamically than before<sup>1</sup>. This is due to several external factors: the result of the referendum to leave the EU by the UK, which had hitherto blocked such initiatives; the Trump presidency in the US, which has provoked negative reactions in Western Europe; and the European agenda of French President Emmanuel Macron. These factors coincided with the presentation of the EUGS<sup>2</sup> in June 2016, which became a policy document for the further development of the EU's security and defence policy. On the basis of the EUGS and the following implementation plans, the Council set out the level of the EU's ambitions in security and defence in November 2016<sup>3</sup>, highlighting three priorities:

- **responding to external conflicts and crises**, which covers the full range of CSDP tasks in civilian and military crisis management outside the EU, in accordance with Article 43 of the TEU (joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation)<sup>4</sup>;
- **capacity building of partners**, which covers tasks in training, advice and/or mentoring within the security sector in order to contribute to the resilience and stabilisation of partner countries recovering from or threatened by conflict or instability. It also includes countering hybrid threats (strategic communication, cybersecurity, border protection, observing international law, the protection of civilians, good governance);
- **protecting the EU and its citizens**, i.e. strengthening the protection and resilience of critical networks and infrastructure, the security of the EU's

<sup>1</sup> It is worth clarifying that the CSDP includes the military and civilian instruments only. Instruments supporting the arms industry and military mobility are *de jure* part of the EU industrial and transport policy. For this reason, the report uses the term 'the EU's security and defence policy', which covers all the instruments mentioned in this chapter.

<sup>2</sup> 'A Global Strategy for the European Union's Foreign and Security Policy. Shared Vision, Common Action: A Stronger Europe', European External Action Service, June 2016.

<sup>3</sup> 'Council conclusions on implementing the EU global strategy in the area of security and defence', The Council of the European Union, 14 November 2016.

<sup>4</sup> 'Consolidated version of the Treaty on European Union', Official Journal of the European Union C 202/1.

external borders, civil protection and disaster response, ensuring stable access to the global commons, including the high sea and space, countering hybrid threats, cybersecurity, preventing and countering terrorism and radicalisation, combatting people smuggling, the proliferation of weapons of mass destruction, arms trafficking and organised crime.

**(B) Strategic autonomy.** Neither the EUGS nor other EU documents recognise collective defence as a task for the EU. They state the need for the EU to have strategic autonomy in specific areas, i.e. conducting civil-military crisis management in the EU's neighbourhood, and guaranteeing the EU's internal security. At the same time, they clearly state that NATO is the primary framework for collective defence for those member states which are NATO members. According to the EU documents the EU's security and defence policy complements and is coordinated with the Alliance. The EUGS therefore offers a narrower definition of the term 'strategic autonomy'. It contradicts the colloquial understanding of the term, which usually means the EU strive for political, military and industrial independence of the US in the area of security and defence. The problems with understanding the term 'strategic autonomy' have been reinforced by the rhetoric from the Juncker Commission as it opted for the creation of a 'European Security and Defence Union'.

**(C) Instruments.** The Implementation Plan on Security and Defence presented by the High Representative and partially adopted by the Council in November 2016 began the process of developing military, industrial and civilian instruments and financial mechanisms.

**Chart 1.** New instruments in the EU's security and defence policy



**Source:** own preparation.

Moreover, in the negotiations over the EU's multiannual financial framework for 2021-2027, the Commission proposed introducing new financial instruments in the area of security and defence, in addition to the European Defence Fund: a separate envelope for improving military mobility within the 'Connecting Europe Facility' (CEF), and an off-budget European Peace Facility (EPF), which would co-finance EU military operations, among others. An increase in funding for civilian crisis management missions was also proposed.

## 2. Plans - reality - outlook

**(A) Ambitious plans.** The original concept for the EU's security and defence policy was to develop a framework of interlinked instruments enabling more military cooperation (PESCO), closer coordination in capability development (CDP, CARD) and EU's financial support for joint research and development projects (EDF). The exclusive group of countries involved in such cooperation would aim to fulfil the EU's level of ambition as defined in the EUGS. The framework of obligations and reporting would make it a self-reinforcing structure developing military capabilities for crisis management operations led by the EU command structures (MPCC) in the EU's southern neighbourhood.

This concept was promoted by Paris, which has highlighted the gradual and inevitable withdrawal of the US from political and military involvement in European security. According to France, the EU should develop 'strategic autonomy', i.e. the ability to undertake independent political and military actions in security and defence policy. Bearing this in mind, Paris wants to strengthen the development of crisis management (but not collective defence) capabilities within the EU, as well as of the capacity of the European arms industry by supporting European champions and limiting the access of third countries (i.e. mainly the US) to the European defence market.

Such a concept for the EU's security and defence policy would not be beneficial for Poland and other eastern flank countries, for several reasons. The EU would mainly offer financial and bureaucratic support for enhancing crisis management, and not collective defence capabilities. This would create a two-speed Union: the countries integrating in the EU's core, and its periphery. In the longer term, with growing frictions in trans-Atlantic relations the largest West European member states could become reluctant to invest in NATO's deterrence and defence policy towards Russia, preferring to stick to the EU capability development planning as it gradually becomes an alternative to the NATO Defence Planning Process (NDPP).

**(B) Modified instruments.** However, the concept of developing the EU's security and defence policy as presented above was significantly modified during the negotiations over specific instruments, by Germany and other countries, including Poland.

The latest review of the Capability Development Plan in 2018 set priorities which overlap to a great extent with the NATO Defence Planning Process, which aims to improve collective defence, even though the EUGS's political guidelines prioritise crisis management. This is important because the CDP's priorities form the basis for the choice of PESCO and EDF projects. In addition, the Council conclusions issued in November 2018 clearly refer to a single set of forces which the member states can use in different frameworks, i.e. also within the UN and NATO.

Germany, which favoured an inclusive and structural approach in the case of military cooperation projects (PESCO), has 'blurred' the French proposals, which aimed to create an exclusive group of countries willing to conduct expeditionary operations. Currently, PESCO projects also correspond to the military needs of the eastern flank countries, which are willing to increase their defence capabilities through multilateral cooperation.

The EU's new command structures for the planning and conduct of military operations (MPCC) will be limited to executing missions of the size of one battle group (approx. 1500 soldiers). Proposals to merge military and civilian command capacities might be beneficial to conducting future EU missions. However, the further expansion of the MPCC might take place to the disadvantage of the planned increases of the NATO Command Structure.

The European Defence Fund (EDF) will benefit more recipients than originally envisaged. It will support the cooperative development of armament and military equipment, conducted not only by large European arms companies with subsidiaries in several countries, but first of all also by small and medium-sized enterprises across the EU.

Ambitious plans are currently being worked out to increase the EU's capacity in civilian crisis management (CCC). They may, however, clash with the known difficulties that member states have in providing personnel for civilian CSDP missions.

Furthermore, new financial instruments for the area of security and defence are under discussion. They will take their shape in the final stage of negotiations on the multiannual financial framework for 2021–2027.

**(C) Outlook.** The development of the EU's security and defence policy will depend on several factors: the future of trans-Atlantic relations, the perception of NATO as the main platform for politico-military cooperation, the development of the multilateral military cooperation formats outside of the EU and the efficiency of the EU's currently developed toolbox. In the new Strategic Agenda 2019–2024, the European Council has agreed that the EU needs to take greater responsibility for its own security and defence, in particular by enhancing defence investment, capability development and operational readiness in close cooperation with NATO<sup>5</sup>. It is too early, however, to clearly determine how the EU's security and defence policy will develop further. There are three possible scenarios:

**A European Security and Defence Union on paper.** With trans-Atlantic relations becoming more harmonious, and with the military and civilian initiatives generating more bureaucracy than benefits for the member states, the drive towards deeper security and defence integration in the EU could weaken significantly. The European Security and Defence Union would function on paper with some PESCO projects being implemented by the member states and with the EDF co-financing small industrial R&D projects. The real military and industrial cooperation between the EU member states would be implemented in other formats: bilaterally, regionally, in NATO, or within initiatives like Germany's Framework Nations Concept (FNC) or France's European Intervention Initiative (EI2).

**A European Security and Defence Union of small successes.** The development of the recent military, industrial and civilian instruments may bring mixed results. Some PESCO projects will be beneficial to the EU member states, but other might be *de facto* abandoned. Progress in strengthening the EU's civilian crisis management capabilities could be made, but the EU might still lack sufficient resources to be effective. The EDF projects will translate into an increase in industrial cooperation and defence innovation, albeit a small one. Faced with continued trans-Atlantic tensions, the European Security and Defence Union might however be a useful political label for some EU member states. Despite enjoying a few successes, it will not lead to the expected military

<sup>5</sup> 'European Council meeting – Conclusions', The Council of the European Union, 20 June 2019.

and industrial integration, and will not pose any alternative to NATO. The EU member states will use other formats of military and industrial cooperation – bilateral, regional, multilateral and in NATO.

**A European Security and Defence Union of ongoing integration.** Growing tension in trans-Atlantic relations if President Trump wins the US elections in 2020 may increase member states' willingness to engage in security and defence cooperation in the EU. This might prove more likely if the majority of current PESCO projects prove to be useful and the EDF establishes itself a valuable instrument for co-financing industrial projects, contributing to the coordinated military procurement in the EU. As a consequence, the funding pool for the EDF in the multiannual financial framework for 2028–2034 might be increased. Moreover, member states will be more eager to harmonise legislation to send personnel on civilian crisis management missions and will increase the pool of available experts. The EU will thus enhance its capability to undertake civilian crisis management and become a more active and visible actor in its neighbourhood. Modules of EU Battlegroups might be used in the EU military operations for the first time. Bilateral, multilateral and regional formats of military cooperation will be gradually integrated into the EU framework.

## II. ACTORS

The EU's security and defence policy is shaped primarily by the (largest) member states. However, the EU's institutions also have a say. Since 2016, the Commission and the High Representative for Foreign Affairs and Security Policy have used the possibility to shape security and defence policy extensively: on the one hand, with the approval of the largest member states; and on the other, as a controversial way of expanding their own competences into areas where intergovernmental cooperation had hitherto prevailed.

### 1. The member states

The UK's decision to leave the Union has introduced a new dynamic into the decision-making process in the EU's security and defence policy. Since the UK withdrew its veto over the further development of this policy, the 'quartet' of the largest member states – France, Germany, Italy and Spain – has gained leverage. Joint Franco-German proposals, later validated by Italian and Spanish support, have usually formed the basis for new initiatives put forward by the High Representative or the Commission<sup>6</sup>.

**(A) France** has been the main promoter of the EU's enhanced security and defence cooperation. First of all, Paris has strived to achieve defence industrial autonomy in the EU by aiming to strengthen the biggest arms industry players (principally French companies) by limiting access for third countries (including the US) to the European defence market. France has also perceived the development of the EU's security and defence policy as an instrument for supplementing French power projection in Europe's southern neighbourhood (Africa and the Middle East). However, Paris is not satisfied with what has been achieved so far in the EU, as it is focused more on building military structures and capabilities than on enabling operations. Hence, in September 2017 Paris proposed the European Intervention Initiative (EI2), a format for military cooperation outside EU structures aimed at increasing Europe's military readiness and its capacity to conduct crisis management operations

<sup>6</sup> This illustrates the development of the CSDP initiatives in 2016. In June of that year, the German and French foreign ministers presented a document entitled 'A strong Europe in an uncertain world', proposing that the EU's security policy be strengthened. In September, the media published a Franco-German non-paper entitled 'Revitalising CSDP – towards a comprehensive, realistic and credible Defence in the EU'. The Franco-German proposals were endorsed in a joint letter by Germany, France, Italy and Spain in October 2016 and later became the basis for the paper put forward by the High Representative and the Commission. See O. Wientzek, 'Glimmer of hope for the Common Security and Defence Policy', *KAS Prospects for German Foreign Policy*, 26 January 2017.

with France as the framework nation<sup>7</sup>. In June 2018 eight countries (Spain, Portugal, Germany, Belgium, the Netherlands, the United Kingdom, Denmark and Estonia) signed a letter of intent establishing the EI2<sup>8</sup>. In August 2018 Finland also declared that it would participate. In September 2019 Sweden, Norway and Italy decided to join. However, it seems that the states invited to participate in the project (especially Germany) have proven reluctant to develop an ambitious format for military cooperation under Paris's leadership outside the EU, although they did not want to reject the French proposal outright. The future of the EI2 thus remains an open question, although Paris will also work for practical (i.e. operational) successes for the initiative.

Although France is not satisfied with the final shape of the EU's initiatives, Paris supports the European Security and Defence Union project and promotes the idea of European strategic autonomy, as this reinforces the French agenda. Paris sees itself as the natural leader in the EU in the area of security and defence, and has been the driver of a series of initiatives. In March 2019, in an article entitled 'For European renewal'<sup>9</sup>, President Macron proposed the adoption of a treaty on defence and security, the strengthening of Art. 42 (7) of the Treaty on European Union – 'a truly operational mutual defence clause'<sup>10</sup>, and the creation of a European Security Council with the United Kingdom on board. So far, however, there has been no serious public discussion on this topic: most European countries, including Germany, seem rather sceptical about the majority of the French proposals.

**(B) Germany** sees the development of EU initiatives in security and defence primarily in political terms. For Berlin, increased cooperation in this area is a flagship European integration project to counter the centrifugal tendencies that resulted in Brexit. For Germany, the domestic perspective of the EU's increased military cooperation is important. The narrative of creating a European Security and Defence Union and the need for a more capable Bundeswehr

<sup>7</sup> M. Lebrun, 'Strategic Autonomy? France, the eFP and the EII', *ICDS Blog*, 12 October 2018.

<sup>8</sup> 'Letter of intent concerning the development of the European Intervention Initiative (EI2)', 25 June 2018.

<sup>9</sup> E. Macron, 'For European renewal', 4 March 2019.

<sup>10</sup> Article 42 (7) of the Treaty on the European Union: 'If a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power, in accordance with Article 51 of the United Nations Charter. This shall not prejudice the specific character of the security and defence policy of certain Member States. Commitments and cooperation in this area shall be consistent with commitments under the North Atlantic Treaty Organisation, which, for those States which are members of it, remains the foundation of their collective defence and the forum for its implementation.' See the Consolidated version of the Treaty on European Union, *op. cit.*



is more readily accepted by the German public when voiced in the EU context than are the demands for spending 2% of GDP within NATO. Berlin is also interested in the defence industrial dimension of the EU's security and defence policy as a chance to enhance the standing of German arms companies.

However, the most important factor which will influence the development of the EU's security and defence policy is the future of US-European relations. Germany has been most affected by the change in the US policy, from the 'cooperative' approach towards Europe during the Obama presidency to the 'confrontational' approach of the Trump administration. From Berlin's perspective, the US decision to abandon multilateral approach in its foreign and security policy in favour of unilateral policy-making is highly detrimental to US-European relations. This includes trade policy, climate issues, NATO, and policy towards China and the Middle East. Trump's hostile rhetoric towards the EU also has a negative impact. From the perspective of Germany (and France), Washington's unilateral decisions, which do not take European positions and interests into account, and even directly contradict them, are undermining the trans-Atlantic political community, and as a consequence, the military alliance.

Berlin's future stance on relations with the US will be of key importance in developing the EU's security and defence policy. In Germany, an intense debate is underway on the future of the trans-Atlantic partnership and the 'post-trans-Atlantic' world. The German government under Chancellor Angela Merkel is still aware that European security depends on the US guarantees and a functioning NATO, but it also wants to strengthen the EU's security and defence policy. The majority of the Christian Democrats still see NATO and the US presence in Europe as the cornerstone of European security, and perceive the development of a European Security and Defence Union as strengthening the European pillar in the Alliance. The Social Democrats, however, view the development of the European strategic autonomy more as a necessity, in the light of the US's retreat from multilateral policy-making and from their cooperation with Europe.

**(C) Italy and Spain** have tried to take advantage of Brexit to strengthen their position as priority partners for France and Germany in shaping the EU's security and defence policy. Rome and Madrid have been also interested in strengthening defence industrial instruments and crisis management capabilities for the southern neighbourhood without undermining NATO. Both countries support enhancing the EU's role in security and defence as this

gives them the platform to engage in multilateral projects of politico-military cooperation, which they have so far been largely excluded from, staying outside of the majority of the politico-military collaboration formats (NORDEFCO, V4, Franco-British cooperation, the Weimar Triangle). For this reason, Italy and Spain are currently participating in the largest number of PESCO projects.

**(D) The other member states** have largely followed Germany and France in discussions on the EU's security and defence policy in recent years. This applies also to smaller countries from Northern and Central Europe (Lithuania, Estonia, the Czech Republic), which had hitherto supported the UK's position. This has been apparent not only in political but also military terms. Northern and Central European states have been developing military cooperation with Germany (the Czech Republic, Lithuania, Romania), France (Estonia) and the UK (the Nordic states, Estonia). For these countries, Poland is 'too big to be small, too small to be big'. Warsaw has too little political, economic and military potential to replace the UK as a leader of those countries which are not satisfied with the Franco-German tandem. However, it is strong enough to express its objections to the initiatives proposed by Paris and Berlin.

## 2. The EU institutions

Since 2016, the European Commission and the High Representative have been involved in the development of the EU's security and defence policy, extensively using their competences as specified in the treaties<sup>11</sup>. At the same time, the last few years have shown that the decision-making process between the member states and the Commission along with the High Representative has not been transparent<sup>12</sup>.

The EU has exclusive competence in establishing the competition rules necessary for the functioning of the internal market; it shares competence with the member states in the area of transport and trans-European networks, and may carry out activities in the areas of research, technological development and space. Thus, the European Commission may legislate and adopt non-binding and binding legal acts (together with the Parliament and the Council) concerning the internal market, public procurement, industrial policy, and in the

<sup>11</sup> Consolidated version of the Treaty on the Functioning of the European Union, Title I. Categories and areas of Union competence, Official Journal of the European Union C 326.

<sup>12</sup> 'Polska aktywna w dyskusji o przyszłej Agendzie Strategicznej UE na lata 2019–2024' [Poland active in the discussion on the future Strategic Agenda for 2019–2024], Polish Ministry of Foreign Affairs.

areas of R&D and transport within the framework of shared and supplementary competences.

In accordance with the provisions of the Treaty on the Functioning of the European Union (Article 2(4)) “the Union shall have competence to define and implement a common foreign and security policy, including the progressive framing of a common defence policy”. The High Representative of the Union for Foreign Affairs and Security Policy, in accordance with Article 18 of the Treaty on the European Union, “contributes by his proposals to the development of that policy which he shall carry out as mandated by the Council”<sup>13</sup>. He is also one of the Vice-Presidents of the Commission. Moreover, the High Representative has bureaucratic instruments at his disposal, primarily the European External Action Service (EEAS) and is the head of the European Defence Agency (EDA).

Even if the European Parliament is a secondary actor in the EU’s security and defence policy, it does participate in the legislative process, and so it can affect the legislation to some extent (as in case of regulations establishing the EDIDP and the EDF). In addition, the Parliament shapes the debate on the CSDP, by adopting annual resolutions on the implementation of this policy, among others.

**(A) The regulatory approach.** Until 2015, the EU institutions had adopted a regulatory approach in the EU’s security and defence policy. The Commission primarily worked towards greater integration in those areas where it could take the initiative: the internal market, the public procurement law, industrial policy and R&D. The regulatory approach was connected with the UK’s resistance to deepening political and military cooperation in the EU, as well as the lack of political and strategic initiatives in security and defence undertaken by High Representative Catherine Ashton in 2009–2014. The Commission therefore focused on developing a European Defence Technological and Industrial Base (EDTIB). In 2009 it issued two directives: Directive 2009/81/EC on defence and sensitive security procurement setting out European rules for the procurement of arms, munitions and war material for defence purposes, and Directive 2009/43/EC on intra-EU transfers of defence-related products, simplifying the terms and conditions for transfers of such goods within the EU<sup>14</sup>.

<sup>13</sup> Consolidated version of the Treaty on European Union, *op. cit.*

<sup>14</sup> In subsequent years, the proposals put forward by the Commission continued to be focused on the regulation of the defence industrial sector in the EU. These proposals, among others, were contained in the communication ‘Towards a more competitive and efficient defence and security sector’ of July

**(B) The political approach.** The European Commission under Jean-Claude Juncker and the High Representative Federica Mogherini started to treat the development of the EU's security and defence policy as a political project. The creation of a European Security and Defence Union became one of their flagship projects<sup>15</sup>. After 2016 the Commission started to put forward initiatives in industrial, R&D and transport policy. The High Representative took charge of developing the EU Global Strategy, and (in consultation with member states) undertaken initiatives in the military and civilian dimensions. The EU institutions have come to regard closer cooperation in this area as a vehicle for further European integration in the face of the post-Brexit integration crisis, and as an instrument to increase public support for the EU.

It seems that the agenda of the Juncker Commission was to gradually introduce the Community method (with increased competences for itself) in the EU's security and defence policy, had been considered the domain of intergovernmental cooperation so far. Since 2018, discussions have been held on creating a new Directorate-General (DG) Defence in the European Commission and appointing a separate Commissioner for Defence. Such a DG Defence would have oversight not only over the instruments regarding the defence market, public defence procurement, the arms industry and R&D, but also over reporting on the instruments of military cooperation and military mobility. The EU's programs on cybersecurity and space would also be included into its competence. On the other hand, there were debates on institutional arrangements which would strengthen the Commission and guarantee member states influence on the new instruments. This option included increasing the role of the European Defence Agency, or creating a new 'hybrid' institution between the Commission and the member states<sup>16</sup>. This institution would be subordinate to the High

2013, which paved the way for the first thematic debate on defence in the European Council and its first conclusions on the CSDP in December 2013.

<sup>15</sup> In June 2017 the Commission issued a 'Reflection paper on the future of European defence', which contained three scenarios for development up to 2025; these ranged from a slight increase in security and defence cooperation to common defence and security with a European Security and Defence Union being established. In the Reflection Paper the Commission indicated its preference for the implementation of the last scenario, at the end rhetorically asking only about the pace of building a genuine European Security and Defence Union. In this scenario "solidarity and mutual assistance between Member States in security and defence would become the norm, building on the full exploitation of Article 42 of the Treaty on European Union which includes the progressive framing of a common Union defence policy, leading to common defence. (...) The Member States' defence planning would become fully synchronised, and national priorities for capability development would account for agreed European priorities. Such capabilities would subsequently be developed on the basis of close cooperation, even integration or specialisation." See '[Reflection paper on the future of European defence](#)', European Commission, 7 June 2017.

<sup>16</sup> P. Becker, R. Kempin, 'Die EU-Kommission und als Sicherheits- verteidigungspolitische Akteurin', SWP-Aktuell, June 2019.

Representative, but would also be made up of both Commission officials and experts from the member states.

**(C) The reshuffle.** The new President of the European Commission, Ursula von der Leyen, has announced a continuation in the security and defence policy. In her political guidelines for the next European Commission<sup>17</sup>, she declared that “we need further bold steps towards a genuine European Defence Union”. It is therefore likely that not only will the already established instruments be implemented, but new initiatives might also be introduced. Institutionally, however, von der Leyen has decided on a compromise solution with regard to creating a new DG. She has established a new DG for Defence Industry and Space (DG DEFI) within the Commission, but without creating a separate position of a Commissioner for Defence. The new DG has been subordinated to the Commissioner for the Internal Market, and has been granted limited competences – covering the defence industry & space<sup>18</sup>. For now, the new DG will include the units which hitherto operated within the DG GROW for the Internal Market, Industry, Entrepreneurship and SMEs and which have been responsible for space-related issues and the defence procurement market (e.g. the implementation of the two directives mentioned above). It may be assumed that after the adoption of the multiannual financial framework for 2021–2027, additional units to manage the European Defence Fund will be created.

The decision to create a new directorate-general was intended to meet the expectations of a section of the political scene in Brussels and in those member states which would like the EU to have increased competences in security and defence. The tasks and the position of the new DG DEFI in the structure of the new Commission, in turn, represent a concession to those member states which are sceptical that the Commission will enhance its competences in defence policy, either out of a reluctance to make this area more supranational (e.g. France) or to create future alternatives to NATO (including Poland and the Netherlands). Uncertainty remains surrounding the relationship

<sup>17</sup> U. von der Leyen, *A Union that strives for more. My agenda for Europe. Political guidelines for the next European Commission 2019–2024*, July 2019.

<sup>18</sup> The Directorate-General for the Defence Industry and Space will: (1) implement the European Defence Fund, a new instrument which will offer financial support for the cooperative research and industrial projects; (2) ensure an open and competitive European defence equipment market and enforcing EU procurement rules on defence; (3) implement the Action Plan on Military Mobility (in cooperation with DG Mobility and Transport); (4) foster an innovative space industry in the EU; (5) implement the future Space Programme, covering the European Global Navigation System (Galileo), the European Geostationary Navigation Overlay Service (EGNOS), and the European Earth Observation Programme (Copernicus). See U. von der Leyen, ‘Mission letter to Sylvie Goulard, Commissioner-designate for the Internal Market’, European Commission, 10 September 2019.

between the Commissioner responsible for the DG DEFI and Josep Borrell, the new High Representative of the Union for Foreign Affairs and Security Policy, who is both the Vice-President of the Commission and head of the European External Action Service and the European Defence Agency. Borrell will be responsible for coordinating the EU's security and defence policy, and for the oversight of the recently established military and civilian instruments. Given this allocation of competences, it is possible that differences will arise between the High Representative and the Commissioner for Internal Market, for example with regard to the priorities of funding military industrial projects<sup>19</sup>.

<sup>19</sup> J. Gotkowska, 'DG for Defence Industry and Space in the new European Commission', 18 September 2019, [www.osw.waw.pl](http://www.osw.waw.pl).

### III. INSTRUMENTS

#### 1. Military instruments

Before 2016, the EU was focused on the conduct of military missions and operations which, in accordance with Article 43 of the Treaty on European Union, included “joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation”<sup>20</sup>. Since 2003 the EU has undertaken a total of 11 military missions and operations; six of them are still ongoing<sup>21</sup>. The Council agreed unanimously to launch all of them.

Hence, the EU’s focus was on adapting the structures, mechanisms and instruments for military crisis management. The multinational EU Battlegroups (composed of around 1500 soldiers each), operational since 2007, and on standby for a period of six months on a rotational basis, have not yet been used<sup>22</sup>. The forces and the majority of funding for EU missions and operations have so far been provided by those member states who decided to take part in them. Only a fraction of the costs has been covered by all member states within the joint Athena mechanism. In the absence of a permanent operations headquarters, selected national headquarters have been used in the EU operations, although the EU could also use NATO assets under the Berlin Plus arrangements for this purpose, as in the case of EUFOR Althea.

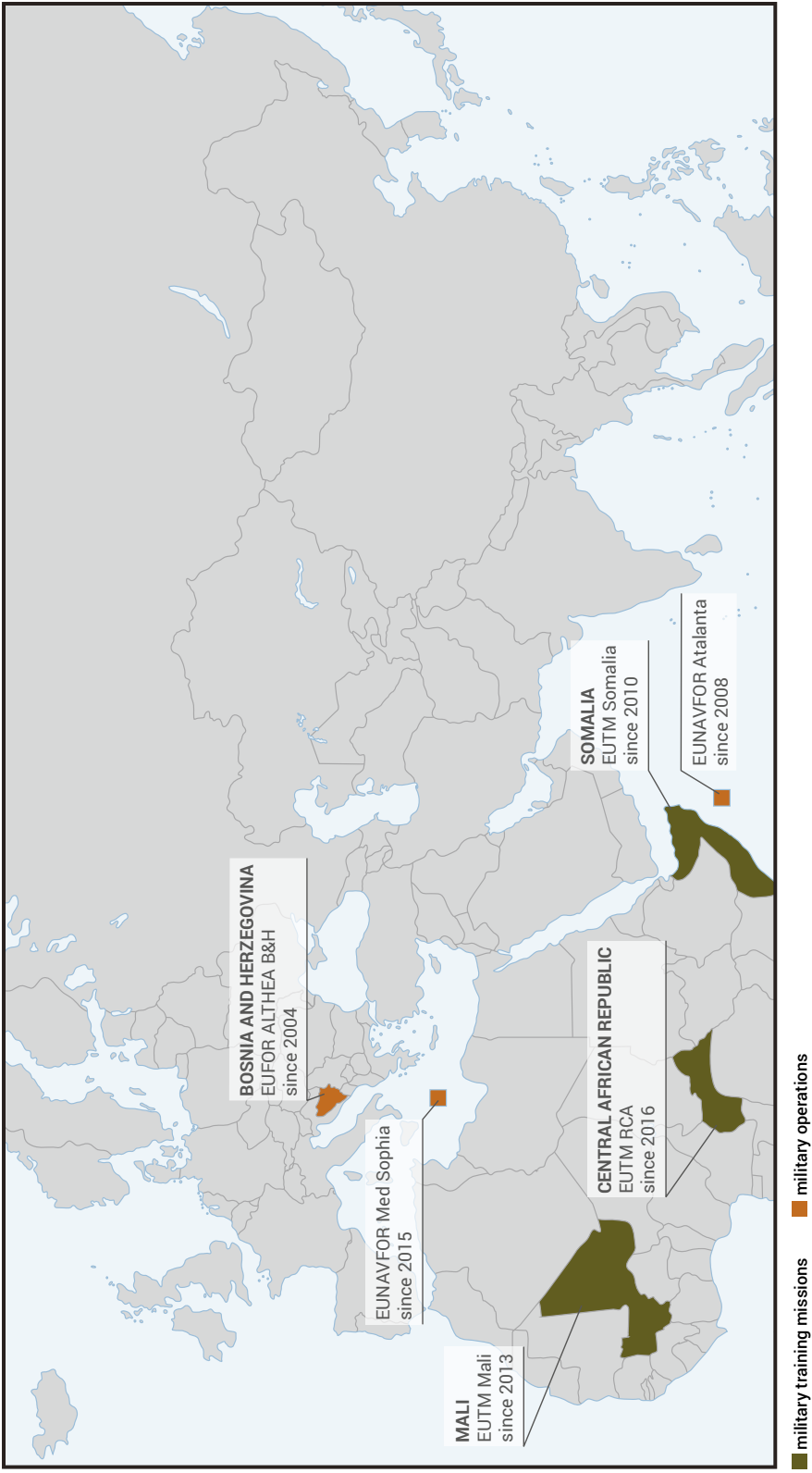
Since 2016 the new initiatives in the EU’s security and defence policy have barely affected the above-mentioned area. The Council decided to develop the EU’s operational planning and conduct capabilities (MPCC) and to increase the joint financing for the common costs of EU operations from the Athena mechanism. But the most important military initiatives since 2016 have focused on coordinating (CDP, CARD) and increasing multinational cooperation (PESCO) in military capability development between the member states.

<sup>20</sup> Consolidated version of the Treaty on European Union, *op. cit.*, Art. 43.

<sup>21</sup> ‘EU Missions and Operations’, European External Action Service, 5 March 2018.

<sup>22</sup> ‘EU Battlegroups’, European External Action Service, 5 October 2017.

**Map 1.** The military CSDP missions and operations 2019



**Source:** 'Military and civilian missions and operations', European External Action Service.



## 1.1. Capability development

**(A) The Capability Development Plan (CDP)** is intended as an instrument for increasing coherence and integration in military capability development within the EU. The CDP is not a new initiative: it was first introduced in 2008 (and updated in 2014) as a non-binding instrument to assist member states in strengthening their military cooperation. The EU Global Strategy has underlined the role of the CDP for the member states in developing the capabilities needed to achieve the political goals set out in the Strategy. As such it should be a reference for other EU initiatives, namely PESCO and EDF. The CDP determines the priorities for capability development within the EU, taking into account the short-, medium- and long-term threats and challenges, capability shortfalls, lessons learned, industrial and political priorities, and technological development. The CDP is devised by the European Defence Agency in close cooperation with member states, the EU Military Committee and the EU Military Staff. The EU Global Strategy and the Council conclusions indicate that the CDP should be complementary to NATO Defence Planning Process although it is *de facto* a similar planning mechanism.

2018 saw another review of the CDP with 11 capability development priorities being approved<sup>23</sup>. These include: the enabling capabilities for cyber responsive operation, space-based information and communication services, information superiority, ground combat capabilities, enhanced logistic and medical supporting capabilities, naval manoeuvrability, underwater control contributing to resilience at sea, air superiority, cross-domain capabilities contributing to achieve EU's level of ambition, integration of military air capabilities in a changing aviation sector, air mobility (see Annex 2).

**(B) The Coordinated Annual Review on Defence (CARD)** is a new instrument, the aim of which is to present a picture of the member states' current capabilities, and to regularly review the implementation of the capability development priorities. Within this mechanism, member states are to submit annual data on their defence expenditure, capability development plans and involvement in cooperative research projects to the EDA<sup>24</sup>. Their analysis should allow the preparation of recommendations concerning the implementation of EU capability development priorities resulting from the CDP, the

<sup>23</sup> 'New 2018 EU Capability Development Priorities approved', European Defence Agency, 28 June 2018.

<sup>24</sup> The EDA and the EU Military Staff (EUMS) together make up the 'CARD secretariat'. See *Coordinated Annual Review on Defence (CARD)*, European Defence Agency.

development of European military cooperation, and achieving greater consistency in member states' defence plans. The first CARD trial run began in autumn 2017 and was completed in summer 2018. The first full CARD cycle will be carried out in 2019–2020, and its conclusions are to be presented in a report by the EDA.

**(C) Opportunities and challenges.** The CDP and the CARD can contribute to closing the capability gaps for both EU crisis management and NATO collective defence operations, if the priorities are correctly defined. It is encouraging that the 2018 capability development priorities largely correspond to those of the NDPP, which are focused on improving allies' collective defence capabilities. EU priorities indicate the need to invest in high-intensity operations on land (e.g. the upgrade of land platforms), in the air (A2/AD, BMD) and at sea (anti-submarine warfare, mine warfare), in logistics (e.g. military mobility) and medical support. If the PESCO and EDF projects are developed on the basis of the current CDP, this will contribute to the fulfilling the objectives agreed within NATO.

It is in the interest of Poland and the other eastern flank countries to ensure that the CDP is coordinated with the NDPP to the greatest possible extent, both with regard to time (in order not to create additional bureaucracy) and substance (to ensure that the EU capability development priorities correspond to those of NATO). However, there is a risk that in the future some member states may strive to subordinate the CDP to the EUGS political guidelines and to redirect PESCO and EDF projects to supporting crisis management capabilities without taking into consideration the political, military and industrial interests of the eastern flank countries.

## **1.2. Military cooperation**

**(A) The Permanent Structured Cooperation (PESCO).** The decision on Brexit, which lifted the British veto from the CSDP development, allowed PESCO to be activated in 2017. The Permanent Structured Cooperation, which was introduced to the *acquis communautaire* by the Lisbon Treaty, enables closer military cooperation among a group of willing and able member states aimed at jointly developing defence capabilities, investing in shared projects, and enhancing the operational readiness of their armed forces. A joint notification establishing PESCO was signed in November 2017 by 23 EU member

states (including Poland)<sup>25</sup>. PESCO was formally established by the Council in December 2017, and acceded to by 25 member states (excluding the United Kingdom, Denmark and Malta)<sup>26</sup>.

Participation in PESCO is related to meeting certain commitments, as generally outlined in Protocol 10 of the Treaty of Lisbon<sup>27</sup>. A more detailed list of 20 “ambitious and more binding” commitments is presented in the annex to the Council Decision of December 2017<sup>28</sup>. The process of their implementation was clarified in the Council Recommendation of March 2018 concerning a roadmap for the implementation of PESCO<sup>29</sup>. As a last resort, the Council may suspend the participation of member states by qualified majority if they no longer meet the PESCO commitments.

In June 2018, the Council decided to set common rules for governing PESCO projects<sup>30</sup> and in October 2018, it issued recommendations specifying more precise objectives to be reached within these commitments<sup>31</sup>. Their implemen-

<sup>25</sup> The member states which have signed the notification are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Lithuania, Luxembourg, Latvia, the Netherlands, Poland, Romania, Slovakia, Slovenia, Spain and Sweden. In December 2017 they were joined by Ireland and Portugal. See [‘Notification on Permanent Structured Cooperation \(PESCO\) to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy’](#), Council of the European Union, 13 November 2017.

<sup>26</sup> [‘Council Decision Establishing Permanent Structured Cooperation \(PESCO\) and Determining the list of Participating member states’](#), Council of the European Union, 11 December 2017.

<sup>27</sup> [‘Consolidated version of the Treaty on European Union, Protocol \(No 10\) on permanent structured cooperation established by Article 42 of the Treaty on European Union’](#), Official Journal of the European Union, 9 May 2008.

<sup>28</sup> These cover five areas: increasing investment expenditure on defence equipment, harmonising the identification of the military needs, enhancing the availability, interoperability, flexibility and deployability of forces, cooperation in the overcoming of capability shortfalls, and participating in the development of major joint equipment programmes in the framework of EDA.

<sup>29</sup> Every January, each member state participating in PESCO is required to present a National Implementation Plan (NIP) to the PESCO secretariat, which consists of the EEAS including the EU Military Staff) and the European Defence Agency. The NIP is evaluated by the PESCO secretariat. The High Representative presents an annual report to the Council based on this assessment. Taking into account the recommendations of this report, the Council will assess whether the country has met its obligations. [‘Council Recommendation of 6 March 2018 concerning a roadmap for the Implementation of PESCO’](#), Council of the European Union, 6 March 2018.

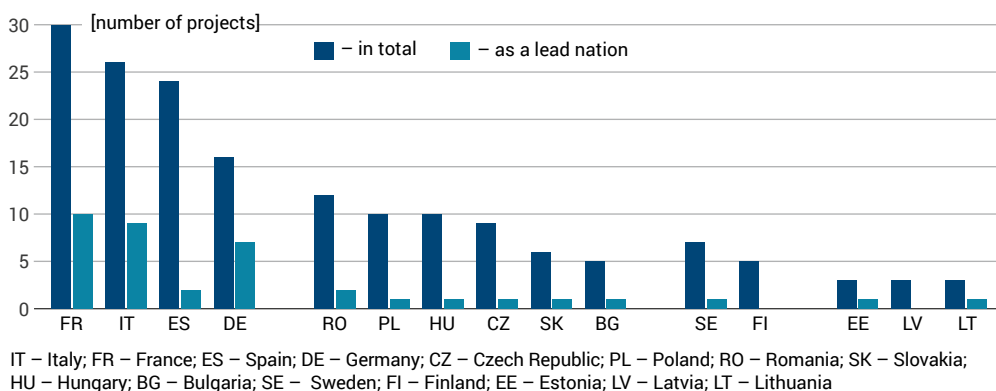
<sup>30</sup> In accordance with the Council Decision, the project members shall inform the Council on the development of the respective PESCO projects once a year, by providing the PESCO secretariat with reports on progress. The secretariat collects the consolidated information on the PESCO projects providing input to the High Representative’s annual report on PESCO. The project members unanimously agree on issues concerning the scope and the management of the project. The project members of each PESCO project choose one or more project coordinators. Other member states may become observers to a project under certain conditions, to be determined by the project members. See [‘Council Decision \(CFSP\) 2018/909 of 25 June 2018 establishing a common set of governance rules for PESCO projects’](#), Council of the European Union, 25 June 2018.

<sup>31</sup> [‘Council recommendations concerning the sequencing of the fulfilment of the more binding commitments undertaken in the framework of Permanent Structured Cooperation \(PESCO\) and specifying more precise objectives’](#), Council of the European Union, 15 October 2018.

tation will be divided into two phases. The first phase covers the period 2018–2020, and the second 2021–2025. In 2020 the Council will update and possibly enhance the commitments after a review of what the member states have so far achieved.

So far, 47 PESCO projects (as of November 2019, see Annex 3) have been adopted by the Council following a recommendation of the High Representative. The projects can essentially be divided into three groups: (1) projects supporting joint training; (2) projects generating capabilities for land, maritime, air, space and cyber operations; (3) projects developing joint enablers<sup>32</sup>. Member states submit new projects before the end of May each year. The proposals are evaluated by the PESCO secretariat and recommended to the Council, which updates the list of participants and projects by November each year. This procedure will apply in 2019 and 2021; new projects will not be submitted in 2020. Depending on the PESCO review process the member states may move to submitting project proposals every two years after 2021<sup>33</sup>.

**Chart 2.** Member states' participation in PESCO projects (as of November 2019)



**Source:** ‘Council Decision (CFSP) 2019/1909 of 12 November 2019 amending and updating Decision (CFSP) 2018/340 establishing the list of projects to be developed under PESCO’, Official Journal of the European Union L 293/113, 14 November 2019.

<sup>32</sup> The first list of projects was presented in December 2017. 17 of these projects were adopted by the Council in March 2018. The second round of projects was presented in May 2018, and another 17 projects were adopted by the Council in November 2018 and 13 in November 2019. See ‘Council Decision (CFSP) 2019/1909 of 12 November 2019 amending and updating Decision (CFSP) 2018/340 establishing the list of projects to be developed under PESCO’, Official Journal of the European Union L 293/113, 14 November 2019.

<sup>33</sup> ‘Council Recommendation assessing the progress made by the participating Member States to fulfil commitments undertaken in the framework of permanent structured cooperation (PESCO)’, Council of the European Union, 6 May 2019.

Poland is currently a member of ten PESCO projects: (1) Military Mobility, (2) European Secure Software defined Radio, (3) a Network of Logistic Hubs in Europe and Support to Operations, (4) Maritime (semi-) Autonomous Systems for Mine Countermeasures, (5) Harbour and Maritime Surveillance and Protection, (6) Cyber Rapid Response Teams and Mutual Assistance in Cyber Security, (7) Integrated Unmanned Ground System, (8) EU Radio Navigation Solution, (9) Integrated European Joint Training and Simulation Centre, (10) Special Operations Forces Medical Training Centre (see Annex 3). Poland also became the coordinator of the last project.

**(B) Opportunities and challenges.** PESCO could become a framework supporting the build-up of military capabilities within the EU, both in terms of crisis management and collective defence. If PESCO projects are developed on the basis of the current Capability Development Plan, they will contribute to achieving the goals agreed in NATO as well. However, an increased emphasis on adopting PESCO projects aimed at building up capacity for EU's training missions and crisis management operations could also lead to redirecting the member states' focus and resources to the disadvantage of collective defence. PESCO may also risk becoming a framework for imposing increasing commitments on the participating member states. This may mean more pressure on the member states to participate in EU military missions and operations, in the EDA projects and in harmonising the development of the armed forces. If PESCO proceeds in this way, it could gradually become an alternative to the processes taking place in NATO. Three issues are important for the future to avoid an EU-NATO divergence: a broad definition of the EU capability development priorities; a balanced choice of projects by the PESCO secretariat and the Council; and the involvement of Poland and other eastern flank countries in promoting PESCO projects beneficial for collective defence.

However, these opportunities and challenges may prove to be only theoretical. The first, quite sceptical assessments of PESCO have already been published<sup>34</sup>. Many of the projects adopted do not have any credible implementation plans. This particularly applies to the non-industrial projects, which will not result in developing a specific equipment or technology. Progress on implementation has been made in the case of those projects which were started before being included into the PESCO framework. There is also insufficient funding for

<sup>34</sup> L. Béraud-Sudreau, Y.-S. Efstathiou, C. Hannigan, 'Keeping the momentum in European defence collaboration: An early assessment of PESCO implementation', IISS Report, 14 May 2019.

projects, primarily the non-industrial ones, as they will not obtain co-funding from EDIDP or EDF. And even in the case of industrial projects, due to limited resources EDIDP and EDF will be unable to co-finance all of those projects which are entitled to apply for funding. It will thus be necessary for the member states to agree on funding priorities for industrial projects, and to provide national funding for those remaining. The implementation of the latter will thus depend on how determined to carry them out the participating member states and the PESCO secretariat are. Some PESCO projects may only be implemented in part, or will simply not be implemented at all. At the same time, the level of bureaucratisation linked to participation in PESCO may prove too much of an administrative burden for the member states involved, and could reduce their enthusiasm for the whole process.

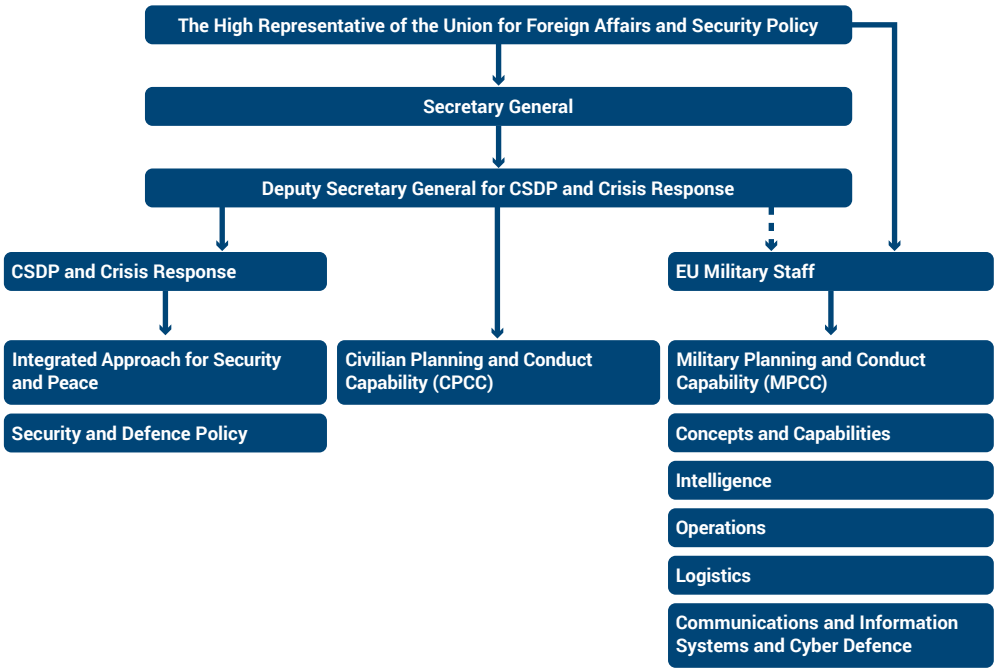
### 1.3. Command structure

**(A) Military Planning and Conduct Capability (MPCC).** The establishment of a permanent command and control structure for EU missions and operations has been a contentious issue in the EU for years. Many feared that this would lead to the EU becoming an autonomous security and defence policy actor in Europe, additionally to NATO. Until recently, all such initiatives had been blocked by the United Kingdom. The British decision to leave the EU re-opened the debate, and the first result was a Council decision in June 2017 to establish the Military Planning and Conduct Capability (MPCC), numbering around 30 people. Its tasks include the operational planning and conduct of non-executive (i.e. military training) missions and close coordination with its civilian counterparts. Since then three EU military training missions, in Somalia, the Central African Republic and Mali, have been conducted under the MPCC. The MPCC has been established within the EU Military Staff (EUMS), which is part of the European External Action Service. It works closely with the Civilian Planning and Conduct Capability (CPCC), which is also part of the structures of the EEAS. The Director of the MPCC is the Director-General of the EUMS, currently the Finnish General Esa Pulkkinen.

Due to pressure from some member states to further develop the EU's military command structures, in November 2018 the Council decided to boost the role of the MPCC. Based on a report from the High Representative, it decided to integrate the current tasks of the EU Operations Centre (OPSCEN) into the MPCC. The MPCC will therefore increase the number of staff to over 150 people, and by 2020 will be additionally responsible for the operational planning and conduct of one executive operation of the size of an EU Battlegroup

(ca. 1500 soldiers)<sup>35</sup>. In May 2020 the French Rear Admiral Hervé Bléjean will become the new MPCC head, as decided by the EU Military Staff. The High Representative should present another report on the MPCC’s further development by the end of 2020. It may contain proposals to further extend the MPCC’s remit, possibly by establishing an integrated civilian-military command structure, as hinted at in the June 2019 report on implementing the EUGS<sup>36</sup>.

**Chart 3.** The MPCC and the CPCC in the structures of the European External Action Service



Source: HQ Organisation Chart, European External Action Service.

**(B) Opportunities and challenges.** The strengthening of the MPCC may improve the planning and conduct of EU operations<sup>37</sup>. It is worth recalling that the establishment of a permanent headquarters for the planning and conduct of military and civilian operations was one of the objectives of Poland’s Presidency of the Council of the EU in 2011 in the area of security and defence, along with reform of the EU Battlegroups, and closer cooperation in pooling

<sup>35</sup> ‘Council Conclusions on Security and Defence in the context of the EU Global Strategy’, Council of the European Union, 19 November 2018.  
<sup>36</sup> *The EU Global Strategy in Practice – Three years on, looking forward*, European External Action Service, 17 June 2019.  
<sup>37</sup> D. Lassche, ‘The EU Military Staff: a frog in boiling water?’, *Militaire Spectator*, 10 August 2017.

& sharing projects. At that time, these initiatives were designed to stimulate a discussion about security and defence policy in the EU as the Obama administration was withdrawing troops and military equipment from Europe and focused on the 'Pivot to Asia', and as European countries were slashing defence spending as a consequence of the global financial and economic crisis.

At present, however, the establishment of a more robust military command structure in the EU is more problematic. Firstly, further expansion of the MPCC might lead to competition between the EU and NATO for the staff officers from the member states, since NATO also decided in 2018 to expand its Command Structure by around 1200 officers by creating two new headquarters: a North-Atlantic command in the US and a command for support and logistics in Germany. In addition, the Allies agreed to establish two new headquarters in the NATO Force Structure: HQ Multinational Division North East in Poland and HQ Multinational Division North in Latvia. Secondly, the development of the MPCC might reinforce the one-dimensional concept of the EU's security and defence policy as focused on crisis management in the EU's southern neighbourhood.

## **2. Industrial instruments**

Until 2016 the EU defence industrial policy was limited to regulatory instruments. This concerned the coordination of procedures of the acquisition of arms and military equipment (Directive 2009/81/EC) and simplifying the terms and conditions of transfers of defence-related products within the EU (Directive 2009/43/EC). The European Defence Action Plan<sup>38</sup>, issued by the Commission in November 2016, announced an acceleration in integrating the European defence industry, as well as an increase in innovation. The plan included proposals for setting up a European Defence Fund (EDF), fostering investment in SMEs, start-ups and mid-caps in the European defence industry, and strengthening the Single Market for defence. These proposals were accepted by the Council in November 2016, and formed the basis for the Commission to take formal action.

### **2.1. The European Defence Fund (EDF)**

In June 2017 the Commission presented a preliminary proposal to create a European Defence Fund under the 2021–2027 multiannual financial framework,

<sup>38</sup> *European Defence Action Plan: Towards a European Defence Fund*, European Commission, 30 November 2016.



as well as smaller financial preparatory instruments to be used prior to 2021<sup>39</sup>. In June 2018 it published a proposal for a regulation establishing the EDF<sup>40</sup> to be adopted on the basis of the ordinary legislative procedure. The EDF is to be a source of financial support for R&D work and the development of prototypes of military equipment and defence technology within multinational projects. The establishment of the EDF (and the pre-2021 preparatory instruments) will mean that, for the first time, the EU funds will be used to directly support the European defence industry, and indirectly the member states' military capability build-up.

In February 2019 the Council and the European Parliament<sup>41</sup> reached a partial political agreement on the EDF regulation. In April 2019, the regulation<sup>42</sup> was adopted at the first reading by the European Parliament<sup>43</sup>. The regulation establishing the EDF has (as of the end of 2019) not yet been adopted. The issue of third party participation (mainly the US and the UK companies) in the EDF projects remains an unresolved question.

According to the Commission's proposal, the EDF's budget for 2021–2027 should amount to €13 billion. This still has to be approved by the member states in the negotiations on the next multiannual financial framework, and it should be expected that the final EDF budget might be much smaller.

**Chart 4.** The EDF budget proposal for 2021–2027 according to the Commission



**Source:** *A Modern Budget for a Union that Protects, Empowers and Defends. The Multiannual Financial Framework for 2021–2027*, Communication from the Commission, European Commission, 2 May 2018.

<sup>39</sup> 'Launching the European Defence Fund', Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, European Commission, 7 June 2017.

<sup>40</sup> 'Proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Fund', European Commission, 13 June 2018.

<sup>41</sup> See Rapporteur Z. Krasnodębski, 'Report on the proposal for a regulation of the European Parliament and of the Council establishing the European Defence Fund', European Parliament, Committee on Industry, Research and Energy, 28 November 2018.

<sup>42</sup> 'European Parliament legislative resolution of 18 April 2019 on the proposal for a regulation of the European Parliament and of the Council establishing the European Defence Fund', European Parliament, 18 April 2019.

<sup>43</sup> 'Fostering defence innovation through the European Defence Fund', European Parliament, 18 April 2019.

The EDF will fund collaborative projects involving at least three eligible entities from at least three different member states<sup>44</sup>. The projects will be selected in line with the capability development priorities agreed within the EU and in other regional and international organisations (such as NATO). The participation of SMEs and mid-cap companies (with a market value of between US\$2–10 billion and employing up to 3000 people) will be favoured by granting higher funding for projects in which they participate. 4% to 8% of the EDF's budget will be used to finance disruptive technologies which in the long-term will contribute to the technological supremacy of the European defence industry. Prototype development will only be co-financed if at least two member states commit to purchasing the final product<sup>45</sup>. The EDF will not directly finance the member states' joint defence procurements.

Discussion is still underway concerning third party participation in the EDF (and PESCO) projects, which is important in the context of UK/EU cooperation after Brexit, as well as US/European military collaboration. The latter became a bone of contention between the US and the EU, after an exchange of letters between representatives of the US Departments of State and Defence and representatives of the European Commission and the EEAS was made public in May 2019. The US fears the gradual exclusion of US arms companies from industrial cooperation with its European partners, and has warned of the possible consequences for allied interoperability. On the other hand, France and Germany have highlighted the limited access which European arms companies have to the US defence market, as well as the US's ability to block exports of European defence technology if US companies participate in their development. The EU member states have so far failed to agree a common position on this issue. The greatest support for the inclusion of third countries in the PESCO and EDF projects comes from countries whose defence industries are closely interlinked with those of the UK and the US (such as Sweden), as well as the eastern flank countries.

<sup>44</sup> "The action shall be undertaken in a cooperation within a consortium of at least three eligible entities which are established in at least three different Member States or associated countries. At least three of these eligible entities established in at least two Member States or associated countries shall not, during the whole implementation of the action, be controlled, directly or indirectly, by the same entity, and shall not control each other." See 'Proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Fund', *op. cit.*

<sup>45</sup> 'EU budget: Stepping up the EU's role as a security and defence provider', European Commission, 13 June 2018.

## 2.2. The preparatory instruments

**(A) The Preparatory Action on Defence Research (PADR).** The European Commission launched test instruments to fund the research and development of defence products and technologies before 2021, i.e. the start of the multi-annual financial framework and the EDF. The first programme established was the Preparatory Action on Defence Research for the period 2017–2019 with a budget of €90 million (€25 million for 2017, €40 million for 2018 and €25 million for 2019) and administered by the European Defence Agency. The PADR is intended to be an instrument for the EU institutions, member states, and entities applying for funding, preparing the ground for the EDF and assessing the added-value of EU supported defence research and technology.

**Table 1.** PADR projects with Polish participation<sup>46</sup>

	Project leader	Polish participants	Requested EU contribution
PYTHIA (2017)	Engineering Ingegneria Informatica, Italy (consortium of 8 participants)	Instytut Optoelektroniki (Military University of Technology)	€1 million
OCEAN2020 (2017)	Leonardo, Italy (consortium of 42 participants)	Ośrodek Badawczo-Rozwojowy Centrum Techniki Morskiej	€35 million
GOSSRA (2017)	Rheinmetall Electronics, Germany (consortium of 9 participants)	ITTI	€1.5 million
TALOS (2018)	CILAS SA, France (consortium of 16 participants)	Military University of Technology, AMS Technologies	€5.4 million
SOLOMON (2018)	Engineering Ingegneria Informatica, Italy (consortium of 18 participants)	Military University of Technology	€1.9 million

<sup>46</sup> *Pilot Project and Preparatory Action on Defence Research*, European Defence Agency, 8 July 2019.

The PADR working programme for 2017 included: a technological demonstrator for enhanced situational awareness in a naval environment, force protection and soldier systems, and strategic technology foresight. In total, grants were awarded to five consortia involving participants from several countries. In 2018, the PADR's priorities were: a (re)configurable system-on-a-chip or system-in-package for defence applications, a higher power laser effector, and strategic technology foresight. Grants were awarded to two multinational consortia. The last PADR call for 2019 included the following topics: electromagnetic spectrum dominance, future disruptive defence technologies, and interoperability standards for military unmanned systems<sup>47</sup>.

### **(B) The European Defence Industrial Development Programme (EDIDP).**

The EDIDP is the second preparatory instrument before the EDF comes into force in 2021. It is scheduled for the years 2019–2020 with an allotted budget of €500 million under the current multiannual financial framework. The EDIDP is intended to better exploit the results of defence research and to contribute to development after the research phase. Feasibility studies, design (including the technical specifications on which the design is based), system prototyping, testing, qualification, certification of a defence product or technology and development of technologies increasing efficiency across the life cycle of defence products and technologies are eligible for funding under the EDIDP<sup>48</sup>. Multinational consortia may apply for financial assistance – up to 20% for the system prototyping of a defence product or technology, and up to 100% for other mentioned activities. Funding will be granted to consortia of at least three undertakings based in at least three member states. In order to apply for funding for system prototyping and for follow-up actions, the consortia should demonstrate that at least two member states intend to procure the final product or to use the technology in a coordinated way.

In March 2019 the Commission published nine calls for proposals<sup>49</sup>. In addition two PESCO projects have been granted a direct award: €100 million to support the development of the Eurodrone, and €37 million to support ESSOR

<sup>47</sup> 'European Defence Fund on track with €525 million for Eurodrone and other joint research and industrial projects', European Commission, 19 March 2019.

<sup>48</sup> 'Regulation (EU) 2018/1092 of the European Parliament and of the Council of 18 July 2018 establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry', The European Parliament and the Council of the European Union, 18 July 2018.

<sup>49</sup> 'Commission implementing decision of 19.3.2019 on the financing of the European Defence Industrial Development Programme and the adoption of the work programme for the years 2019 and 2020', European Commission, 19 March 2019.

interoperable and security military communications<sup>50</sup>. The Commission will issue another call for proposals in 2020.

### 2.3. Opportunities and challenges

The new EU defence industrial programmes will likely face several challenges.

First, the budget for the EDF and the preparatory instruments (PADR and EDIDP) may not be sufficient to introduce meaningful change into the structure of the European defence industry. The EDF budget, according to the Commission's proposal, will range from €1.5 to €2.8 billion per year, or might be even much smaller in the final outcome of the MFF negotiations. This is not a large amount from the overall EU perspective. The biggest European arms companies have comparable R&D (2017) budgets: €2.8 billion in the case of Airbus, and €1.5 billion in the case of Leonardo. For further comparison, in 2017 the German defence ministry spent €1.21 billion on R&D, the French defence ministry €4.9 billion. Nevertheless, the EU's defence industrial funds could be of importance for SMEs and mid-caps. A good example of the financial constraints is the 2019 EDIDP grant to two PESCO projects. The Eurodrone and the ESSOR will receive a total of €137 million out of the EDIDP budget of €500 million for the years 2019–2020, i.e. over 25% of the available funds.

Second, the EDF does not have to be a success at all. European experience shows that multinational armaments cooperation projects are not necessarily automatically cheaper or more efficient<sup>51</sup>. If the results of the EDF-financed projects do not satisfy the member states, the EDF funding can be reduced in the next multiannual financial framework. If, however, the projects prove to be useful and are implemented, the funding can be increased, with the EDF co-financing larger multinational armaments cooperation projects.

Third, the programmes might be challenging for the defence industries from eastern flank countries. The Polish defence industry may have some difficulties

<sup>50</sup> 'European Defence Fund on track with €525 million for Eurodrone and other joint research and industrial projects', *op. cit.*

<sup>51</sup> A successful example of armaments cooperation between European countries is the Strategic Airlift Capability project. This is the joint purchase and operational use by 12 countries of three long-range cargo aircraft. Large multinational armaments projects have been less successful, such as the A400M transport aircraft, the Eurofighter, and the NH90 helicopter. Although these projects have been completed, they are portrayed as negative examples of armaments cooperation due to the problems with concept development, cooperative production, delivery deadlines and the multiplication of costs.

applying for funds from the EDF because it lacks experience, foreign partners, and adequately trained personnel. West European arms companies are generally better suited to lead and participate in multinational consortia, as they have subsidiaries in other countries and have been developing joint projects for several decades.

However, the EDF could also open up opportunities for arms companies from Central Europe by allowing for enhanced cooperation with West European partners and increasing innovation. The PADR for the years 2017–2019 has already proved that Polish entities are able to participate in multinational projects, with six Polish participants being part of five consortia that won the PADR grants in 2017 and 2018. It remains to be seen whether Polish entities will be capable of participating in the consortia applying for funding from the EDIDP for the years 2019–2020, and from the EDF ‘capability window’ for 2021–2027. In 2019 the Polish defence ministry identified projects of interest that might be implemented by European consortia and eligible for funding from the EDIDP. These include the European Secure Software defined Radio project with Polish participation (which has already received EDIDP funding), a new generation main battle tank, air defence against UAVs, programmable ammunition (23–25 mm) and static aerostats for ISR<sup>52</sup>.

### 3. Civilian instruments

In parallel to reinforcing military cooperation, the EU has started to develop civilian crisis management instruments. To date, as agreed by the European Council in Santa Maria da Feira in 2000, the four priority areas for civilian crisis management include: police, strengthening the rule of law, strengthening civilian administration, and civil protection. Currently the EU is running 11 civilian CSDP missions (three in the eastern neighbourhood, one in Kosovo, four in Africa and three in the Middle East), with around 2000 staff deployed. The decisions on deployment and management of the mission are taken unanimously by the EU member states. The Civilian Planning and Conduct Capability (CPCC), which was established in 2007, serves as operational headquarters for all civilian missions. The missions are financed from the CFSP budget.

**(A) The Civilian CSDP Compact (CCC).** In April 2018, the High Representative presented a concept paper to the Council on strengthening civilian CSDP,

<sup>52</sup> ‘Europejski Fundusz Obronny – możliwości współpracy’, Polish Ministry of Business and Technology, 4 January 2019.

which was approved in May 2018<sup>53</sup>. In September 2018 the EEAS presented the member states with the Civilian Capability Development Plan (CCDP), on which basis the Council adopted the Civilian CSDP Compact (CCC)<sup>54</sup>. Its aim is to enhance the EU's civilian crisis management capabilities and increase the member states' engagement in the EU's neighbourhood.

The Civilian CSDP Compact expands the priority areas for civilian crisis management to include challenges such as irregular migration, hybrid threats, cyber security, terrorism and radicalisation, organised crime, border management and maritime security, as well as preventing and countering violent extremism, and preserving and protecting cultural heritage. The Compact also includes 22 political commitments that the member states should meet by 2023. These fall into three areas:

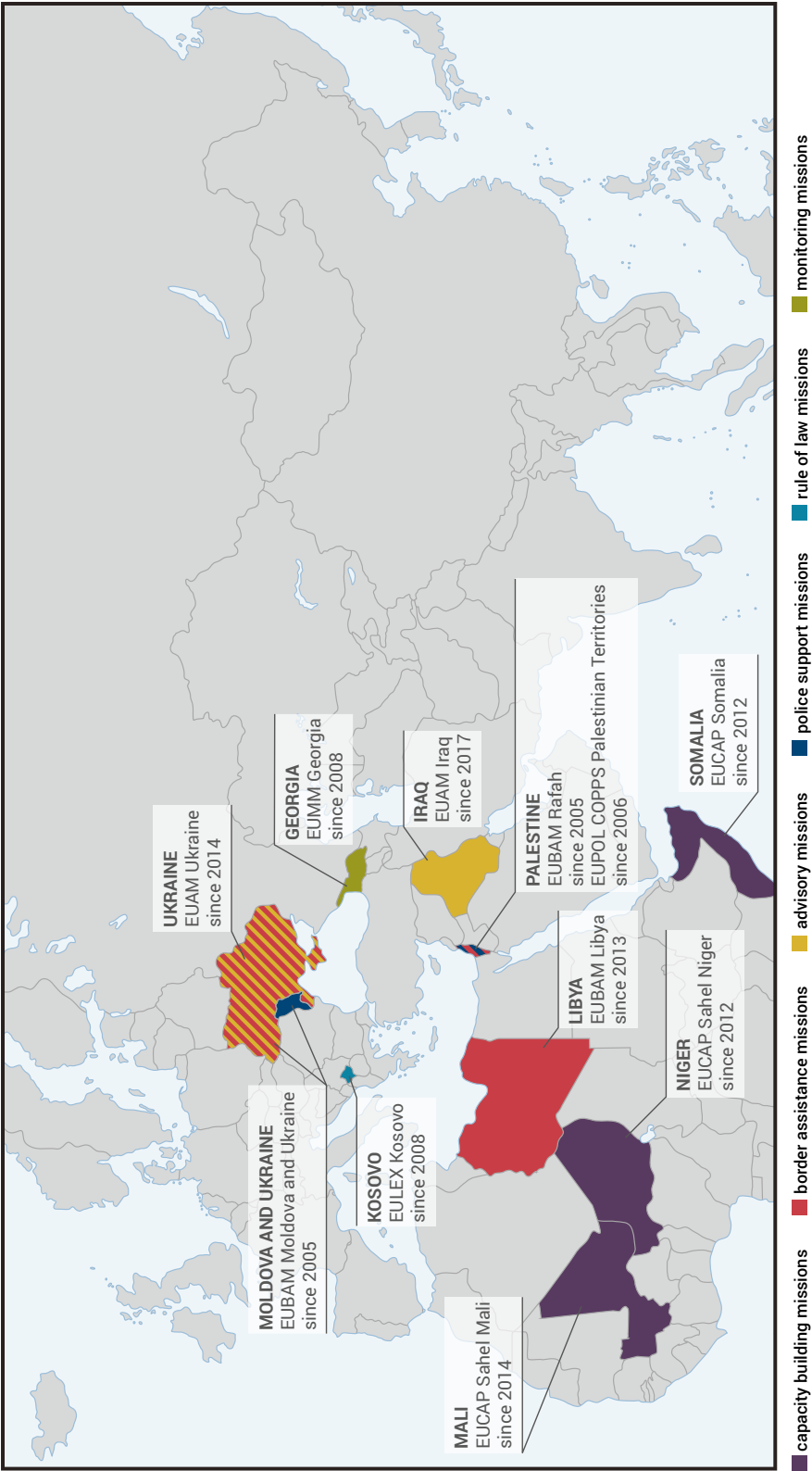
- The EU wants to make civilian CSDP more capable by increasing contributions from the member states; these can take the form of personnel, equipment, training or funding among others. This also includes a review of national procedures to enhance the availability and participation of national experts in civilian CSDP missions;
- The EU wants to improve the efficiency, flexibility and responsiveness of civilian CSDP by deploying civilian CSDP missions with modular and scalable mandates, in order to allow the activation of additional tasks; by swifter operational decision-making; by enhancing human resources management by the EEAS; and by ensuring a robust CFSP budget for civilian CSDP missions. The EU also wants to be able to launch a new mission of up to 200 personnel in any area of operation within 30 days after a Council decision;
- The EU wants a more joined-up civilian CSDP, to be obtained by strengthening shared analysis and situational awareness, and fostering synergy between the civilian and military CSDP dimensions, and of other activities undertaken by the EU and member states.

In April 2019 the Commission published a Joint Action Plan Implementing the Civilian CSDP Compact which shows what steps the EEAS will take to

<sup>53</sup> 'Council Conclusions on strengthening civilian CSDP', Council of the European Union, 28 May 2018.

<sup>54</sup> 'Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the establishment of a Civilian CSDP Compact', The Council of the European Union, 19 November 2018.

Map 2. The civilian CSDP missions



Source: 'Military and civilian missions and operations', European External Action Service.



implement the Compact in cooperation with member states<sup>55</sup>. As in the case of PESCO, the member states have to submit annual National Implementation Plans (NIPs) showing how they fulfil the commitments undertaken in civilian CSDP. The questions of how the NIPs will be verified, and the consequences of failing to implement the commitments, remain open<sup>56</sup>.

The biggest promoters of developing civilian CSDP are Germany and Sweden. In August 2018 the German foreign minister Heiko Maas suggested establishing a civilian European Stabilisation Corps, which could be based on a centre of excellence for civilian crisis management planned in Berlin that could pool expertise and prepare experts from member states for civilian missions<sup>57</sup>. The development of civilian CSDP will be one of the priorities of Germany's Presidency of the Council in the second half of 2020.

In its draft multiannual financial framework for 2021–2027, the Commission proposed an increase in the CFSP budget heading, from which civilian CSDP missions are financed, up to a total of €3 billion, with a gradual increase in expenditure from €348 million in 2021 to €560 million in 2027 (see Annex 4). In the years 2014–2020 the CFSP budget section amounted to around €314 million and €341 million annually. Of this money around €225 million was allocated for civilian missions in 2016<sup>58</sup>.

**(B) Opportunities and challenges.** The reinforced civilian CSDP, together with the instruments of the European Neighbourhood Policy and the EU's Justice and Home Affairs, may increase the influence of the EU and bring about a capacity build-up in neighbouring countries, thus leading to greater stability in the EU's neighbourhood. However, as the civilian CSDP priorities have been expanded to include the control of migration flows and the civil-military synergy, there is a risk – from the perspective of the Central European member states – that the civilian crisis management instruments will be applied primarily in the EU's southern neighbourhood. Civilian CSDP missions may be launched to curb the migration flows issuing from the South, and to enhance EU military missions and operations in Africa and in the Middle East, with

<sup>55</sup> 'Joint Action Plan Implementing the Civilian CSDP Compact', European Commission, 30 April 2019.

<sup>56</sup> C. Böttcher, 'Stückwerk beenden, Entwicklung ziviler Fähigkeiten professionalisieren', 29 May 2019.

<sup>57</sup> H. Maas, 'Bucharest, Berlin, Brussels – for a sovereign united, strong Europe', Romanian speech at the Ambassadors Conference, 27 August 2018.

<sup>58</sup> T. Tardy, 'Quo Vadis, Civilian CSDP?', ZIF Policy Briefing Centre for International Peace Operations, 6 February 2018.

the civilian EU involvement in the eastern neighbourhood being gradually marginalised.

Therefore, questions arise about the Commission's proposals from September 2018 to introduce qualified majority voting (55% of member states, representing at least 65% of the total EU population) in three specific CFSP areas<sup>59</sup>, including on the launch of the civilian CSDP missions. This might mean adopting practically every decision proposed by France and Germany which would be able to acquire the required double majority (of states and population).

However, the ambitious plans for strengthening civilian CSDP may collide with the familiar difficulties member states have in providing personnel for the civilian CSDP missions. The problem is the development of national provisions which would incentivise employers to send civilian experts on these missions. Harmonising the procedures at EU level, which would greatly facilitate the deployment of civilian personnel, might be equally problematic. The civilian CSDP has neither the financial incentives of the EDF type, nor a set of more binding commitments as in PESCO which could increase member states' willingness to cooperate.

#### 4. Military mobility

**(A) The Action Plan on Military Mobility.** The Commission has also initiated actions as part of the EU transport policy aimed at improving military mobility within the EU. These were announced in November 2017<sup>60</sup>, with the Action Plan on Military Mobility being published in March 2018<sup>61</sup>. In the Action Plan the Commission identified three areas of activity:

- the identification and agreement of the military requirements for military mobility within and beyond the EU;

<sup>59</sup> The Commission has identified three specific areas where qualified majority voting could be introduced: (1) EU positions on human rights in multilateral fora, (2) adoption and amendment of EU sanction regime, (3) civilian CSDP missions. See '[A stronger global actor: a more efficient decision-making for the EU Common Foreign and Security Policy](#)', Communication from the Commission to the European Council, the European Parliament and the Council, European Commission, 12 September 2018.

<sup>60</sup> '[Joint Communication to the European Parliament and the Council - Improving Military Mobility in the European Union](#)', European Commission, High Representative of the Union for Foreign Affairs and Security Policy, 10 November 2017.

<sup>61</sup> '[Joint Communication to the European parliament and the Council on the Action Plan on Military Mobility](#)', European Commission, 28 March 2018.

- the use of EU transport infrastructure for dual civilian-military purposes, in particular the trans-European transport network (TEN-T);
- simplifying regulatory and procedural issues for the transport of dangerous goods in the military domain, for customs and Value Added Tax for the temporary export and re-import of military goods, and also for cross-border movement permissions related to military operations, etc.

The first area of the Action Plan on Military Mobility was tackled in November 2018. The Council approved the military requirements for military mobility within and beyond the EU, as agreed by the EU Military Committee. These will help to identify transport infrastructure gaps, taking into account the requirements of TEN-T, and to grant EU financing for infrastructure projects<sup>62</sup>. The European Defence Agency supports member states in harmonising legal rules and regulations, customs and cross-border movement permissions, and has also carried out projects related to improving military mobility.

Moreover, in June 2018 the Council called upon member states to take the following actions at the national level to improve the efficiency of military mobility by the end of 2019: (1) develop national plans for military mobility; (2) accelerate border crossing procedures for military movement and transportation (for routine activities within five working days, and a shorter period for rapid reaction units); (3) facilitate and speed up communication and procedures by creating a network of National Points of Contact; (4) use the existing national and multinational exercises to practice military mobility<sup>63</sup>.

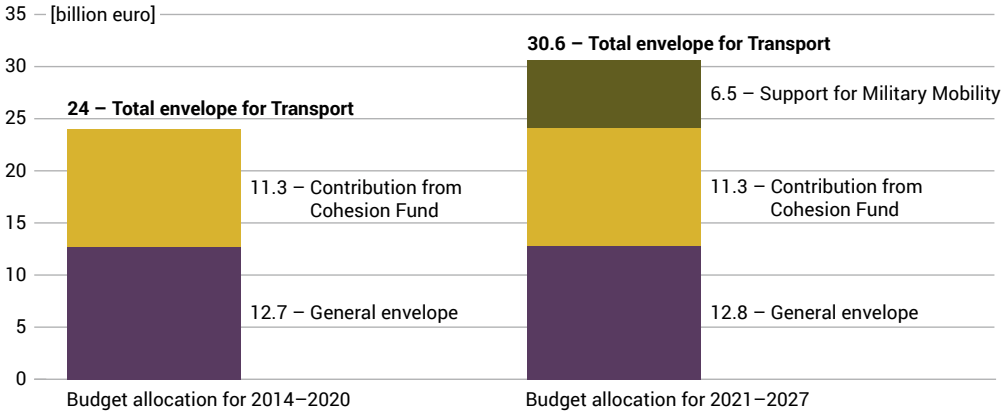
**(B) The Connecting Europe Facility (CEF).** As a complement to the regulatory actions, the Commission proposed allotting €6.5 billion in the draft MFF for 2021–2027 to improve military mobility (see Annex 4). These would be financed by the Connecting Europe Facility, which supports the development of transport, digital and energy networks in the EU<sup>64</sup>.

<sup>62</sup> Annexes to the ‘Military Requirements for Military Mobility within and beyond the EU’, The Council of the European Union, 9 November 2018.

<sup>63</sup> ‘Council Conclusions on Security and Defence in the context of the EU Global Strategy’, The Council of the European Union, 25 June 2018.

<sup>64</sup> The CEF would have €8.7 billion available in the area of energy, and €3 billion in the area of telecommunications. See ‘EU Budget: Commission proposes increased funding to invest in connecting Europeans with high-performance infrastructure’, European Commission, 6 June 2018.

**Chart 5.** The Connecting Europe Facility, Transport strand according to the Commission’s proposal



**Source:** *A Modern Budget for a Union that Protects, Empowers and Defends. The Multiannual Financial Framework for 2021–2027*, Communication from the Commission, European Commission, 2 May 2018.

The adoption of the Commission’s proposal will mean that in the next MFF there will not be any increase in funding for transport projects in the general envelope or the cohesion envelope; however, an additional envelope will be created for the purpose of supporting military mobility (i.e. civilian transport projects of particular importance from the perspective of military mobility) across the whole EU, and not just on the eastern flank. The CEF budget for military mobility might be much smaller than envisaged by the Commission due to MFF negotiations between member states.

**(C) Opportunities and challenges.** The Commission’s actions to improve military mobility within the EU are in line with the priorities of NATO and should be supported. However, it is essential to synchronise all of the Commission’s activities with NATO’s actions and requirements. The Commission’s support for simplifying regulatory and procedural issues could significantly accelerate and standardise member states’ activities regarding military transports within the EU. However, it is also largely up to member states to standardise and harmonise legislation and procedures. The Commission’s proposal for allocating additional funds in the years 2021 to 2027 to adapt the transport infrastructure to military needs may also be an incentive for the member states to enhance their own transport investments.

However, it should also be noted that the Commission’s proposal to create a new envelope for military mobility, accessible to all member states, will block any

increase in the cohesion envelope. This fits in with the Commission's strategy of moving away from cohesion envelopes for the new member states towards increasing funding for envelopes available to all EU members. Nevertheless, since CEF support for military mobility will be one of the few new security and defence instruments that can realistically contribute to improving security of Central Europe, questions have been raised about the possibility of facilitating the region's access to these funds.

## 5. New financial instruments

**(A) A separate heading for security and defence in the EU budget.** Besides starting all of the mentioned initiatives, the Commission also proposed a separate heading for security and defence in the draft MFF 2021–2027, together with a new off-budget fund outside the financial framework (see Annex 4). The total amount to be allocated to this heading, as proposed by the Commission, amounts to €27.5 billion, with three priorities: internal security, defence, and crisis response. The defence budget heading includes contributions for the European Defence Fund and the military mobility envelope within the Connecting Europe Facility, a total of €19.5 billion. This proposal shows that the EU's security and defence policy (along with improving competitiveness) might gain in importance, at the expense of traditional EU priorities such as agriculture and cohesion policy, though the resources allocated to these two areas are still much greater. This is also reflected in the title of the Commission's proposal for the MFF for 2021–2027: 'A Modern Budget for a Union That Protects, Empowers and Defends'<sup>65</sup>. However, it is to be expected that allocations for security and defence heading in the MFF for 2021–2027 will be reduced in the negotiations between member states. Finland's Presidency of the Council submitted new budget figures for discussion in December 2019, with expenditure for security and defence nearly halved<sup>66</sup>.

**(B) The European Peace Facility (EPF).** In June 2018 the High Representative presented a proposal to establish an off-budget European Peace Facility with a proposed allocation of €10.5 billion over seven years<sup>67</sup>. The EPF would replace

<sup>65</sup> *A Modern Budget for a Union that Protects, Empowers and Defends. The Multiannual Financial Framework for 2021–2027*, Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, European Commission, 2 May 2018.

<sup>66</sup> *Multiannual Financial Framework (MFF) 2021–2027: Negotiating Box with Figures*, The Council of the European Union, 5 December 2019.

<sup>67</sup> *Proposal of the High Representative of the Union for Foreign Affairs and Security Policy, with the support of the Commission, to the Council for a Council Decision establishing a European Peace Facility*, The

the existing instruments financing EU activities related to preventing conflicts and promoting peace. The EPF would be financed through contributions from member states based on a gross national income (GNI) key. According to the proposal, the EPF would co-finance or fully finance:

- **EU military CSDP operations.** The EPF would replace the Athena mechanism, which has co-financed the common costs of EU military operations (so far 5%–10% of the overall costs of an operation)<sup>68</sup>. The costs eligible for EPF funding would also be augmented in order to encourage member states' engagement in the EU military crisis management. Moreover, the EPF would cover additional costs of an EU Battlegroup deployment in order to encourage member states to use them in EU military operations. The Athena mechanism is currently co-financing all six EU military missions and operations;
- **Support for peace-supporting military operations led by third countries and international organisations.** The EPF would finance peace support operations led by partner countries and organisations on a global scale. Financing would take place within the framework of multiannual 'action programmes', through 'ad hoc assistance measures' or other 'operational actions'. The EPF would also replace the African Peace Facility<sup>69</sup>, which has so far allowed the financing of peace support operations led by the African Union and other regional African organisations;
- **Broader actions of a military/defence nature in support of CFSP objectives.** In particular this regards the capacity building activities for military actors, and the provision of military training, equipment and infrastructure.

The Commission has also proposed making significant modifications to the decision-making process for the financial management of the EPF. The Council would still decide by unanimity to finance EU military operations and adopt

Council of the European Union, 13 June 2018.

<sup>68</sup> These were the common costs of the EU military operations as well as the nation-borne costs: HQ implementation and running costs, including travel, IT systems, administration, public information, locally hired staff, force headquarters deployment and lodging; and for the forces as a whole, infrastructure, medical services (in theatre), medical evacuation, identification and acquisition of information (satellite images). See '[Athena – financing security and defence military operations](#)', European Council.

<sup>69</sup> The African Peace Facility is currently funded by the off-budget European Development Fund. For more information, see [African Peace Facility](#), European Commission.

‘action programmes’, ‘ad hoc assistance measures’ or ‘other operational actions’ – on the basis of proposals from the High Representative, supported by the EEAS. However, according to the Commission’s proposal, a European Peace Facility Committee (composed of member states’ representatives and chaired by a representative of the High Representative) would take key decisions on the EPF management (i.e. budgets for the ‘action programmes’, ‘assistance measures’ and ‘other operational actions’) by qualified majority voting.

**(C) Opportunities and challenges.** The new off-budget facility, with a proposed sum of €10.5 billion available for 2021–2027, has been viewed as controversial. It would allocate three times more funds for actions in the EU’s southern neighbourhood than before, and introduce controversial system of qualified majority voting in its financial management. It would also give a stronger mandate to the High Representative on the EU’s security and defence policy, thus supporting the logic of expanding the powers of the EU institutions. It appears that member states have been cautious about the Commission’s initial proposal to establish the EPF, as the Council Conclusions from November 2018 show<sup>70</sup>. The EPF’s budget will probably be much smaller, with Finland’s Presidency of the Council submitting new negotiating figures in December 2019, with only €4.5 billion being allocated to the EPF<sup>71</sup>. The proposal to introduce qualified majority voting has been also questioned. The final form of the EPF is thus likely to be changed and adapted to the preferences of the member states during the final negotiations on the multiannual financial framework for 2021–2027, the end of which is forecast for autumn 2020.

## 6. EU-NATO cooperation

The EU military, industrial and civilian instruments have been complemented by the development of the EU-NATO cooperation. This is to show that the EU’s security and defence policy is complementary to NATO, and that there is no alternative European military alliance in the making. The EU-NATO joint declaration signed by the President of the European Commission, the President of the European Council and the Secretary General of NATO at the NATO summit in Warsaw in July 2016 initiated the process of strengthening relations between the two organisations. The declaration speaks of the urgent need

<sup>70</sup> ‘Council Conclusions on Security and Defence in the context of the EU Global Strategy’, *op. cit.*

<sup>71</sup> *Multiannual Financial Framework (MFF) 2021–2027: Negotiating Box with figures*, The Council of the European Union, 5 December 2019.



for the EU and NATO to cooperate in seven areas; so far 74 actions have been specified<sup>72</sup>. They include:

- countering hybrid threats: the exchange of information between the EU Hybrid Fusion Cell and the NATO Hybrid Analysis Branch, as well as the European Centre of Excellence for Counteracting Hybrid Threats in Helsinki, among others;
- operational cooperation including maritime issues: cooperation and coordination at the tactical and operational level between EUNAVFOR MED Operation Sophia and NATO's Operation Sea Guardian, among others;
- cyber security and defence: exchanges on concepts and doctrines, reciprocal participation in cyber exercises, cross-briefings, among others;
- defence capabilities: coherence of output between the EU Capability Development Plan (CDP), the Coordinated Annual Review on Defence (CARD) and the NATO Defence Planning Process, among others;
- defence industry and research: dialogue and exchange of information on wider industry matters and concrete topics;
- exercises: synchronisation of crisis management exercises with hybrid scenarios between EU and NATO; participation of EU staff in NATO exercises;
- defence and security capacity building: assisting partners in building capacities and resilience, in particular in the Western Balkans, and in the Eastern and Southern neighbourhood by information exchange, including informal staff-to-staff political consultations on the three pilot countries (Bosnia and Herzegovina, Moldova and Tunisia).

At the NATO summit in Brussels in July 2018, the President of the European Commission, the President of the European Council and the Secretary General of NATO issued a joint declaration on EU/NATO cooperation. It emphasised the progress made in the cooperation between the two organisations regarding

<sup>72</sup> *Council conclusions on the third progress report on the implementation of the common set of proposals endorsed by the EU and NATO Councils on 6 December 2016 and 5 December 2017*, The Council of the European Union, 8 June 2018.



maritime operations in the Mediterranean, combating hybrid threats, and supporting partners in the EU and NATO's southern and eastern neighbourhoods. At the same time, four areas for intensive cooperation were listed: military mobility, counter-terrorism, strengthening resistance to chemical, biological, radiological and nuclear related risks, and promoting the Women, Peace and Security Agenda<sup>73</sup>. The participation of the High Representative of the Union and the Secretary General of NATO in the foreign and defence ministers' meetings of the other organisation has become the rule.

EU/NATO cooperation has so far mainly concerned information exchange and better communication between the two organisations.

**JUSTYNA GOTKOWSKA**

<sup>73</sup> *Joint declaration on EU-NATO cooperation by President of the European Council Donald Tusk, President of the European Commission Jean-Claude Juncker, and Secretary General of NATO Jens Stoltenberg, The Council of the European Union, 10 July 2018.*

# ANNEXES

## ANNEX 1. Glossary of abbreviations

A2/AD	Anti-Access/Area Denial
BMD	Ballistic Missile Defence
CARD	Coordinated Annual Review on Defence
CBRN	Chemical, Biological, Radiological and Nuclear (weapons)
CCC	Civilian CSDP Compact
CCDP	Civilian Capability Development Plan
CDP	Capability Development Plan
CEF	Connecting Europe Facility
CFSP	Common Foreign and Security Policy
CPCC	Civilian Planning and Conduct Capability
CSDP	Common Security and Defence Policy
DG DEFI	Directorate-General for Defence Industry and Space
EDA	European Defence Agency
EDF	European Defence Fund
EDIDP	European Defence Industrial Development Programme
EDTIB	European Defence Technological and Industrial Base
EEAS	European External Action Service
EI2	European Intervention Initiative
EPF	European Peace Facility
EUGS	EU Global Strategy
EUMC	European Union Military Committee
EUMS	European Union Military Staff
FNC	Framework Nation Concept
JEF	Joint Expeditionary Force
MFF	Multiannual Financial Framework
MPCC	Military Planning and Conduct Capability
NDPP	NATO Defence Planning Process
NIP	National Implementation Plan
NORDEFCO	Nordic Defence Cooperation
OPSCEN	EU Operations Centre
PADR	Preparatory Action on Defence Research
PESCO	Permanent Structured Cooperation
TEN-T	Trans-European Transport Networks
TEU	the Treaty on European Union
TFEU	the Treaty on the Functioning of the European Union
V4	the Visegrad Group

## ANNEX 2. EU Capability Development Priorities for 2018–2025<sup>74</sup>

<b>1. Enabling capabilities for cyber responsive operations</b>	<ul style="list-style-type: none"> <li>• cyber cooperation and synergies</li> <li>• cyber R&amp;T</li> <li>• systems engineering framework for cyber-operations</li> <li>• cyber education and training</li> <li>• specific cyber-defence challenges in the air, space, maritime and land domains</li> </ul>
<b>2. Space-based information and communication services</b>	<ul style="list-style-type: none"> <li>• Earth observation</li> <li>• positioning, navigation and timing</li> <li>• space situational awareness</li> <li>• satellite communication</li> </ul>
<b>3. Information superiority</b>	<ul style="list-style-type: none"> <li>• radio spectrum management</li> <li>• tactical communication and information systems</li> <li>• information management</li> <li>• intelligence, surveillance and reconnaissance (ISR) capabilities</li> </ul>
<b>4. Ground combat capabilities</b>	<ul style="list-style-type: none"> <li>• upgrade, modernise and develop land platforms (manned/unmanned vehicles, precision strike)</li> <li>• enhance protection of forces (CBRN, countering improvised explosive devices, individual soldier equipment)</li> </ul>
<b>5. Enhanced logistic and medical supporting capabilities</b>	<ul style="list-style-type: none"> <li>• military mobility</li> <li>• enhanced logistics</li> <li>• medical support</li> </ul>
<b>6. Naval manoeuvrability</b>	<ul style="list-style-type: none"> <li>• maritime situational awareness</li> <li>• surface superiority</li> <li>• power projection</li> </ul>
<b>7. Underwater control contributing to resilience at sea</b>	<ul style="list-style-type: none"> <li>• mine warfare</li> <li>• anti-submarine warfare</li> <li>• harbour protection</li> </ul>
<b>8. Air superiority</b>	<ul style="list-style-type: none"> <li>• air combat capability</li> <li>• air ISR platforms</li> <li>• anti-access area denial (A2/AD)</li> <li>• air-to-air refuelling</li> <li>• ballistic missile defence (BMD)</li> </ul>

<sup>74</sup> 'New 2018 EU Capability Development Priorities approved', *op. cit.*

<b>9. Air mobility</b>	<ul style="list-style-type: none"> <li>• strategic air transport</li> <li>• tactical air transport including air medical evacuation</li> </ul>
<b>10. Integration of military air capabilities in a changing aviation sector</b>	<ul style="list-style-type: none"> <li>• military access to airspace</li> <li>• ability to protect confidentiality of mission critical information</li> <li>• cooperation with civilian aviation authorities</li> <li>• adaptation of military air/space command and control (C2) capabilities</li> </ul>
<b>11. Cross-domain capabilities contributing to achieve EU's level of ambition</b>	<ul style="list-style-type: none"> <li>• innovative technologies for enhanced future military capabilities</li> <li>• autonomous EU capacity to test and qualify the EU's developed capabilities</li> <li>• enabling capabilities to operate autonomously within the EU's level of ambition</li> </ul>

### ANNEX 3. PESCO projects (as of November 2019)<sup>75</sup>

Project	Lead nation	Participants
<b>PESCO projects adopted in March 2018</b>		
<b>1. European Medical Command (EMC)</b>	Germany	Belgium, Czech Republic, France, Italy, Netherlands, Romania, Slovakia, Spain, Sweden
<b>2. European Secure Software defined Radio (ESSOR)</b>	France	Belgium, Finland, Germany, Italy, Netherlands, Poland, Portugal, Spain
<b>3. Network of logistic Hubs in Europe and support to Operations</b>	Germany	Belgium, Bulgaria, Croatia, Cyprus, France, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain
<b>4. Military Mobility</b>	Netherlands	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden
<b>5. European Union Training Mission Competence Centre (EU TMCC)</b>	Germany	Austria, Czech Republic, France, Ireland, Italy, Luxembourg, Netherlands, Romania, Spain, Sweden

<sup>75</sup> 'Council Decision (CFSP) 2019/1909 of 12 November 2019 amending and updating Decision (CFSP) 2018/340 establishing the list of projects to be developed under PESCO', Official Journal of the European Union L 293/113, 14 November 2019.

<b>Project</b>	<b>Lead nation</b>	<b>Participants</b>
<b>6. European Training Certification Centre for European Armies</b>	Italy	Greece
<b>7. Energy Operational Function (EOF)</b>	France	Belgium, Italy, Spain
<b>8. Deployable Military Disaster Relief Capability Package</b>	Italy	Austria, Croatia, Greece, Spain
<b>9. Maritime (semi-) Autonomous Systems for Mine Countermeasures (MAS MCM)</b>	Belgium	Greece, Netherlands, Latvia, Poland, Portugal, Romania
<b>10. Harbour &amp; Maritime Surveillance and Protection (HARMSPRO)</b>	Italy	Greece, Poland, Portugal
<b>11. Upgrade of Maritime Surveillance</b>	Greece	Bulgaria, Croatia, Cyprus, Ireland, Italy, Spain
<b>12. Cyber Threats and Incident Response Information Sharing Platform</b>	Greece	Austria, Cyprus, Hungary, Italy, Portugal, Spain
<b>13. Cyber Rapid Response Teams and Mutual Assistance in Cyber Security</b>	Lithuania	Croatia, Estonia, Finland, Italy, Netherlands, Poland, Romania
<b>14. Strategic Command and Control (C2) System for CSDP Missions and Operations</b>	Spain	France, Germany, Italy, Luxemburg, Portugal
<b>15. Armoured Infantry Fighting Vehicle / Amphibious Assault Vehicle / Light Armoured Vehicle</b>	Italy	Greece, Slovakia
<b>16. Indirect Fire Support, EuroArtillery</b>	Slovakia	Hungary, Italy
<b>17. EUFOR Crisis Response Operation Core (EUFOR CROC)</b>	Germany	Cyprus, France, Italy, Spain

Project	Lead nation	Participants
<b>PESCO projects adopted in November 2018</b>		
<b>18. Helicopter Hot and High Training (H3 Training)</b>	Greece	Italy, Romania
<b>19. Joint EU Intelligence School</b>	Greece	Cyprus
<b>20. EU Test and Evaluation Centres</b>	France, Sweden	Slovakia, Spain
<b>21. Integrated Unmanned Ground System (UGS)</b>	Estonia	Belgium, Czech Republic, Finland, France, Germany, Hungary, Latvia, Netherlands, Poland, Spain
<b>22. EU Beyond Line Of Sight (BLOS) Land Battlefield Missile Systems</b>	France	Belgium, Cyprus
<b>23. Deployable Modular Underwater Intervention Capability Package (DIVEPACK)</b>	Bulgaria	France, Greece
<b>24. European Medium Altitude Long Endurance Remotely Piloted Aircraft Systems – MALE RPAS (Eurodrone)</b>	Germany	Czech Republic, France, Italy, Spain
<b>25. European Attack Helicopters TIGER Mark III</b>	France	Germany, Spain
<b>26. Counter Unmanned Aerial System (C-UAS)</b>	Italy	Czech Republic
<b>27. European High Atmosphere Airship Platform (EHAAP) – Persistent Intelligence, Surveillance and Reconnaissance (ISR) Capability</b>	Italy	France

Project	Lead nation	Participants
<b>28. One Deployable Special Operations Forces (SOF) Tactical Command and Control (C2) Command Post (CP) for Small Joint Operations (SJO)</b>	Greece	Cyprus
<b>29. Electronic Warfare Capability and Interoperability Programme for Future Joint Intelligence, Surveillance and Reconnaissance (JISR) Cooperation</b>	Czech Republic	Germany
<b>30. Chemical, Biological, Radiological and Nuclear Surveillance as a Service (CBRN SaaS)</b>	Austria	Croatia, France, Hungary, Slovenia
<b>31. Co-basing</b>	France	Belgium, Czech Republic, Germany, Netherlands, Spain
<b>32. Geo-meteorological and Oceanographic (GeoMETOC) Support Coordination Element (GMSCE)</b>	Germany	Austria, France, Greece, Portugal, Romania
<b>33. EU Radio Navigation Solution (EURAS)</b>	France	Belgium, Germany, Italy, Poland, Spain
<b>34. European Military Space Surveillance Awareness Network (EU-SSA-N)</b>	Italy	France
<b>PESCO projects adopted in November 2019</b>		
<b>35. Integrated European Joint Training and Simulation Centre (EUROSIM)</b>	Hungary	France, Germany, Poland, Slovenia
<b>36. EU Cyber Academia and Innovation Hub (EU CAIH)</b>	Portugal	Spain
<b>37. Special Operations Forces Medical Training Centre (SMTTC)</b>	Poland	Hungary



<b>Project</b>	<b>Lead nation</b>	<b>Participants</b>
<b>38. Chemical, Biological, Radiological and Nuclear Defence Training Range (CBRNDTR)</b>	Romania	France, Italy
<b>39. European Union Network of Diving Centres (EUNDC)</b>	Romania	Bulgaria, France
<b>40. Maritime Unmanned Anti-Submarine System (MUSAS)</b>	Portugal	France, Spain, Sweden
<b>41. European Patrol Corvette (EPC)</b>	Italy	France
<b>42. Airborne Electronic Attack (AEA)</b>	Spain	France, Sweden
<b>43. Cyber and Information Domain Coordination Centre (CIDCC)</b>	Germany	Czech Republic, Hungary, Netherlands, Spain
<b>44. Timely Warning and Interception with Space-based Theatre Surveillance (TWISTER)</b>	France	Finland, Italy, Netherlands, Spain
<b>45. Materials and Components for Technological EU Competitiveness (MAC-EU)</b>	France	Portugal, Romania, Spain
<b>46. EU Collaborative Warfare Capabilities (ECoWAR)</b>	France	Belgium, Hungary, Romania, Spain, Sweden
<b>47. European Global Remotely Piloted Aircraft Systems (RPAS) Insertion Architecture System</b>	Italy	France, Romania

## ANNEX 4. Financial resources for security and defence in the European Commission's proposal<sup>76</sup>

### 4.1. The draft multiannual financial framework for 2021-2027 (in millions of euros)

Budget heading	2021	2022	2023	2024	2025	2026	2027	2021- 2027
<b>I. Single Market, Innovation &amp; Digital</b>	25,421	25,890	26,722	26,604	27,000	27,703	28,030	187,370
<b>II. Cohesion &amp; Values</b>	54,593	58,636	61,897	63,741	65,645	69,362	68,537	442,412
<b>III. Natural Resources &amp; Environment</b>	53,403	53,667	53,974	54,165	54,363	54,570	54,778	378,920
<b>IV. Migration &amp; Border Management</b>	3264	4567	4873	5233	5421	5678	5866	34,902
<b>V. Security &amp; Defence</b>	<b>3347</b>	<b>3495</b>	<b>3514</b>	<b>3695</b>	<b>4040</b>	<b>4386</b>	<b>5039</b>	<b>27,616</b>
Security	543	664	655	709	725	742	769	4806
Defence	2373	2391	2410	2528	2847	3166	3785	19,500
• The European Defence Fund	1500	1500	1500	1600	1900	2200	2800	13,000
• Military Mobility	873	891	910	928	947	966	985	6500
Crisis Response	187	192	196	200	204	208	212	1400

<sup>76</sup> A Modern Budget for a Union that Protects, Empowers and Defends. The Multiannual Financial Framework for 2021-2027, op. cit.

Budget heading	2021	2022	2023	2024	2025	2026	2027	2021–2027
<b>VI. The Neighbourhood &amp; the World</b>	<b>15,669</b>	<b>16,054</b>	<b>16,563</b>	<b>17,219</b>	<b>18,047</b>	<b>19,096</b>	<b>20,355</b>	<b>123,002</b>
External Action	13,278	13,614	14,074	14,680	15,458	16,454	17,662	105,219
• including CFSP	348	361	380	408	446	496	560	3000
Pre-Accession Assistance	1949	1989	2029	2070	2111	2154	2198	14,500
<b>VII. European Public Administration</b>	<b>11,024</b>	<b>11,385</b>	<b>11,819</b>	<b>12,235</b>	<b>12,532</b>	<b>12,949</b>	<b>13,343</b>	<b>85,287</b>

#### 4.2. Instruments outside the MFF ceilings (in millions of euros)

Instrument	2021	2022	2023	2024	2025	2026	2027	2021–2027
The European Peace Facility	800	1050	1300	1550	1800	2000	2000	10,500