

The CSDP's renaissance Challenges and opportunities for the eastern flank

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On 22 June the European Council agreed on the need to launch a permanent structured cooperation (PESCO) in the field of security and defence. Thus, the last of the discussed initiatives on the development of the EU's Common Security and Defence Policy (CSDP) gained political support and will be implemented.

Debates on the CSDP have gained momentum since mid-2016 due to a combination of three factors: the UK's decision to leave the EU, the adoption of the Global Strategy for the EU's Foreign and Security Policy, and some EU member states' dislike of Donald Trump, combined with the conviction that it is necessary to reduce the EU's dependence on the USA. The year-long negotiations have resulted in the creation of military planning and conduct capability, the establishment of the European Defence Fund, and of the coordinated annual review on defence, and the decision to activate PESCO.

These initiatives may be an opportunity to increase the military capabilities of EU member states and to boost investment or streamline defence spending. However, in an unfavourable political situation (involving for example long-term tensions between the USA and the Western European allies), the development of these initiatives may have negative consequences for NATO. Therefore, in most states of the Baltic Sea and the Black Sea regions, EU initiatives are received with great caution. Less inclined to see themselves as part of the eastern flank, Poland's partners from the Visegrad Group are more enthusiastic about the plan to enhance cooperation. However, it is not certain whether the new EU initiatives will bring measurable results or if they will remain a rather meaningless response to a short-term political demand.

The drivers for current CSDP's development: Brexit, Trump, EUGS

The security and defence policy of the EU¹ has been evolving since the 1990s. So far, it has focused on civilian and military crisis management based on the capabilities of member states. The EU has carried out limited civilian missions and low intensity military operations

in the EU's eastern and (broadly understood) southern neighbourhood (at present nine civilian missions and six military missions and operations). It has not developed its own command structures and the European rapid response forces intended for crisis management operations (the so-called EU Battlegroups) have so far not been used. The European Defence Agency was intended to be an instrument to strengthen industrial cooperation between EU member states. However, it has supported multilateral

¹ Since the Lisbon Treaty entering into force in 2009 it has been referred to as the CSDP.

projects only to a limited extent. The CSDP's limited scope was connected with the unwillingness on the part of some EU member states to expand the EU's competence in this field.

The European Commission is actively involved in developing the CSDP – it strives to expand its competences and promotes a federalist vision of the EU.

The UK was the main handbrake since for reasons both political (its close alliance with the USA) and pragmatic (additional bureaucracy and costs) it did not want NATO structures to be duplicated. Since the summer of 2016 the debates on the development of the EU's security policy have been undergoing a renaissance due to a combination of three factors.

Brexit. After the referendum in which UK decided to leave the EU, Germany and France decided that the best response to the crisis of the European project and to Brexit should be to enhance cooperation, in particular in the areas which spark no major controversy between Berlin and Paris. Within a few days after the British referendum, the foreign ministers of Germany and France published a document entitled "A strong Europe in a world of uncertainties" in which they pointed to security policy as one of the three areas in which EU integration should be strengthened. The proposed ideas were clarified by the defence ministers of the two countries in September 2016 and won support from Italy and Spain. One argument for enhancing integration in security and defence was that, after leaving the EU, the United Kingdom will no longer be able to block the development of cooperation.

Trump. The victory of Donald Trump, who has been rather unpopular with most EU elites, in the US presidential election and the demands he has formulated towards the European allies have boosted the narrative calling for increased

military integration within the EU. Some of the debates have not been focused on the need to increase military spending and strengthen trans-Atlantic relations, but on the need to build new European structures and capabilities in order for the EU to be able to act independently. On the one hand, this narrative is targeted at the increasingly anti-American public in Western European states. On the other hand, it reflects uncertainty as to the future involvement of the USA in guaranteeing Europe's security.

EUGS. The European Council's June 2016 adoption of the Global Strategy for the EU's Foreign and Security Policy (EUGS), drawn up by Federica Mogherini, High Representative of the European Union for Foreign Affairs and Security Policy, came a few days after the referendum in the UK. The document that delineates the EU's goals and ambitions in foreign and security policy has gained importance with the new political situation developing in the EU and in the trans-Atlantic relations. The European Commission, for its part, has become an important actor in the debates on the development of the CSDP, although its competence covers this area only to a limited degree. Accused of overstepping its role of the "guardian of treaties" during Jean-Claude Juncker's presidency, it seems to be treating the issue of developing the CSDP as one of the instruments to expand its competence and to support a federalist vision of the EU.

How much more European Union in security and defence?

The meeting of EU leaders in Bratislava in September 2016 gave a formal impetus to launch intensive negotiations on how to further develop the CSDP. The decisions by the Council of the EU of November 2016, March and May 2017, and the conclusions of the European Council of December 2016 and June 2017 were of key importance in this process, in which the European Commission played an important role. Federica Mogherini not only drew up the EU Global Strat-

egy, but also proposed a Global Strategy Implementation Plan on Security and Defence, which had largely shaped the 2016 decisions. Other important documents included the European Commission's European Defence Action Plan of November 2016, and the Reflection paper on the future of European defence announced in June 2017 as an impetus for a debate on the CSDP². The EU's year-long work resulted in the formulation of initiatives in five areas which may foster a new quality of the CSDP:

The European Defence Fund may be a breakthrough instrument in speeding up the EU's military integration.

(1) Command structures. For many years, the creation of a separate command structure for EU military missions and operations was a contentious issue with a highly political and symbolic dimension. The creation of this structure would mean that the EU would be recognised as the second (after NATO) independent actor in the field of security and defence in Europe. Until recently, it was mainly the United Kingdom that blocked almost all of the initiatives of this type. The Brexit decision opened up new opportunities for discussions which resulted in the June 2017 creation of the military planning and conduct capability (MPCC). Although it is intended only to conduct military training missions, in the future it may become the starting point for creating more complex European command structures³.

² It contains three scenarios: (1) security and defence cooperation, (2) shared security and defence, (3) common defence and security – from an insignificant increase of military and industrial-technical cooperation to the creation of an integrated defence union with the European defence market, capable of acting autonomously. In the document, the Commission has emphasised its preference for the third scenario to be implemented. European Commission, The document opening a debate on the future direction of defence in an EU of 27, 7 June 2017, http://europa.eu/rapid/press-release_IP-17-1516_en.htm

³ Thierry Tardy, MPCC: towards an EU military command?, EUISS Brief No 17, 7 June 2017, <http://www.iss.europa.eu/publications/detail/article/mpcc-towards-an-eu-military-command/>

(2) Military-industrial cooperation. Over the last two decades, the issue of enhancing military-technical cooperation in the EU has been a frequent subject of debates and initiatives. So far, this cooperation has rather been limited and its results have received varying assessments⁴. Due to their separate plans for developing their armed forces and favouring their own armaments industries, the member states intended to become involved in this cooperation only to a limited degree. Therefore, the European Commission's establishment in June 2017 of the European Defence Fund (EDF) may be a breakthrough decision that will accelerate the integration processes. Financed from the EU budget, the fund may provide the impetus for innovative technological programmes carried out by arms companies in the EU; this would be done by offering grants for multilateral research and development projects. EU member states will also be encouraged to cooperate since the EDF will offer financial support for joint projects aimed at purchasing arms and military equipment (up to 20% of the cost, see Appendix). However, it is not certain whether the EDF will be successful. Experience shows that multilateral armament projects are not always automatically cheaper and more efficient.

(3) Development of military capabilities. Armed forces development and technical modernisation plans are mainly devised at the national level. For the member states to be able to better identify cooperation areas and partners, the EU will introduce a coordinated annual review on defence (CARD). CARD is intended to be the basis for preparing the EU's long-term Capability Development Plan for 2018–2025 and is meant to show what capabilities the

⁴ The Strategic Airlift Capability project is one successful example – it involves twelve countries jointly purchasing and utilising several strategic transport aircraft. Less successful initiatives include large multilateral armaments projects such as: the A400M transport aircraft, the Eurofighter multi-role aircraft, the NH90 helicopter. Despite being implemented, many consider them to be negative examples of armaments cooperation due to problems connected with the difficulties of a multilateral production process, the postponement of supply deadlines for several years, and the multiplication of costs.

EU will need in the future. As a consequence, the EU will introduce a mechanism similar to NATO's Defence Planning Process (NDPP)⁵.

(4) Legal mechanisms for enhancing cooperation. Equally important to the establishment of the EDF may be the launch of permanent structured cooperation (PESCO), an instrument introduced to the *acquis communautaire* by the Lisbon Treaty which has not yet been used. The debate on activating the mechanism returned in 2016. PESCO is intended to enable the interested member states to engage in enhanced cooperation on security and defence after meeting specific criteria. Pursuant to the decision by the European Council of June 2017, EU member states have three months to agree a common list of criteria and commitments, together with concrete capability projects, in order to start this cooperation. PESCO is also to be combined with CARD and the EDF. Proponents of enhancing cooperation within the CSDP view PESCO as a symbol of the EU's new ambitions in security and defence, although still there is no clear concept regarding what it is intended to be (see Appendix).

Poland, the Baltic states and Romania are among those countries which approach CSDP initiatives with great caution.

(5) EU–NATO cooperation. To supplement the above-mentioned activities, the EU is enhancing its cooperation with NATO. At the NATO summit in Warsaw in July 2016 an EU–NATO Joint Declaration on cooperation was signed in seven areas: preventing hybrid threats, operational cooperation including maritime issues, cyber-security and defence, defence capabilities, defence industry and research, the coordination of exercises, building partners' capacity

⁵ The goal of the NDPP in NATO is to harmonise national defence plans for armed forces development by identifying capabilities and promoting their development and acquisition by Allies.

and resilience in the EU's and NATO's southern and eastern neighbourhood. Detailed cooperation areas were formulated in December 2016, when 42 proposals were announced⁶. In principle, the cooperation between the EU and NATO does not create any new quality and mainly focuses on the enhanced coordination of the activities of the two organisations. It is also intended to demonstrate that the EU does not intend to build an alternative military alliance and that the CSDP is complementary to NATO's activities.

The perspective from EU's and NATO's eastern flank

Most states of the Baltic Sea and the Black Sea regions approach the new CSDP initiatives with a high degree of caution, whereas Poland's partners from the Visegrad Group have expressed considerable support for them. Over recent years, most of the eastern flank countries were strongly involved in implementing the decisions made at the Newport NATO summit (2014) and in negotiations and preparation of decisions of the Warsaw NATO summit (2016). Therefore, they were not particularly involved in the process of drawing up the EUGS, which was dominated by the EU's southern members. In the new political reality this document has become the basis for initiating actions on the EU level instead of being another EU strategy that would merely be filed following its adoption, as had been expected.

In the Baltic Sea region most of the countries are treating the development of the CSDP with caution, fearing that NATO and trans-Atlantic relations may be weakened as a result. However, they have expressed their support for the CSDP since they want to remain in the main-

⁶ Council of the European Union, Council conclusions on the Joint Declaration signed by the President of the European Council, the President of the European Commission and the Secretary General of the North Atlantic Treaty Organisation, 6 December 2016, <http://www.consilium.europa.eu/en/press/press-releases/2016/12/06-eu-nato-joint-declaration/>

stream of European integration and have limited political elbow room to block initiatives. The **Baltic states** are the most striking examples of this line of thinking. After the Brexit vote, Lithuania, Latvia and Estonia can no longer count on support from the UK in blocking the initiatives; nor do they want to object to the EU's biggest member states (France, Germany) and which are also their important allies within NATO. Therefore, they support the idea of enhancing military cooperation within the EU – on condition that this would lead to an increase in defence spending and a boost in military capabilities, and would not duplicate NATO.

The support for the CSDP expressed by the Czech Republic, Slovakia and Hungary is intended to demonstrate that these countries want to be part of the mainstream of European integration.

Sweden supports the development of the EU's civilian and military crisis management instruments, but it is rather sceptical about enhancing a structured military cooperation within the EU for reasons similar to those cited by Poland and the Baltic states. Despite not being a NATO member, it recognises the USA as the guarantor of European and regional security and would not like trans-Atlantic relations to be weakened or for NATO activities to be duplicated, since it closely cooperates with NATO in the region. Stockholm expressed its support for developing the CSDP in June 2017⁷, but it has not formulated any precise stance towards most of the initiatives. The reason behind this move was Sweden's eagerness to be part of the EU's mainstream and to enhance its cooperation

⁷ See the article by Sweden's ministers of foreign affairs, Margot Wallström, and defence, Peter Hultqvist, *Vi vill agera för att stärka EU:s försvarssamarbete*, *Dagens Nyheter*, 20 June 2017, <http://www.regeringen.se/debattartiklar/2017/06/vi-vill-agera-for-att-starka-eus-forsvarssamarbete/>

(albeit in the bilateral rather than the EU-wide context) with Germany which is a proponent of developing the CSDP. **Finland**, for its part, has from the beginning been an active participant in the debate on the future of the CSDP. As a periphery non-allied state, it views integration under the CSDP as an opportunity to strengthen its own security (it views its membership of the Eurozone along similar lines)⁸. Helsinki wants EU initiatives to become a tool to step up the defence capabilities of member states and is interested in taking part in concrete projects focused on satellite communications, the navy, logistics and cyber defence. In addition, it is interested in enhancing cooperation in the field of hybrid threats and would welcome increased cooperation between EU and NATO member states in its newly created European Centre of Excellence for Countering Hybrid Threats based in Helsinki.

In the Black Sea region the cautious approach that Poland and the Baltic states are taking to the development of the CSDP is shared by **Romania**. Bucharest has raised the need for the CSDP to be transparent and complementary to NATO and for trans-Atlantic relations to remain strong. Romania fears that the EU's ties with the USA (Romania's strategic ally) may weaken. However, it has also expressed its wish to become involved in the process of enhancing security and defence cooperation in the EU, as it fears that a multi-speed Europe may be created. In the debates over the CSDP, Romania is interested in increasing the effectiveness of crisis management, cyber-security and the development of strategic communication (in the context of Russian propaganda expansion in Moldova). It also has great expectations for the creation of the EDF, as it is seeking mechanisms

⁸ In June 2016, Finland and France issued a joint declaration on strengthening the EU's CSDP. Finland is able to co-shape this process at the EU level through the involvement of Jyrki Katainen, Vice-President of the European Commission, and Lt General Esa Pulkkinen, Director General of the European Union Military Staff since May 2016 and designated head of MPCC.

to support its plans to modernise the army and revitalise the defence industry. **Bulgaria**, for its part, is not an active participant in the debate on the CSDP; nor is this issue an element of the internal debate. However, it has expressed its support for integration processes and at the same time pointed to the need to maintain EU–NATO cooperation in the Black Sea region and in the Western Balkans.

The trend to enhance military cooperation in the EU is visible and will be continued regardless of the implementation of CSDP initiatives.

Poland's partners from the Visegrad Group support the plan to enhance military integration within the EU. The reasons behind this approach are as follows: they strive to remain in the mainstream of European integration; they want to present a positive and integration-oriented agenda that could divert attention from their objection to the common migration and asylum policy; they believe that the new initiatives have limited impact on their military security, insignificant armed forces and arms industries. The Czech Republic, Slovakia and Hungary do not really consider themselves to be part of NATO's eastern flank and they do not perceive any direct military threat from Russia. Moreover, Slovakia and Hungary are less inclined to view the USA as the guarantor of their security. Therefore, these states do not see any potential challenges related to developing the CSDP, although they emphasise that responsibility for European security should lie with NATO. At the same time, in the EU-wide debate they are trying to push through issues they consider important, such as cyber-security, preventing hybrid threats and developing new technologies (the Czech Republic) or preventing migration, countering the terrorist threat and offering support to the Western Balkans (Hungary).

The development of the CSDP has received the strongest support from the **Czech Republic**. Czech politicians have frequently raised this issue in the EU – the Czech government co-organised a high-level conference summing up the CSDP initiatives in Prague (June 2017) and the Czech Prime Minister co-authored an article with the President of the European Commission on the development of the CSDP⁹. In **Slovakia**, the ongoing debate is focused on the general issue of “being in the core of the EU” – without precisely defining what this core is (albeit with awareness of the fact that it will also include integration in security and defence). In **Hungary**, the CSDP is not covered in public debate and the new initiatives have been receiving scant attention, even from expert groups.

The challenges and opportunities

In the short term, the focus on implementing the CSDP initiatives may have a negative impact on processes within NATO which are aimed at boosting collective defence in the Baltic and the Black Sea regions.

- NATO is shifting its focus from conducting crisis management operations to regaining the capabilities needed for collective defence. This entails changes in NATO's command and force structure, in defence planning and in the capabilities of the national armed forces (expanding their armoured, artillery and air defence potential as well as increasing their combat readiness level).
- In the Baltic and the Black Sea regions, the process of boosting the allied presence is being continued. Western European allies along with the USA participate in joint exercises and enhanced forward presence in Poland and the Baltic states, as well as in Romania and Bulgaria.

⁹ Jean-Claude Juncker, Bohuslav Sobotka, Europe Must Take Its Defense Into Its Own Hands, *The Wall Street Journal*, 5 June 2017, <https://www.wsj.com/articles/europe-must-take-its-defense-into-its-own-hands-1496688441>

- A debate on *burden-sharing* is underway in NATO. At the meeting of NATO leaders in Brussels in May 2017 a decision was made to adopt annual national plans to monitor progress and set goals regarding the gradual increase of defence spending up to 2% of GDP, to invest additional funding in key military capabilities and to contribute to NATO missions, operations and other engagements.

In the long term, the new CSDP initiatives will generate a series of challenges for the eastern flank states. Nevertheless, if cooperation within the EU is given the right format, they may also generate opportunities for building military capabilities, in EU–NATO and trans-Atlantic relations, and for arms industries.

What capabilities? The EU's Global Strategy defines three areas of EU involvement: responding to external conflicts and crises, building partners' capacities, and protecting the EU and its citizens. All this implies that the EU will focus on civilian and military crisis management. From the perspective of the eastern flank, the question arises as to whether military cooperation in the EU should focus solely on developing crisis management capabilities and on building units for operations of this type, or if should it also support cooperation enhancing collective defence – in coordination with NATO.

Competing with or complementing NATO? Doubts emerge regarding the relation between the new CSDP instruments and the existing NATO mechanisms. The coordinated annual review on defence (CARD), the EU's long-term Capability Development Plan and the permanent structured cooperation (PESCO) are intended to harmonise and support the military capabilities planning of the EU member states. On the one hand, these initiatives may be viewed as being in competition with NATO's Defence Planning Process. For Western Europe, reinforcing EU crisis management capabilities in the south may gradually become more important than rebuilding NATO's collective defence capabilities in the east. On the other hand, CARD could significantly complement

NDPP, for example by meeting NATO's requirements in the framework of the EU's planning process (with additional support from the EDF and PESCO).

Weakening or strengthening the trans-Atlantic bond? Western Europe's rising scepticism and distance towards Washington may lead to a long-term striving for greater emancipation of the EU in security and defence. This may have negative consequences for the coherence of and cooperation within NATO, and hence for the eastern flank. The political rhetoric regarding the EU's strategic security and defence autonomy is not (and will not be for a long time) reflected in EU possessing sufficient collective defence capabilities or being capable of conducting crisis management operations of high intensity. On the other hand, the new EU initiatives, such as CARD, the EDF and PESCO, may give EU member states additional impetus to increase their investments in defence, which in turn will be welcomed by Washington and could contribute to alleviating the trans-Atlantic tensions.

Oligopolisation or a revival of the European arms industry? Some of the eastern flank states view the European Defence Fund (EDF) as an instrument that will mainly serve the big arms companies of the EU's largest states to boost their competitive advantage and market reach at the cost of less competitive and smaller companies from the region. For small states from the eastern flank, in particular those which do not have their own arms industries, the EDF may in turn generate additional opportunities for advancing technical modernisation of their armed forces, as it offers co-financing of joint development and the acquisition of defence equipment and technology. However, a number of details regarding the EDF still needs clarification¹⁰.

¹⁰ Marcin Terlikowski, European Defence Fund: financial support for the EU defence industry, PISM Spotlight, 12 June 2017, <http://www.pism.pl/publications/spotlight/no-26-2017>, European Commission, A European Defence Fund: €5.5 billion per year to boost Europe's defence capabilities, Press Release, 7 June 2017, http://europa.eu/rapid/press-release_IP-17-1508_en.htm

It is not certain whether the present renaissance of the CSDP will serve as an impetus for EU member states to genuinely enhance their cooperation within the EU, boost their military capabilities and increase or streamline their defence spending, or whether it will bring no

measurable military results. Undoubtedly, the trend to enhance military cooperation in Europe is visible and cooperation projects will be carried out in NATO, in the EU, and outside these structures in bi- and multilateral formats.

APPENDIX

CSDP initiatives in detail

1. Military Planning and Conduct Capability (MPCC)

The MPCC is intended to assume command of EU non-executive military missions, i.e. training missions in Somalia, the Central African Republic and Mali. The MPCC is not a strategic-level operational command to be involved in planning and conducting the EU's military combat missions¹¹, as requested by some member states, but is a small 30-employee-strong centre whose task will be to plan and conduct the EU's 'non-combat' missions. It is expected that it will not generate additional costs and that it will hire staff from other present structures (EU military staff) or from defunct structures (EU Operating Centre).

2. The European Defence Fund (EDF)

The European Defence Fund has two strands. (1) Approx. 90 million euros (until 2020) and 500 million euros annually (post-2020) will be available to the EDF for full and direct financing of collaborative research in innovative defence technologies and products. (2) Approx. 500 million euros from the EU budget until 2020 and up to 5 billion euros annually post-2020 (1 billion euros from the EU budget and the remainder from member state contributions) will be available to the EDF for co-financing joint development and the acquisition of defence equipment and technology¹². The first short-term European Defence Industrial Development Programme is being negotiated before medium-term comprehensive programmes will be drafted.

The EDF's goal is to increase the EU's strategic autonomy, i.e. to make it independent of the key US military capabilities. A number of priorities have been defined to date: unmanned aerial vehicles, aerial refuelling, satellite communications and cyber-security capabilities. The EDF is intended to support member states in acquiring these capabilities. An additional goal is to seek savings and synergies in the armaments policies of EU member states whose defence spending continues to fall short (the average figure for the EU28 is 1.34% of GDP).

¹¹ There will be no change in how the operations will be planned and conducted, i.e. by appointed national command structures (French, German, Greek, Italian and British, and recently also Polish). So far, the EU has not taken advantage of NATO structures; it is entitled to do so under the Berlin Plus formula.

¹² European Commission, 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, 7 June 2017, <https://ec.europa.eu/docsroom/documents/23605>

3. Coordinated Annual Review on Defence (CARD)

EU member states are expected to present data regarding their defence spending, technical modernisation plans, and defence research efforts. A comparative analysis of this data will make it possible to draw up recommendations for possible cooperation and, in the long term, to coordinate the development of military capabilities. The first review is expected to be launched in the autumn of 2017 (the test stage) and in the autumn of 2019 (full scope).

4. Permanent Structured Cooperation (PESCO)

PESCO was established pursuant to article 42 section 6 and article 46 of the Treaty on European Union and to the Protocol on Permanent Structured Cooperation (Protocol No 10). The criteria for participation in PESCO defined in the Protocol include: member states' commitment to set a specific level of investment expenditure on defence equipment; the harmonisation of modernisation plans and capabilities development; enhancing the availability, interoperability and deployability of member states' forces; the commitment to make good the shortfalls in military capabilities (including by taking part in multinational projects); participation in European Defence Agency programmes. The debates on PESCO frequently include arguments to focus the cooperation on developing critical capabilities. This would involve the joint purchase and operation of a specific type of military equipment (for example unmanned aerial systems, satellites, reconnaissance planes, frigates or new generation fighter jets). PESCO could subsequently serve the purpose of developing joint land, air or naval forces units¹³.

¹³ Sven Biscop, *Oratio pro PESCO*, Egmont Paper 91, 23 January 2017, http://www.egmontinstitute.be/publication_article/oratio-pro-pesco/

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