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**Research Report**

## EU defence policy needs strategy: Time for political examination of the CSDP's reform objectives

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# EU Defence Policy Needs Strategy

## Time for Political Examination of the CSDP's Reform Objectives

*Rosa Beckmann and Ronja Kempin*

**The European Union's Common Security and Defence Policy (CSDP) has made great strides since publication of the EU Global Strategy (EUGS) in June 2016. Tectonic shifts in the geopolitical environment and within the Union itself have led the states and the Commission to launch a string of initiatives seeking to expand the EU's strategic autonomy in security and defence. These efforts can only be sustainable if the projects involved are placed on a long-term footing and a process of reflection about the orientation of the CSDP begins. Year two of EUGS implementation should be used to initiate steps in that direction.**

The EUGS has injected unforeseen dynamism into security and defence policy, as a field hitherto largely unaffected by moves towards European integration and communitisation. The document came out during a phase of fundamental political/strategic recalibration driven by a string of internal and external factors. Internal pressures included the Brexit vote and electoral successes for populist parties and movements channelling rising public demands for security. On the external front, Donald Trump is the first US President to openly question the existence of NATO, while the global security situation is increasingly characterised by hybrid threats and transnational terrorist operations. These developments led the member states and the Commission to make the promise of protection for its citizens into one of the central planks of the EU's legitimacy.

### Three Priorities for the Agenda

In November 2016 the foreign ministers of the EU member states agreed to respond to these shifts with a comprehensive reform agenda for the CSDP, including extending common funding for EU Battlegroups beyond year end and intensifying cooperation between the EU and NATO. In June 2017 the member states also agreed to establish a Military Planning and Conduct Capability (MPCC) for strategic command of non-executive CSDP missions, such as the EU's training missions. Otherwise the agenda concentrates on defence, in particular through three major projects to strengthen the ability of EU member states to defend themselves.

First of all, Permanent Structured Cooperation (PESCO) is to be activated. Introduced under Article 42 (6) of the Treaty of Lisbon, PESCO permits member states

“whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions” to cooperate more closely than the EU-27 context permits. Under the terms of Article 46 PESCO is open to all member states, although the treaty text remains vague over the conditions they are required to satisfy.

Secondly, a Coordinated Annual Review on Defence (CARD) will institutionalise systematic exchange between member states under the auspices of the European Defence Agency (EDA). This should contribute to identifying and closing gaps in member states’ military and civilian resources.

Thirdly, the Commission and the member states have decided to establish a European Defence Fund (EDF) to incentivise cooperation on the acquisition of key defence capabilities. The EDF will co-finance initiatives where at least three EU states join forces to develop and procure defence products and technologies. This should permit states and companies to operate more cost-effectively; such initiatives benefit especially strongly from the fund where their cooperation falls within the PESCO framework.

### **Clarify details, unlock potential**

While the ambitious timeframe requires the details of the three projects to be clarified by autumn 2017, many questions still remain unanswered. The need to settle specifics should not, however, be allowed to obstruct progress on tapping the potential of the initiatives.

### **PESCO as trailblazer for the Defence Union**

Concerning the criteria member states must satisfy in order to enter into a Permanent Structured Cooperation, there are currently two contrasting approaches: an agenda orientated on ambitious, exclusive projects, and an inclusive model designed to prevent the emergence of a multi-speed Europe in security and defence policy. Germany and

France used their bilateral Ministerial Council on 13 July 2017 to propose a list of steps intended to satisfy both approaches.

Under this proposal states would have to increase their defence budgets in order to participate in PESCO, honouring the 2014 NATO agreement to spend 2 percent of GDP on defence, with 20 percent of the defence budget earmarked for acquiring major equipment. Secondly, states wishing to participate should join at least one PESCO project and support the work of the EDA. Thirdly there would be operational criteria to be met: representation in EU Battle-groups, a substantial contribution to international operations, and above all accelerated decision-making on military deployments. Finally, PESCO participants should participate in CARD and the EDF.

It is presently unclear how many EU member states will be willing to fulfil these criteria. In addition, it is uncertain which specific projects can be realised under the PESCO framework. Here too, Berlin and Paris have done the groundwork for their partners, proposing more than a dozen projects including the creation of a logistics hub and a medical command. But political leaders need to do more than proposing individual projects and defining criteria. Under the Treaty of Lisbon the purpose of Permanent Structured Cooperation is not solely to strengthen the operative capabilities of member states: It should be seen as the first step on the road to a European Defence Union. But the actual path for this has yet to be mapped out. As soon as PESCO has been activated, Germany and France should therefore join together to initiate a process of reflection to draw up a roadmap for the Defence Union.

### **Incentives for CARD**

The idea of a Coordinated Annual Review on Defence has been around for longer than PESCO. CARD’s precursors are the Capability Development Mechanism introduced in 1999, and its expanded successor of 2001, the European Capability Action

Plan. Those two initiatives fell by the way-side, largely because member states balked at revealing gaps in their national defence capacities. Member states therefore need to be offered incentives for transparency in defence planning. This could involve linking the coordination process to participation in PESCO and funding of procurement and research projects through the EDF. It would be conceivable to grant the EDA a right to propose or veto co-funded projects. In the medium term, member states and the EDA should move towards discussing strategic goals in the CARD framework. Only then will the coordination process offer a framework for advancing the EU's strategic autonomy and supporting the goals of the EUGS.

#### **Move the EDF into the EU budget**

Funding for the EDF is secure through 2020, when the next multi-annual financial framework (MFF) comes into effect. Given that the 2020–2027 MFF will presumably lack the British budget contribution, the Commission's ambitious plans to provide the member states with €5.5 billion for joint defence development and procurement are as yet unfunded. On the other hand, the fund can function to link disparate projects in the sphere of defence and increase the willingness of member states to participate in PESCO and CARD. The German government should therefore ensure the fund's survival by anchoring it in the next MFF. In this connection the Commission could also ensure that the EDF prioritises funding for projects required to achieve the goals of the EUGS.

#### **A process of reflection on the CSDP**

The success of these initiatives will be closely tied to the question of what strategic goal the member states pursue through the CSDP – as a component of the EU's Common Foreign and Security Policy (CFSP). The EUGS names strengthening resilience as the overarching goal of the CFSP – in other

words reinforcing the EU's ability to defend against internal and external threats. The High Representative's implementation report of June 2017 spells out the implications for the CSDP's future strategic goals – coping with external crises and conflicts, strengthening the partners' capabilities and protecting the citizens of Europe.

If coherence is to be achieved between initiatives and objectives, member states will have to find agreement over where resilience requires military capabilities, and in which crises and conflicts the latter are to be deployed. A joint threat evaluation will be required to determine what capacities the EU needs to have at its disposal, and a shared concept for the strategic objective of guaranteeing the security of Europe's citizens will need to be developed. This also means clarifying the relationship between NATO and the EU. While their joint declaration of July 2016 commits to deepening cooperation, the document contains no indication of how PESCO, CARD and EDF should distribute defence functions between the EU and NATO without duplicating structures. An overall approach dealing with that is a matter of urgency.

Member states also need to decide how much sovereignty they are prepared to transfer to the EU level. That question has always been a red flag in the entire field of security and defence. Mastering a fluid security situation and exploiting the full potential of European integration will require the taboo on this discussion to be lifted and a realistic dialogue opened up. This also includes questioning the integration-inhibiting consensus principle in CFSP and CSDP.

While Germany has always been sceptical towards a strategic reflection process in the EU framework, the successes already achieved in implementing the EUGS should give Berlin grounds for optimism. Accordingly, Germany should advocate for a political process to clarify the strategic rationale of the CSDP. Two paths are open to the German government. The first would be to advance this process jointly with France. On

the same lines as the proposal for PESCO criteria, Berlin and Paris could prepare a strategy paper for a future CSDP and circulate it in the EU context.

Another incentive for Berlin and Paris to lead the reflection process is that it would inject sustained EU-level momentum into the Franco-German motor. The circumstances are favourable, as the German Bundestag election in September 2017 will be followed by a period of four years where neither of the two countries are distracted by upcoming elections. For example, Berlin and Paris could prepare an aide-mémoire laying out common ground on threat perception and the implicated capability goals. A considerably more ambitious option would be a joint white paper on European defence policy supplying political content and strategic guidance to the goals laid out in the EUGS.

The second route would be for Berlin to argue for the member states to request the High Representative to prepare such a white paper – which would be seen as supportive by Germany’s partners in central and eastern Europe. In this version too, the central goal should be to spell out the capabilities required for implementing the EUGS.

One thing is certain: while current progress on the European defence policy may appear promising, political discourse about the strategic orientation of the CSDP is urgently needed. Failure to do so would mean walking only half the path already started.

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