



POLICY BRIEFING

The European Council on defence matters: Time to deliver

Abstract

Defence matters. This was the clear message of the Thessaloniki European Council of 19 and 20 June 2003. The moment the conference took place, one decade ago, was also the time of the first EU missions and operations, the birth of the European Security Strategy and the starting shot for the European Defence Agency. Since then, the key change for the EU and for defence has been the entry into force of the Lisbon Treaty, in December 2009. Yet European efforts to collectively reform defence have been marked from the outset by drawbacks, criticism and resistance, punctuated by occasional successes and incremental advancements. Progress in this field has been held hostage to political disagreements between those who clearly support and those who are fiercely sceptical about defence integration. Their divergence has meant that security and defence policy in the EU has been rather toothless, and its institutions feeble. Gathering in December 2013, the heads of state and government have the privilege and – given the past decade of neglect – the duty to end this perpetual beginning.

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AUTHOR:

Ulrich KAROCK
Directorate-General for External Policies of the Union
Policy Department
WIB 06 M 45
rue Wiertz 60
B-1047 Brussels

Editorial Assistant: Elina STERGATOU

CONTACT:

Feedback of all kinds is welcome. Please write to:

ulrich.karock@europarl.europa.eu.

To obtain paper copies, please send a request by e-mail to:

poldep-expo@europarl.europa.eu.

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1 The end of beginning or the beginning of the end?

Defence matters. This was the clear message of the Thessaloniki European Council of 19 and 20 June 2003.

Defence matters. This was the clear message of the Thessaloniki European Council of 19 and 20 June 2003. The moment the conference took place, one decade ago, was also the time of the first EU missions and operations, the birth of the European Security Strategy and the starting shot for the European Defence Agency. Since then, achievements have been modest: only than the European Council of 2008, which 'reloaded' the European Security Strategy, achieved something in the domain. Yet the 2013 iteration is expected to deliver strategic impetus on the defence policy in the Union.

The key change for the EU and for defence since Thessaloniki is the entry into force of the Lisbon Treaty, in December 2009. The treaty, borne of the failure of the constitution treaty, brought significant changes to the Union's Common Security and Defence policy (CSDP). New provisions superseded the security and defence policy provisions of the Amsterdam Treaty, which had entered into force a decade earlier, on 1 May 1999.

From the very beginning, European efforts to collectively reform defence have been marked by drawbacks, criticism and resistance, punctuated by occasional successes and incremental advancements. Progress in the field has generally been held hostage to political disagreements between those who clearly support and those who are fiercely sceptical about defence integration. Their divergence has meant that security and defence policy in the EU is rather toothless, and its institutions feeble. Gathering in December 2013, the heads of state and government have the privilege and – given the past decade of neglect – the duty to end this perpetual beginning. Without proper attention, the Union's defence will vanish, and the upcoming European Council will mark the beginning of the end.

In December 2012, the European Council again sent a signal to defence stakeholders that European defence matters.

The European Council will consecrate at most a couple of hours to the defence debate. Even this may make a difference; when the Council merely decided in December 2012 to address the topic, it sent a signal to defence stakeholders in Member States, the North Atlantic alliance and the EU institutions that European defence matters. The Council charged the competent institutions to reflect on defence and the EU, and to address three topics: improving the effectiveness, visibility and impact of the CSDP; developing the necessary capabilities; and strengthening the technological and industrial base underpinning defence.

Over the course of 2013, many political gatherings, conferences, reports and articles have addressed the current state of defence policy in the EU. Many proposals have been advanced to reform and to improve it – or, in some cases, to end it. This lively public debate accompanied the preparation and delivery of the institutional contributions requested of the European Commission¹, the Council of the European Union² and the High

¹ Communication 'Towards a more competitive and efficient defence and security sector' of 24/07/2013

² Council conclusions on Common Security and Defence Policy of 25&26 November 2013

Representative for Foreign Affairs and Security Policy / Head of the European Defence Agency (EDA)³. The European Parliament adopted two non-legislative reports on the CSDP⁴ and on the European Defence Technological and Industrial Base⁵ (EDTIB) on 21 November 2013.

The numerous political, industrial and academic views expressed in recent preparations for the Council have highlighted that the current decade is crucial for defence and for the EU. There are reasons to believe that neither the EU nor European defence can survive without the other, and that both must live by the rule, *'use it, or lose it!'*

2 In the hands of the Member States

The EU needs a leadership determined to progress in the right direction.

Defence matters. That the European Council will conclude this is a certainty. But the words that are added to this conclusion will be scrutinised with extreme attention in the capitals of Europe and beyond.

Three European capitals will have a key role to play. Pieter De Crem, Belgian Deputy Prime Minister and Minister of Defence, clearly named the countries that would lead the strategy in his speech to the Subcommittee on Security and Defence European Parliament on 26 September 2013: 'To advance in the right direction, the European Union must necessarily demonstrate more determined and visible leadership. For Belgium, that leadership must principally derive from greater military cooperation among the great powers in Europe – Great Britain, France and Germany, in no particular order⁶.'

The political and economic punch of Berlin, the strategy and will of Paris and the global – in particular transatlantic – understanding of London will need to be united. These three governments' expenditures account for two thirds of EU defence outlays. When Italy is included, the four represent more than three quarters of the EUR 190 billion spent by the EU on defence in 2012⁷. Much of the industrial and technological base of European Defence – and a good deal of European military capabilities – is also concentrated in these four Member States. Not coincidentally, these four are also key allies in NATO and deeply involved in international cooperation and many missions and operations.

Yet just how committed these states are remains to be established. In fact,

³ Final Report by the HR/Head of the EDA on the CSDP of 15/11/ 2013

⁴ Report on the Implementation of the Common Security and Defence Policy (based on the Annual Report from the Council to the European Parliament on the Common Foreign and Security Policy) adopted on 21/11/2013

⁵ European Parliament Report on the European defence technological and industrial base (based on the communication from the European Commission 'Towards a more competitive and efficient defence and security sector') adopted on 21/11/2013

⁶ In French: 'Pour progresser dans la bonne direction, l'Union européenne doit nécessairement afficher un leadership plus déterminé et visible. Pour la Belgique, il doit émaner avant tout d'une coopération militaire accrue entre les plus grandes puissances militaires en Europe, à savoir le Royaume-Uni, la France et l'Allemagne, l'ordre important peu'.

http://www.pieterdecrem.be/index.php?id=36&tx_ttnews%5BbackPid%5D=144&tx_ttnews%5Btt_news%5D=3460&cHash=55c77c5f474695a0ab9804f7f808335c&L=1

⁷ EDA defence data, <http://www.eda.europa.eu/info-hub/defence-data-portal>

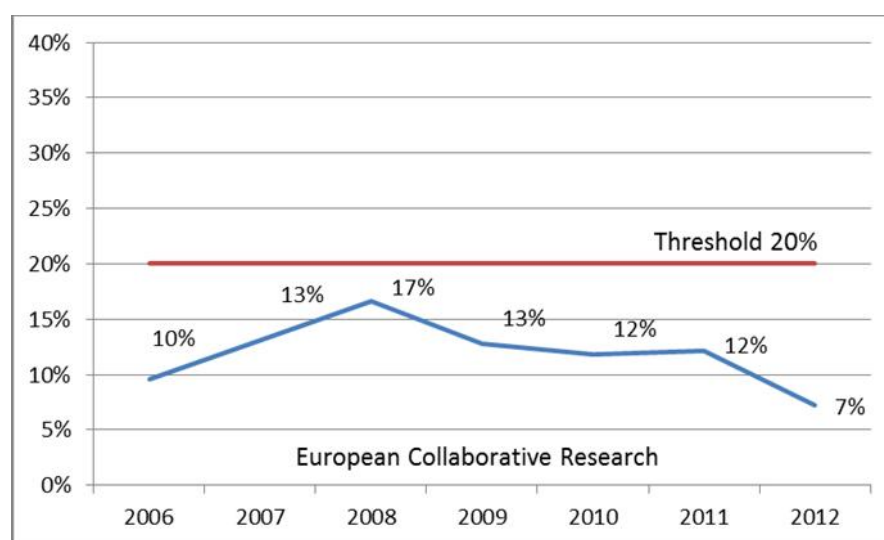
other EU countries – the ‘small ones’, who have realised that cooperation is key for defence – are calling on ‘the big ones’ to work together. In the words of former NATO Secretary General Javier Solana, ‘It is an absolute requirement for us to spend more, spend better, and spend more together’.

Trans-European divides exist and need to be overcome.

One answer is certainly that there exists a trans-European divide, in addition to the well-described transatlantic one. This European rift is nourished by multiple frustrations: ill-perceived (or explained) clubs (such as ‘Lancaster House’), States’ abandonment of common programmes before completion, lack of solidarity and of collegiate behaviour in international organisations and military operations, and distorting competition in the defence market. In the name of national (security) interests, national sovereignty or political engagements at home, Member States do not always act in European harmony.

This has consequences. In 2007 EU defence ministers established several high-level aggregate benchmarks to better target their defence expenditure and match their objectives. They agreed to spend – on a voluntary basis – 20 % of their defence research budget and 35 % of their defence procurement on joint projects⁸ (see Figures 1 and 2 below).

Figure 1:
European collaborative defence research as percentage of total defence research 2006-2012



Year	2006	2007	2008	2009	2010	2011	2012	2006
Total defence research in million Euro	2 660	2 540	2 480	2 260	2 080	2 150	1 930	2 660
Collaborative defence research in million Euro	380	380	450	320	260	310	210	380

Source: European Defence Agency, Defence data 2012

Voluntary engagements

Until 2012, neither of these benchmarks was met. In 2012, collaborative spending accounted for as little as 7 % of the research budget and 17 % of

⁸ European Defence Agency, Defence Data 2012; <http://www.eda.europa.eu/docs/default-source/eda-publications/defence-data-booklet-2012-web>

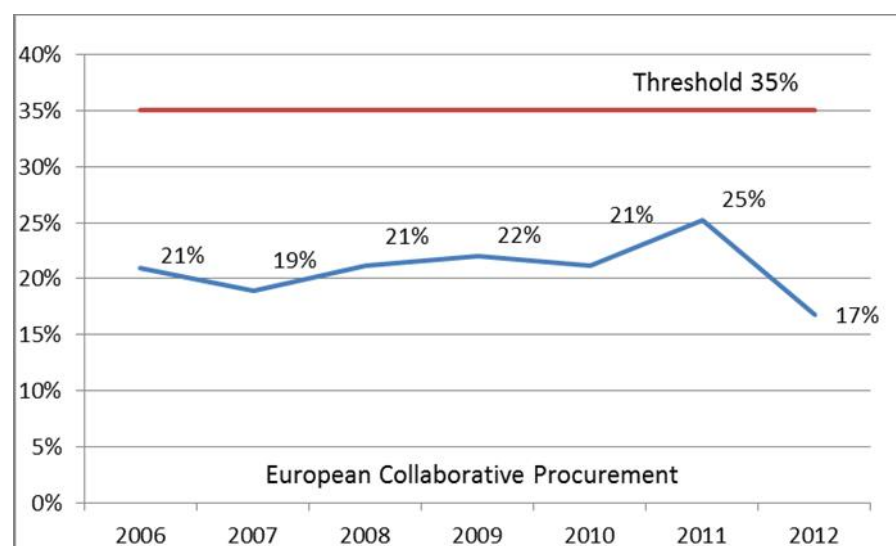
have not worked; collaboration in research and procurement is waning.

In its first years, the EDA managed major collaborative defence research programmes. Today less than 16 % of defence research and technology expenditures are collaborative.

Figure 2: European collaborative defence procurement as percentage of total defence procurement, 2006-2012

the procurement budget – the lowest values recorded since data collection started. This drop was not unexpected. As the former Chief and Deputy Chief Executive of the EDA noted as early as in October 2010 (at the dawn of the debt crisis), 'Ministers preside over defence establishments which do not like to co-operate, or to change'⁹. The EDA's former top officials have cited many examples of the wastefulness this practise – and the examples are still valid today¹⁰.

It is worth noting that the 2006-2009 data comprise EUR 54.93 million from the EDA's Joint Investment Programme Force Protection¹¹ – the first joint programme – and other major new research and technology programmes and projects launched within the EDA framework. In 2012 the EDA's collaborative research had dropped to EUR 33 million – 16 % of the amount devoted to European collaborative defence research and technology, and only 2 % of the amount spent on European defence research and technology. The willingness of Member States' defence establishments to work together and use the institutions foreseen for that purpose has clearly faded.



Year	2006	2007	2008	2009	2010	2011	2012
Total defence procurement in million Euro	29 100	32 200	3 300	2 500	4 300	29 200	34 200
Collaborative defence procurement in million Euro	6 700	6 800	8 100	8 200	7 700	7 900	6 000

Source: European Defence Agency, Defence data 2012

The European Commission has increased its footprint in

At the same time, the European Commission increased its investment in security research – which often addresses technologies and capabilities similar to those in defence research – to EUR 241.7 million in 2012 and EUR 307.6 million in 2013¹². In other words, the Commission has increasingly

⁹ 'Time to get pedalling'; Witney, Nick and Linnenkamp, Hilmar; in European Voice
¹⁰ Refer to the examples in the 'The cost on non-Europe' report; Ballester, Blanca; European Added Value Unit, European Parliament, 2013;
¹¹ http://www.eda.europa.eu/docs/documents/Background_Note_on_Force_Protection.pdf
¹² http://ec.europa.eu/research/fp7/index_en.cfm?pg=budget

security and defence-related research.

invested where the Member States have cut. If the downward trend of defence research and technology expenditure is confirmed for 2013, the Commission will have spent twice as much this year as the Member States collectively. This makes the Commission one of the top spenders in security and defence-related research, alongside France, Germany and the UK.

Defence establishments need to cooperate or all efforts to fortify EU defence will be in vain.

In November 2010 EU Defence Ministers proposed 'pooling and sharing' to intensify military cooperation in Europe¹³. In 2012 the NATO summit in Chicago endorsed the concept of 'smart defence'¹⁴, which complements 'pooling and sharing' in areas led by NATO. However, if the defence establishments do not actively participate, these top-down initiatives will remain ineffective.

Alternatively, the cracks may become irreparable ruptures. In such a scenario, the UK leaves the EU, France must survive alone in a globalised world, and Germany is the next Switzerland. Is it that what Pieter De Crem voiced diplomatically? This vision demands debate at the top level of the EU. Because defence matters.

3 The EU aspect

For the first time, all EU institutions have agreed on the importance of defence.

Defence matters. This is the message that the Union's institutions have broadcast over the past year, each in its area of competence. The EU's administrative and political machinery has delivered a coherent set of proposals underscoring that much is possible, but nothing is mandatory. How is this new? All institutions are buying in into defence, and are doing so in a coordinated manner.

Since the entry into force of the Lisbon Treaty on 1 December 2009, the EU's political and institutional agenda has focused on establishing new arrangements and an altered institutional configuration for the Common Foreign and Security Policy. Of the provisions on security and defence policy, however, only the statute of the EDA has been adapted to the new legal base. Even this involved little more than copying and pasting the provisions of Article 45 of the Treaty on European Union (TEU) into a Council Decision¹⁵.

The potential of the Lisbon Treaty remains untapped.

The debate on establishing permanent structured cooperation (PESCO, Article 46 TEU), on entrusting CSDP tasks to a group of Member States (Article 44 TEU), on establishing a start-up fund for CSDP military activities (Article 41(3) TEU) and on realising the full potential of the EDA foreseen by Articles 42(3) and 45 TEU have either never started or were launched with little enthusiasm. Clearly, neither the provisions nor the spirit of the Lisbon Treaty have made their way into the European Union's security and defence business.

The move to qualified

Many of these Lisbon Treaty provisions create the opportunity for 'more

¹³ http://www.europarl.europa.eu/meetdocs/2009_2014/documents/sede/dv/sede260511deseinitiative/_sede260511deseinitiative_en.pdf

¹⁴ http://www.nato.int/cps/en/natolive/topics_84268.htm

¹⁵ Council Decision 2011/411/CFSP of 12 July 2011

majority decision making will change defence decisions.

Europe' in defence. Some decisions that would contribute to this 'more' no longer require unanimity and may not be vetoed; this is the case, for example, for Article 45 TEU on (the EDA) and Article 46 TEU (on permanent structured cooperation). Compared to past procedures, this represents a dramatic change, which diplomatic and military structures in Brussels and in the Member States capitals well understand. Yet without-top level guidance, defence establishments in the in the European capitals will not advance. And even with top-level guidance, an early and wholehearted participation should not be expected.

There are good reasons that the two provisions on the EDA and PESCO do not require unanimity and are not subject to veto. Decisions requiring unanimity and permitting vetoes regularly produce faint results representing to the least common denominator. A telling example is the budget of the EDA, which the Council has failed even to adapt to inflation¹⁶. After increasing by almost 50 % between 2005 and 2009 (the entry into force of the Lisbon Treaty), this budget has been frozen at slightly above EUR 30 million since, owing to the sole and constant opposition of the United Kingdom to any increase.

The European Parliament has called for the EDA to receive appropriate funding ... so far in vain.

In 2012, in the European Parliament urged the Council and the Member States to provide the EDA with adequate funding for the full range of its mission and tasks. The parliament suggested that this would be best accompanied by financing the Agency's staff and operating costs through the Union budget¹⁷. Yet the Parliament's request to address this issue has so far been taken up by neither the Council nor the High Representative, Vice President of the Commission and Head of EDA.

Permanent structured cooperation is the key to the future of defence in the Union.

PESCO is the other instrument in the Lisbon Treaty with significant potential to rationalise defence expenditure, improve military capabilities and foster operational effectiveness. However, since the first broad debate was held in the summer of 2010¹⁸, little progress has been made in the EU to deepen understanding of PESCO and its potential added value.

Some academics have, on the other hand, contributed usefully to the question, with the following observations¹⁹:

Even though PESCO no longer requires unanimity, it is nonetheless very demanding as it requires a significant majority of Member States.

Although PESCO is an instrument of coordination and planning whose terms of reference are set by qualified majority, decisions about subsequent implementation measures require consensus among the participants.

PESCO comprises an assessment mechanism through the EDA foreseen in Articles 42(3) and 45 TEU.

¹⁶http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/139633.pdf

¹⁷<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONSGML%2bREPORT%2bA7-2012-0252%2b0%2bDOC%2bPDF%2bV0%2f%2fEN>

¹⁸ <http://www.egmontinstitute.be/press/10/100716-Press-release-sem.pdf>

¹⁹ http://www.egmontinstitute.be/papers/10/sec-gov/SPB-11_PSCD_II.pdf

As PESCO is treaty-based, it provides the appropriate legal framework for running permanent military structures, such as the European Air Transport Command, as well as for running EU operations among PESCO member states – an option foreseen in Articles 42(3) and 44 TEU.

Permanent structured cooperation could become an EU institution.

Once established, PESCO has institutional characteristics. It is permanent and structured, generates forces for the CSDP, and provides for common capabilities and military structures. As an institution *sui generis*, its running and staffing costs could be part of the Union budget. If operational activities under PESCO have an added value for the EU, or if EU investment would add value to PESCO activities, the Union budget should be used, as is already foreseen in the EDA's legal basis²⁰. This could comprise operating expenditures other than those arising from operations – i.e. PESCO's 'peacetime' operational costs, as well as those relating to common capability programmes.

The European Defence Agency plays a key role in PESCO. As both require a qualified majority for decisions, the same Member States are likely to compose their core membership group. The PESCO group could also lead the development of the common capabilities and armaments policy referred to in Article 42(3) TEU.

The Lisbon Treaty allows defence policy to be tailored to Member States' needs.

The configuration introduced by the Lisbon Treaty allows Member States to be member of the EDA without being part of PESCO. It is even possible to participate in a 'group of the willing' without being in either the EDA or PESCO, although this would be disadvantageous to interoperability. It is also possible to not participate at all.

PESCO operates under the auspices of the Council. As for the EDA, the Council could decide to entrust the High Representative with representing PESCO institutionally in the Council. Through the HR/VP and through the EDA, PESCO is connected to the work of the European Commission. It would make sense to give the EEAS and the Commission non-voting seats in PESCO's steering structures.

The European Parliament is linked to PESCO and EDA through Article 36 TEU, which allows the Parliament to take political initiatives and to make recommendations. If the running and staffing costs were to be allocated to the EU budget, the Parliament would be fully involved in the budgetary planning, decision making and scrutiny processes.

4 ... and NATO?

Today's NATO is different from the organisation referred to in all EU

Defence matters. This belief is shared by the EU and NATO. Cooperation with NATO is required by both politics and the Lisbon Treaty²¹, which describes NATO's role in European security in Articles 42(2) and (7). Yet NATO is today significantly different from the organisation to which EU treaties since

²⁰ Refer to Article 15 of the Council Decision 2011/411/CFSP of 12 July 2011

²¹ [http://www.europarl.europa.eu/RegData/etudes/briefing_note/join/2013/491515/EXPO-SEDE_SP\(2013\)491515_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/briefing_note/join/2013/491515/EXPO-SEDE_SP(2013)491515_EN.pdf)

treaties since Maastricht.

Maastricht have referred. For any defence policy to be effective and credible, both inside and outside, it requires both solidarity and commitment. This in turn requires a high level of consensus. An awareness of this has led NATO for many decades, driven by the pressure of a common, existential threat. Now that the threat is fading, so is consensus:

As the Director of the Research Division of NATO's Defence College wrote: 'One fundamental and arguably the most important issue will overarch the summit debates and will require political guidance from the highest level: how can NATO's existence in the post 2014 era be justified²²?'

NATO's Strategic Concept, adopted at the Lisbon summit in November 2010, and the decision to restructure the organisation, taken at the Strasbourg / Kehl Summit in April 2009, mark significant turns towards a leaner NATO. The 2010 Strategic Concept underlines the organisation's changes and new features, and describes NATO'S future missions as collective defence, crisis management and cooperative security. The UN and the EU are identified as key partners in this regard.

NATO needs a new *raison d'être* ...

As NATO seeks a new *raison d'être*, and as the EU reiterates its own reasoning on defence, and as the EU and NATO select new personnel to top posts, it is time to adopt a clear position on the importance of the NATO-EU relationship, and to assign the organisation's new authorities a common task.

... and the EU is reiterating its own reasoning in defence.

The EU and NATO face the same challenges of globalisation. The European Council could therefore suggest that the HR/VP consider the changes that have occurred in the European and global environments since 2003 and 2008, and report back on the implications at the next European Council on defence. The HR/VP could liaise with the NATO Secretary General on this, and if requested, could also contribute to a similar exercise in NATO. In either case, it will be necessary to consult with Member States and the relevant EU institutions.

The EU and NATO should work together adapting to changes in the European and global environment.

The NATO summit in Wales in September 2014 could also serve as a moment to rejuvenate the NATO-EU relationship. The framework for cooperation will be more than ten years old then, and the EU now has much more to offer in defence than it did in 2003. What is more, a number of new members have joined both organisations. A review process could be launched to reflect what is needed over the coming decade. Further efforts could be made to allow Cyprus to participate in formal EU-NATO meetings. This could involve practical steps, as well as liaising on capability planning and strategic developments; for example, the EU battle group preparations could be better aligned with NATO response force exercises, and EU civilian capabilities could be coordinated with NATO-led exercises.

The 2014 NATO summit could launch a review of the NATO-EU relationship.

The European Parliament could also review the NATO-EU relationship and consider addressing the topic in depth, including in the EP's interparliamentary work.

²² NATO's 2014 Summit Agenda; KAMP, Karl-Heinz; in Research paper No. 97, p. 7; Nato Defence College; Rome; September 2013

5 What next?

The European Council should set clear deadlines to properly restart the machinery after the European elections and the changes to the EU's top personnel.

The critical date for establishing a 'Preparatory Action on CSDP' research is 30 September 2015.

From the autumn of 2014 to the autumn of 2015, Member States and institutions should frame their ideas on the future of defence and the EU.

Defence matters. Once this is reiterated, and once the related tasks have been distributed by the European Council, work will start in the institutions and the Member States. The most important outcome, however, will be the date fixed for the next European Council to address defence.

Some work could still be done before the European elections and the change of the EU's top personnel. However, the critical activity will take place only once the EU machinery has been restarted after these changes, early in the second half of 2014.

Given what the European Council is expected to do, a first 'hard' date is likely to be 30 September 2015. This is when the annual budget proposal for 2016 will be presented by the Commission. This proposal should comprise the preparatory work on CSDP research suggested by the Commission and welcomed by the HR/VP, the EDA, the Council and the European Parliament. If the September deadline is not met, the credibility of the EU's institutions in defence would be at risk.

Prior to that, Member States will have to develop their views on what that preparatory work should look like, what it should address, and what it should prepare. This effort – likely to take place between the autumn of 2014 and the autumn of 2015, with a meeting of the European Council somewhere in that stretch – would allow Member States and EU institutions to frame their ideas on defence and the EU in such a way as to ensure that preparatory work would be driven by capabilities and be linked to 'pooling and sharing', 'smart defence', HORION 2020 or European non-dependence strategies.

The Commission should begin the work proposed in its communication as soon as possible. In particular, its green paper on the control of defence and sensitive security industrial capabilities and its work on hybrid civil-military standards should be launched early in 2014, as these may well have ramifications for the defence business in Europe and across the Atlantic.

The European Parliament also has a role to play. The Parliament should advocate that EU defence and defence policy constitute key political engagements of the future High Representative, Vice President of the Commission and Head of the European Defence Agency.

Because defence matters.