



BRIEFING PAPER

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European defence: where is it heading?

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Summary

Background

The intergovernmental nature of European defence (CSDP) has meant that its evolution and development has been entirely dependent upon political will and the convergence of competing national interests among the EU Member States, in particular the UK, France and Germany. As such it has been quick to lose impetus in the face of other challenges

Over the years the EU has thus become a notable 'soft power' actor, with a focus on civilian crisis management; while greater regulation of the European defence market has been a European Commission priority.

2013 – A fresh impetus for CSDP

This loss of momentum in developing the “hard power” aspects of CSDP led, in 2013, to efforts to inject fresh impetus into the European defence agenda. Consequently it became the main topic of discussion for the European Council Summit in December of that year; the first time in five years that EU leaders had comprehensively discussed EU defence policy.

The Council made a “strong” commitment to the further development of a credible and effective CSDP, focusing specifically on:

- Increasing the effectiveness, visibility and impact of CSDP
- Enhancing the development of capabilities
- Strengthening Europe's defence industry

At a more strategic level, the Council also tasked the EU High Representative for Foreign and Security Policy (EUHR) with the role of assessing the future challenges and opportunities for the EU.

The decisions taken at that summit meeting subsequently laid the foundations for the significant developments in EU defence that have taken place over the last four years.

Making progress on CSDP

First and foremost, in June 2016 the EU High Representative published a new [EU Global Strategy for Foreign and Security Policy](#), which offered an overarching strategic vision for the EU's global role in the future and measures for achieving its aims. Security and defence was identified as one of [five priorities](#) going forward.

A [Security and Defence Implementation Plan](#) (SDIP) was subsequently adopted by EU leaders in December 2016, as part of a broader package of defence and security measures which also focused [on increased cooperation between the EU and NATO](#) and the implementation of the European Commission's [Defence Action Plan](#) on the European defence industry. Specific measures of the SDIP included:

- Establishing a Coordinated Annual Review on Defence (CARD) to promote transparency and cooperation among Member States
- Developing the EU battlegroups so that they are more usable and effective
- Enhancing and coordinating oversight of all EU missions, including the establishment of a new permanent operational planning and conduct capability within the EU Military Staff for non-executive military missions
- Investigating areas for CSDP cooperation using the Permanent Structured Cooperation (PESCO) mechanism

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- Enhancing partnerships with the UN, NATO, African Union and OSCE and adopting a more strategic approach to engaging with third party countries in CSDP matters.

Over the last year significant progress has been made in a number of these areas. In December 2016 EU leaders agreed the establishment of the **Military Planning and Conduct Capability (MPCC)** for non-executive CSDP missions.

In spring 2017 the Council of Ministers endorsed proposals on the scope, modalities and content of **CARD** and a trial run involving all EU Member States, including the UK, began in autumn 2017. Full implementation is expected in autumn 2019, although participation of the UK has yet to be determined.

In December 2017 the Council of Ministers also formally adopted a Decision establishing **Permanent Structured Cooperation**. 25 EU Member States have joined PESCO, with the exception of Denmark, Malta and the UK, and a first tranche of 17 capability projects has been identified. Only participating Member States will have decision making rights with regard to PESCO. Those States which remain outside of the mechanism, including the UK, will have no powers or voting rights over current projects or its future strategic direction. Any capabilities developed through the PESCO mechanism will remain under national control and will not be "EU" assets.

EU-NATO cooperation - Recognising that the current strategic environment is one of unprecedented security challenges, in July 2016 the President of the European Council, the President of the European Commission and the NATO Secretary General signed a Joint Declaration intended to give new impetus and substance to the NATO-EU strategic partnership. That Declaration outlined seven priority areas where cooperation between the two organisations should be enhanced: countering hybrid threats; operational cooperation; cyber security and defence; defence capabilities; defence industry and research; exercises and supporting Eastern and Southern European partner's capacity-building efforts.

Subsequently a [common set of proposals](#) was endorsed in December 2016. That list was extended in December 2017 to include actions in the areas of counter-terrorism, women, peace and security and military mobility.

Defence Action Plan - In November 2016 the European Commission published a [Defence Action Plan](#) in order to support more efficient spending on joint defence capabilities by Member States, strengthen security and foster a competitive and innovative European defence industrial base. At its heart are 3 measures: The creation of a European Defence Fund for collaborative research projects; support for SMEs; and ensuring Europe has an open and competitive single market for defence.

The **European Defence Fund** is the initiative which has received the most attention. It was launched in June 2017 with the intention of supporting investment in joint research and the joint development of defence equipment and technologies.

The fund has two strands: a preparatory 'research' strand (the European Defence Research Programme) which will fund collaborative research in innovative defence technologies in EU Member States and Norway, directly from the EU budget (up to €90 million until 2020); and a 'capability' strand which will create financial incentives for Member States to cooperate on joint defence equipment projects, in order to reduce their costs. This 'strand' will have two elements: the European Defence Industrial Development Programme (EDIDP) (€500 million in 2019-20) which will part-finance the early stages of development for new defensive technologies (prototypes), and a 'financial toolbox' to facilitate joint defence acquisition by multiple Member States. However, EDIDP funding will only be available to

organisations that are majority owned and controlled either by EU governments or EU nationals, and only collaborative projects will be eligible for EU co-financing.

In the longer term, if it is proven that “added value” comes from the EU budget supporting defence research, the Commission intends to propose a dedicated EU defence research programme post-2020, with a budget of €500 million per year. Beyond 2020 the budget for the EDIDP is also expected to be €1 billion per year. While the Commission will be responsible for the execution and management structure of the EDIDP, any technology and assets developed under it will remain under the ownership of the relevant Member States and would not be ‘EU assets’.

The Brexit effect

While generally supportive of CSDP, successive UK governments have been cautious in their approach to greater European defence integration. They have regarded it as entirely complementary to NATO and essential for strengthening European military capabilities within that alliance, as opposed to the view that the EU should establish an independent military capability outside the NATO framework. To that end, UK involvement in the evolution of CSDP has been significant in that it has allowed the UK to influence and shape its development.

Until 29 March 2019 the UK remains an EU country and as such remains a full participant in the EU’s defence-related activities, including CSDP planning structures, the financing of current initiatives and any EU military operations to which the UK has committed forces. It also retains a veto over any proposals to further CSDP.

However, the UK’s role with respect to European defence post-Brexit is uncertain. While the Government has stated that UK support for European defence and security is unconditional, and that it seeks a “deep and special partnership” that goes beyond any existing third party agreement with the EU, many of the finer details on UK participation in EU defence matters have yet to be negotiated. There are a number of issues which have raised concerns.

- 1 The UK has indicated its desire to participate in CSDP operations. However, one of the main sticking points may arguably be the extent to which the UK will be allowed to participate in operational planning and mandate development for CSDP missions. The EU is unlikely to confer decision making rights akin to those held by an EU Member State. But equally, the UK is unlikely to contribute key strategic assets to an EU operation without any say over the operation.
- 2 Prior to exiting the EU, and potentially up to 2020 under transitional arrangements, the UK will both contribute to, and have access to the European Defence Fund. In reality, however, questions have been raised over the likely involvement of UK industry in programmes that access such funding, due to the long term nature of such projects.

Beyond the transitional period, the ability of UK industry to access EDF funding at all has been raised, given the current governance rules of the EDF.
- 3 In the longer term, as a third party state outside of the EU, the UK will also have no decision making rights, and no veto, over how EU defence policy evolves, including in those areas it has historically opposed, such as operational planning, or deeper integration that may one day lead to “EU owned” military assets and capabilities. The UK’s influence will be restricted to what it can achieve within the EU over the next year and, in the longer term, through the pressure it can bring to bear in other organisations such as NATO, through diplomatic channels and bilateral relationships with other EU Member States.

Towards a common European defence?

Given that the UK has been one of the main driving forces behind the development of CSDP, and has the largest defence budget among EU Member States, it has been suggested that, without the UK's support, the strategic ambition of a "common European defence" could ultimately falter. However, as the main source of opposition to integrationist proposals thus far, the absence of the UK from CSDP decision making could equally be the opportunity that states, such as Germany, and key figures such as EU Commission President, Jean-Claude Juncker, have been looking for to further the EU defence project.

In the last few years support for that goal has gained traction because of Brexit, an increasingly assertive Russia and the unpredictable attitude of US President Donald Trump to the defence and security of Europe. This combination of events has presented an almost "now or never" opportunity to act. Indeed, the speed at which PESCO was launched, after years of inactivity, is indicative of the changing tide in European defence and what can be achieved when political interests converge. The question is, how far will EU member states be willing to go?

There is, at present, a political appetite for progress in European defence. If that is to be capitalised on, post-Brexit, proposals for an independent, permanent operational planning HQ seem inevitable; while proposals have already been put forward by the EU High Representative to create a longer term finance mechanism for CSDP operations. The extension of PESCO into full spectrum capabilities, should it prove successful, is also likely to be on the cards.

And yet, windows of opportunity such as this often prove to be short-lived. National interests must remain in sync amid broader global challenges, and the EU at 27 must all have a unified view on what they want CSDP to be, and to achieve. Without the UK Brexit undoubtedly offers opportunities, but equally national interests will dictate progress and further integration in EU defence matters is not without other sceptical EU Member States. It has taken decades of negotiation to get CSDP this far, achieving a common European Defence Union is, arguably, likely to take decades more with or without the involvement of the UK.

1. Background

The EU's Common Security and Defence Policy (CSDP) has had a chequered past. First set down as an aspiration in the 1992 Maastricht Treaty, the intergovernmental nature of this policy area has meant that its evolution and development has been entirely dependent upon political will and the convergence of competing national interests among the EU Member States, in particular the UK,¹ France and Germany.² Indeed, the major turning points for European defence over the last ten years have come about largely as a result of Franco-British proposals.

Equally, however, it has been quick to lose impetus when political will has been lost and in the face of other challenges, such as the 2008 global economic crisis, which precipitated a fall in defence budget budgets across Europe and requisite cuts to military capabilities across the board.³ As a result efforts to improve key European military capabilities, establish new EU military structures, and commit more forces to EU-led operations in the immediate future were either met with little enthusiasm, or were side-lined by the bigger political agenda.⁴

Crucially, there continued to be no consensual EU approach to foreign policy crises⁵ or, in the longer term, a vision for CSDP at the highest political level. Sharp divisions remained among EU Member States about what they wanted CSDP to achieve. Instead, the EU has become a notable 'soft power' actor, with a focus on civilian crisis management.⁶ Greater regulation of the European defence market has also been a European Commission priority.⁷

This loss of momentum in developing the 'hard power' aspects of CSDP led to efforts to inject fresh impetus into the European defence agenda. As such, it became the main topic of discussion for the European Council Summit in December 2013. It was to be the first time in five years that EU leaders had comprehensively discussed EU defence policy.

Acknowledging the decisions taken in 2013 is crucial to understanding recent developments in European defence, as they are the culmination of four years of work by the European Commission and EU Member States within the Council of Ministers and at European Council level.

¹ While generally supportive, successive UK governments have been cautious in their approach to greater European defence integration. The development of an EU defence policy has been regarded as entirely complementary to NATO and essential for strengthening European military capabilities within that alliance.

² In contrast to the UK, France and Germany hold a more pro-European view that the EU should develop an independent military capability outside of the framework of NATO.

³ The UK's 2010 Strategic Defence and Security Review (SDSR), for example, recommended significant force reductions, in terms of both personnel and capabilities. Similar reforms were also undertaken among the other major European military powers, notably in France (see [French Defence White Paper](#), July 2013)

⁴ In both 2008 and 2011 the French and Polish Presidencies of the EU attempted to generate fresh momentum in CSDP but to little avail. The French government's ambitious plans for CSDP in 2008 were effectively dropped as its presidency became dominated by the Irish 'no vote' on the Lisbon treaty and the onset of the global financial crisis. Polish initiatives in 2011 also suffered the same fate. Notably, the proposal, supported by the EU High Representative, for the creation of a permanent Operational Headquarters for EU-led missions was vetoed by the UK.

⁵ This was discussed by Stokes and Whitman in "Transatlantic Triage?", *International Affairs*, 89:5, 2013

⁶ The EU has launched over 30 missions under the guise of CSDP in Africa, Asia and Europe, the majority of which are focused on crisis management, security sector reform, training, monitoring and humanitarian aid. Further information is available at: http://www.eeas.europa.eu/csdp/missions-and-operations/index_en.htm

⁷ In 2009 the European Commission passed two directives aimed at regulating defence procurement across the EU and the intra-community transfer of defence goods and services.

Box 1: Historical Library Briefings on CSDP

A number of Library briefing papers over the last two decades have charted the evolution of the EU's Common Security and Defence Policy, including its institutional structures, capabilities development and its relationship with NATO:

- RP00/20, [*European Defence: From Pörtlach to Helsinki*](#), 21 February 2000
- RP00/84, [*Common European Security and Defence Policy: A Progress Report*](#), 31 October 2000
- RP01/50, [*European Security and Defence Policy: Nice and Beyond*](#), 2 May 2001
- RP06/32, [*European Security and Defence Policy: Developments Since 2003*](#), 8 June 2006
- RP08/09, [*The Treaty of Lisbon: amendments to the Treaty on European Union*](#), 24 January 2008
- SN04807, [*Priorities for ESDP under the French Presidency of the EU*](#), 18 July 2008
- SN04640, [*EC Defence Equipment Directives*](#), 3 June 2011
- RP13/42, [*Leaving the EU*](#), 1 July 2013
- SN06771, [*The EU's Common Security and Defence Policy: A Fresh Impetus?*](#), 4 December 2013

2. 2013 - A fresh impetus for CSDP

In preparation for the European Council Summit in Brussels in December 2013 the then EU High Representative for Foreign and Security Policy, Baroness Ashton, published a [report](#) in October of that year which made a number of recommendations for strengthening CSDP, improving the availability of civilian and military capabilities, and strengthening Europe's defence industry.

A further document on the defence industry was also prepared by a Task Force on Defence Industries and Markets established by the European Commission in 2011. The Commission Task Force presented the outcome of its work in a [Communication on the European Defence and Security Sector](#) in July 2013 (12773/13).

Library briefing SN06771, [The EU's Common Security and Defence Policy: A Fresh Impetus?](#), December 2013 examined those reports and the prospects for the upcoming summit.

2.1 Conclusions of the 2013 European Council summit

In line with Baroness Ashton's report, summit discussion of CSDP focused on operational effectiveness, defence capabilities, and establishing a stronger European defence industry.

In its [Conclusions on the Common Security and Defence Policy](#) the Council affirmed the need for an effective CSDP but identified two main challenges:

- Constrained defence budgets
- A fragmented European defence market

It called on Member States to exercise greater responsibilities in response to those challenges. The Council stated that it is making a "strong commitment to the further development of a credible and effective CSDP" and that further work to develop the CSDP should focus on:

Increasing the effectiveness, visibility and impact of CSDP

The EU needs to speed up the deployment of civilian missions and improve its rapid response capabilities. Financing for EU missions and operations should be examined and improved. Leaders also called for specific actions in the area of cyber defence, maritime security and border management.

Enhancing the development of capabilities

The European Council stressed the importance of cooperation in the area of military capability development. It welcomed cooperative projects supported by the European Defence Agency in the areas of remotely piloted air systems, air-to-air refuelling capacity, governmental satellite communication and cyber defence.

Strengthening Europe's defence industry

Leaders called for a more integrated, sustainable, innovative and competitive European defence industry. They underlined the role of SMEs and called for the development of defence industry standards, mutual recognition of military certification and collaboration between civil and military research.⁸

⁸ ["Security and defence policy high on the agenda at the European Council"](#), *European Council*, 20 December 2013

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Specifically, the Council requested a number of reports from either the High Representative and/or the European Defence Agency,⁹ including:

- An EU Maritime Security Strategy.
- An EU Cyber Defence Policy Framework.
- Proposals in which Member States can cooperate more effectively and efficiently in pooled procurement projects.
- A detailed roadmap with concrete actions to make the European defence and security industry more competitive and efficient.
- A framework to foster more systematic and long-term cooperation in planning processes.

At a more strategic level, and given the changes in the international security environment over the last decade, the Council also tasked the EU High Representative with the role of assessing the future challenges and opportunities for the EU.¹⁰

Progress on all issues relating to CSDP was set to be examined again at the European Council summit in June 2015.

The then Prime Minister, David Cameron, made a written statement on the European Council meeting on 6 January 2014. On the issue of defence he stated:

Protecting our national security is our first priority. At this European Council, the United Kingdom was clear that when it comes to defence issues and decisions about national armed forces, policy must be driven by nations themselves, on a voluntary basis, according to individual priorities and needs; not by the EU institutions.

For the UK, this means that NATO has been, and will continue to be, the foundation of our national defence. We are pleased to be hosting the 2014 NATO summit—the first time such a summit has been hosted in the UK since 1990.

It is of course also right for European neighbours to co-operate on defence issues and in this respect I am proud that the UK is always in the vanguard when our European allies are in need of practical help, including supporting French efforts in Mali and the Central African Republic and co-ordination of the EU's counter-piracy operation off the horn of Africa.

I made these points at the Council and the agreed conclusions make it clear that there will be no EU ownership of defence assets and no EU headquarters. I removed references to Europe's armed forces, to a European pooled acquisition mechanism and to EU assets and fleets and made it clear that equipment such as drones and air-to-air refuelling tankers are to be owned and operated by the member states. The conclusions of the European Council are clear that nations, not the EU institutions, are in the driving seat of defence and must remain there.¹¹

⁹ To support efforts to improve the EU's military capabilities, the European Defence Agency was established in 2004. In addition to several multinational procurement projects, among its most recent initiatives is the Code of Conduct on Pooling and Sharing, which was signed in 2012.

¹⁰ The Council conclusions are available at: <https://europa.eu/globalstrategy/en/european-council-conclusions-december-2013>

¹¹ HC Deb 6 January 2014 c6WS

3. Making progress on CSDP

In the last four and a half years work has been undertaken within the European Commission, the Council of Ministers and at European Council level on a package of measures intended to implement the decisions taken at the 2013 European Council meeting.

First and foremost, in June 2016 the EU High Representative published a new [EU Global Strategy for Foreign and Security Policy](#), which offered an overarching strategic vision for the EU's global role in the future and measures for achieving its aims.¹² Security and defence was identified in that document as one of [five priorities](#) going forward.

In November 2016 [proposals on an implementation plan](#) for CSDP were subsequently discussed in the Council of Ministers. That implementation plan was adopted by EU leaders at the European Council Summit in December 2016, as part of a broader package of defence and security measures which also focused [on increased cooperation between the EU and NATO](#) and the implementation of the European Commission's [European Defence Action Plan](#).¹³

Work on each of these areas continues.

3.1 Security and Defence Implementation Plan

The [Implementation Plan](#), has been described as raising “the level of ambition of the European Union's security and defence policy”. Indeed, based on previously agreed goals and commitments,¹⁴ the plan defines the types of civilian missions and military operations that the EU should be capable of undertaking within the context of the new Global Strategy.

Box 2: CSDP mission set

The EU should be capable to undertake the following types of CSDP civilian missions and military operations outside the Union, a number of which may be executed concurrently, in different scenarios, including in situations of higher security risk and underdeveloped local infrastructure:

- Joint crisis management operations in situations of high security risk in the regions surrounding the EU
- Joint stabilisation operations, including air and special operations
- Civilian and military rapid response, including military rapid response operations using the EU Battlegroups as a whole, or within a mission-tailored Force package
- Substitution/executive civilian missions
- Air security operations including close air support and air surveillance
- Maritime security or surveillance operations, including longer term in the vicinity of Europe
- Civilian capacity building and security sector reform missions (monitoring, mentoring and advising, training) inter alia on police, rule of law, border management, counter-terrorism, resilience, response to hybrid threats, and civil administration as well as civilian monitoring missions

¹² This is the first time the EU has published an updated security strategy since 2003 when the EU's first ever *European Security Strategy* was published.

¹³ Also published in November 2016

¹⁴ Including the Helsinki Headline Goal 2010 and the Civilian Headline Goal 2010. These are examined in House of Commons Library briefing paper RP06/32, [European Security and Defence Policy: Developments Since 2003](#), June 2006

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- Military capacity building through advisory, training and mentoring missions, including robust force protection if necessary, as well as military monitoring/observation missions.

In order to meet the level of ambition for CSDP, the Implementation Plan has five specific work strands:

- **Deepen defence cooperation** – including establishing a Coordinated Annual Review on Defence to promote transparency and cooperation through joint programmes among Member States; and a review of the Capability Development Plan by spring 2018 in order to identify capability shortfalls.
- **Rapid response** – identify options for more flexible, faster and targeted actions in civilian crisis management, and develop the EU battlegroups so that they are more usable and effective.
- **Planning and conduct of missions** – oversight of all EU missions (both civilian and military) needs to be enhanced and coordinated and in the short term, a new permanent operational planning and conduct capability will be established, within the EU Military Staff of the European External Action Service, for non-executive military missions.
- **New Permanent Structured Cooperation (PESCO)** – to investigate areas for CSDP cooperation using the PESCO mechanism, as set out in the Lisbon Treaty. An agreement on the possible common commitments and projects to be implemented within the framework of PESCO will be presented to Member States for comment.
- **CSDP partnerships** – cooperation with the UN, NATO, African Union and OSCE will be enhanced. Options on a more strategic approach to engaging with third party countries in CSDP matters will be presented.

A review of progress was undertaken in [March 2017](#) and again, within the overall context of the EU Global Strategy, in [May 2017](#).

At the [European Council summit in June 2017](#) EU leaders welcomed the progress made so far.

EU Battlegroups

The EU Battlegroup concept was first launched in 2004, as a result of a Franco-British proposal, and designed to allow the EU to rapidly respond, in a military capacity, to a crisis or urgent request from the UN. They achieved full operational capability in 2007 although, in the last decade, no EU battlegroup has ever been deployed on operations.¹⁵

Thus far, the UK has been a consistent contributor to EU-led operations, often as lead nation, and since the Battlegroups concept was launched the UK has provided, or led, a Battlegroup five times, including the most recent EU battlegroup which deployed in the latter half of 2016.¹⁶ The UK had been provisionally scheduled to provide an EU battlegroup in the second half of 2019. However, the UK has reportedly withdrawn that offer, citing the uncertainties of Brexit.

Under the Security and Defence Implementation Plan measures to improve the usability of the battlegroups have been under consideration. To that end, in June 2017 the European Council agreed that the deployment of battlegroups should be borne as a common cost,

¹⁵ Further information on the EU Battlegroups is available at: [EU Battlegroups](#), April 2013.

¹⁶ In the first half of 2005, the latter half of 2008 and 2010 and the latter half of 2013, in conjunction with Sweden, Latvia, Lithuania and the Netherlands. The most recent battlegroup in the latter half of 2016 also included personnel from Ireland and Lithuania.

to be financed through the [Athena mechanism](#), rather than on a national (costs lie where they fall) basis. Work on burden sharing, force generation, preparation for deployment and further work on financing continues.

Operational planning

Background

In 2000 the Nice European Council agreed the creation of permanent political and military structures within the EU for CSDP purposes. In 2003 an EU civil-military planning cell, which would operate in parallel with a European cell based with NATO's operational planning HQ (SHAPE), was also created. Initially France, Germany, Belgium and Luxembourg had proposed the creation of an entirely independent EU military planning cell, outside of the NATO framework. It was only UK opposition and influence that led to the proposals being watered down.¹⁷ The resulting compromise was a small EU operational planning cell of 30-40 people established within the existing EU Military Staff in Brussels, rather than as an independent entity, and subject to an operational planning hierarchy that would give first refusal to NATO and then to any national operational HQ before the EU planning cell would play a role.¹⁸ The Civil-Military cell achieved full operational capability (FOC) on 1 January 2007. This includes the capacity to generate an Operations Centre in order to run an autonomous EU operation as and when required.¹⁹

A number of commentators expressed concern at the time "that a large oak [would] grow from the acorn being planted in Brussels".²⁰ Indeed, the idea of an entirely independent military HQ for the EU has never been far off the agenda. It was proposed again during the French presidency of the EU in the latter half of 2008 and by the Polish presidency in 2011.²¹ Both times those proposals were dropped. Notably, the proposal in 2011 was supported by the EU High Representative, but was again vetoed by the UK.

In September 2012 eleven EU Member States (excluding the UK)²² published a communiqué on *The Future of Europe* which called for, among other things, a new model defence policy, designed to create a "European Army" and more majority based decisions in defence and foreign policy, in order to "prevent one single member state from being able to obstruct initiatives".²³ Those proposals were supported in a further communiqué issued by France, Germany, Italy, Poland and Spain in November 2012, which also called for a "new military structure" for EU-led operations to be established.²⁴

¹⁷ In August 2003 the British Government circulated a paper entitled *Food for Thought* to all EU Member and Acceding States. Along with proposals on structured co-operation and mutual defence, the paper presented an alternative to the proposal put forward by France, Germany, Belgium and Luxembourg, that would place any EU planning capability firmly within the NATO framework. The paper's support for EU planning within NATO was interpreted by many as a firm indication of UK opposition to the Tervuren plans, a position also supported by several EU Member States including Spain, Italy and Poland. However, it was regarded by others as an acceptance by the UK of its need to remain involved in the CSDP debate in order to shape any potential outcome. The Food for Thought paper was considered as the first step towards a compromise.

¹⁸ The Berlin Plus agreement allows for EU access to NATO military assets and capabilities when conducting an operation that NATO as a whole is not engaged in.

¹⁹ Detailed background on the initial planning cell proposals and the subsequent agreement that was reached at Naples is available in Library Research Paper RP06/32, [European Security and Defence Policy: Developments since 2003](#).

²⁰ "Defensive war: Arguments on defence further complicate negotiations on EU constitution", *The Economist*, 6 December 2003.

²¹ The French presidency proposals are set out in Library briefing paper SNIA/4807, [Priorities for ESDP during the French Presidency of the EU](#), July 2008

²² Austria, Belgium, Denmark, France, Germany, Italy, Luxembourg, Netherlands, Poland, Portugal and Spain.

²³ As reported in "Ministers call for stronger EU foreign policy chief", *EU Observer*, 18 September 2012.

²⁴ "Five EU countries call for new military structure", *Stratistics*, 18 November 2012.

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In March 2015 the EU Commission President, Jean-Claude Juncker, suggested that an EU army should be created “to build a common foreign and national security policy, and to collectively take on Europe’s responsibilities in the world”. He also argued that it would “show Russia that we are serious when it comes to defending the values of the European Union”.²⁵

This is a position supported by the German government which stated in 2015 that “a European Army is Germany’s long term goal”.²⁶ Indeed, a [German defence White Paper](#) published on 13 July 2016 reiterated that “Germany is striving to achieve the long-term goal of a common European Security and Defence Union”. Specifically it proposes the greater use of permanent structured cooperation and the creation of “a permanent civil-military operational headquarters in the medium term. This will be a civil-military planning and command and control capability that is not yet available in this form in the EU member states”.²⁷

The Military Planning and Conduct Capability (MPCC)

As outlined above, in December 2016 EU leaders agreed that a new permanent operational planning and conduct capability would be established within the existing EU Military Staff in order to provide an out-of-area command and control structure at the strategic level for *non-executive* military missions. The intention is to improve the EU’s crisis management structures by providing greater coherence and coordination between the EU’s civilian crisis management operations and military missions operating within the same regions.

It will initially have 25 staff and be responsible for the operational planning and conduct of such missions, including the build-up, launching, sustaining and recovery of EU forces. As such, it will allow the mission commanders on the ground to focus on the specific activities of their mission, with better strategic support from Brussels. It will work in conjunction with its existing civilian counterpart, the Civilian Planning and Conduct Capability through a Joint Support Coordination Cell which will oversee and promote overall civilian/military cooperation, including the generation of capabilities such as medical and logistics.

A concept note on the MPCC was agreed by the Council of Ministers in March 2017 and adopted by EU leaders in June 2017.

A non-executive military mission is defined as an operation conducted in support of a host nation which has an advisory role only.²⁸ As such, the MPCC will now assume strategic responsibility for the operational planning and conduct of the EU’s three training missions in Central African Republic, Mali and Somalia.

This is not an independent operational planning headquarters for all EU military operations, which has been the long-held ambition of France and Germany. Therefore, EU-led military operations such as Operation Atalanta off the Horn of Africa, Operation Sophia in the Mediterranean and Operation Althea in Bosnia will not fall under the remit of the MPCC.

The MPCC will be reviewed after one year, or by no later than the end of 2018.

²⁵ “Create an EU army to keep back the Russians”, *The Daily Telegraph*, 8 March 2015

²⁶ “Our goal is an EU Army says Germany’s defence chief”, *The Daily Mail*, 4 May 2015

²⁷ German Federal Government, [White paper on German security policy and the future of the Bundeswehr](#), 13 July 2016.

²⁸ In comparison to an executive military operation which is mandated to conduct actions in replacement of the host nation. Combat operations would fall into this category ([European Union Concept for EU-led Military Operations and Missions](#), 19 December 2014)

The scope of the MPCC was reportedly curtailed following opposition from the UK.

Permanent Structured Cooperation (PESCO)

Background

While CSDP remains an intergovernmental area of EU competence, [Article 42](#) of the EU Treaty, as amended by Lisbon in 2009, opened up the potential for greater military cooperation, specifically in capabilities development and planning, through the mechanism of Permanent Structured Cooperation (PESCO). Under that concept a smaller group of eligible and willing Member States would be able to adopt decisions regarding greater military cooperation, therefore moving forward in certain areas without the full approval of all EU Member States. Among the aspirations for PESCO were capability harmonisation, the pooling of assets, cooperation in training and logistics, regular assessments of national defence expenditure and the development of flexibility, interoperability and deployability among forces.

Article 46 TEU sets out the arrangements whereby Member States can engage in permanent structured cooperation in defence matters. The criteria and capability commitments for doing so are set out in the [Protocol to the TEU on Permanent Structured Cooperation](#) (No. 10). Article 1(b) of that Protocol stated that participating Member States should have the capacity to supply by 2010 at the latest, either at national level or as a component of multinational force groups, combat units and supporting elements, including transport and logistics. These would be capable of deployment within 5 to 30 days, in particular in response to requests from the UN. They would be sustained for an initial period of 30 days and extended up to a period of 120 days.²⁹

The Council of Ministers will decide by QMV, after consulting the High Representative, to establish permanent structured cooperation and determine the list of participants. Once established, only participating Member States will be able to take part in adopting decisions relating to the development of PESCO, including the future participation of other Member States. Decisions and recommendations will be taken by unanimity by those participating Member States, except with regard to the list of participating Member States, which will be decided by QMV. If a participating Member State no longer fulfils the criteria set out in the Protocol or is no longer able to meet its commitments, the Council of Ministers, acting by QMV, may suspend the Member State concerned.

Realisation of PESCO

Despite its inclusion in the Lisbon Treaty, and many references to it over the years, PESCO had never been utilised by EU Member States.

As outlined above, however, the EU Global Strategy and subsequent Security and Defence Implementation Plan set out the intention to examine possible areas for CSDP cooperation using the PESCO mechanism. The intention is to help generate new collaborative efforts, cooperation and projects among Member States, thereby addressing any remaining capability shortfalls and enhancing the EU's ability to act. Any capabilities developed through PESCO, however, will remain owned and operated by Member States. They will not be 'EU' assets but remain under national control and capable of being deployed in other frameworks such as the UN and NATO.

At the European Council summit in June 2017 leaders agreed "on the need to launch an inclusive and ambitious Permanent Structured Cooperation". A common list of criteria and

²⁹ This provision is a conclusion of the Franco-British initiative on rapid reaction capabilities that was first announced in November 2003. See Library Research Paper RP06/32, June 2006 for background information.

commitments was to be drawn up by Member States within three months, including a precise timetable and specific projects in order for Member States to indicate their intention to participate, which is not compulsory.

In September 2017 EU Defence Ministers met to discuss PESCO, with a view to adopting a legal decision on launching it by the end of the year. Governance and a detailed list of binding common commitments, including investment levels, capability development and operational readiness, were specifically discussed. Proposals for 30 projects that could be developed under the PESCO mechanism were reportedly received.

A notification of interest to establish PESCO was subsequently presented to the European Council in October 2017.

Joint Notification on PESCO

At a meeting of the Foreign Affairs Council (including Defence) on 13 November 2017, Ministers from 23 EU Member States signed a [Joint Notification on Permanent Structured Cooperation](#). The first formal step in establishing PESCO, that notification sets out the principles of PESCO, the list of commitments that participating Member States have agreed to undertake and proposals on PESCO governance and the overall ambition for the project.

Box 1: Basics of Permanent Structured Cooperation (PESCO)

- Participation in PESCO will be voluntary and decision-making within the PESCO mechanism will only be taken by participating states. Those EU states which do not participate in PESCO will have no decision making rights and no veto over its future strategic direction.
- PESCO will have a two-layered structure. The Council of Ministers will be responsible for the overall policy direction and assessment mechanism to determine if Member States are fulfilling their commitments. Each project will be managed by those Member States which contribute to it.
- The PESCO Secretariat will be provided through existing CSDP structures, primarily the EU External Action Service, including the EU Military Staff, and the European Defence Agency. Any administrative expenditure will be charged to the EU budget.
- As a treaty-based mechanism any commitments undertaken by participating states will be legally binding. National implementation plans will be subject to regular assessment by the Council of Ministers.
- Any participating State will be able to propose projects to the PESCO Secretariat. With regard to capability development, the EDA will ensure that there is no duplication with existing initiatives in other institutions, such as NATO. The EU High Representative will make recommendations to the Council of Ministers on those projects which contribute to the EU's 'Level of Ambition' and are best suited to furthering Europe's 'strategic autonomy'. The Council (only participating PESCO states) will then decide, by unanimity, on the list of PESCO capability projects.
- Third party states may be invited to participate in specific PESCO projects, where it is demonstrated that they bring "substantial added value". Those states will not, however, have any decision making rights.
- Capabilities developed through the PESCO mechanism will remain under national control. They will not be "EU" assets and will not form the basis of an "EU Army". States will be able to make those capabilities available through other frameworks such as NATO and the UN.

Annex II of the Joint Notification sets out the specific commitments that participating States will have to meet. Among them are commitments to:

- Regularly increase defence budgets in order to meet agreed objectives.
- Increase defence capabilities expenditure to 20% of total defence spending.
- Increase expenditure allocated to defence research and technology to 2% of total defence spending.
- Increase joint and collaborative capability projects, supported through the EU Defence Fund if required.
- Harmonise capability requirements and consider, as a priority, a European collaborative approach in order to address capability shortfalls identified at the national level. As a general rule an “exclusively national approach” should only be used once that assessment has been carried out.

Participating states are also committed to considering the joint use of existing capabilities in order to increase effectiveness and to making “substantial” contributions to the EU Battlegroups. States must also participate in at least one PESCO capability project.

The implementation of commitments under PESCO will take place in two stages: 2018-2021 and 2021-2025. After each phase there will be a strategic review of PESCO, which will also identify additional commitments moving forward.

Twenty three Member States signed the Joint Notification, with the exception of Denmark, Malta, Ireland, Portugal and the UK. Ireland and Portugal subsequently notified the Council of their decision to join PESCO on 7 December 2017, bringing the number of participating states to 25.

Formal Decision establishing PESCO

On 11 December the Council of Ministers formally adopted a [Decision](#) establishing Permanent Structured Cooperation.³⁰

That Decision lists participating EU Member States and largely reiterates the contents of the Joint Notification on common commitments, governance and administrative arrangements, including financing.

Box 2: The 25 Participating Member States

Austria	France	The Netherlands
Belgium	Germany	Poland
Bulgaria	Greece	Portugal
Czech Republic	Hungary	Romania
Croatia	Italy	Slovakia
Cyprus	Ireland	Slovenia
Estonia	Latvia	Spain
Finland	Lithuania	Sweden
	Luxembourg	

³⁰ Council of the European Union, *Council Decision establishing Permanent Structured Cooperation*, CSDP/PSDC 667

Denmark, Malta and the UK remain outside of PESCO. Now that it has been formally established, any other EU Member State that wishes to participate must notify the Council of Ministers and the EU High Representative. However, under the EU Treaty, it is for the participating PESCO States to decide, by QMV, on the future participation of others.

Only participating Member States will have decision making rights with regard to PESCO. Those States which remain outside of the mechanism, including the UK, will have no powers or voting rights over current projects or its future strategic direction.

PESCO Projects

As part of the formal Declaration establishing PESCO, participating Member States also adopted a [Declaration](#) which identified an initial list of [17 projects](#) to be undertaken within the remit of PESCO. Among them were:

- European Medical Command
- Network of logistic hubs in Europe and support to operations
- Military mobility³¹
- Maritime (semi) autonomous systems for mine countermeasures
- Upgrade of maritime surveillance
- Strategic command and control system for CSDP missions and operations
- Armoured infantry fighting vehicle/amphibious assault vehicle/light armoured vehicle
- Indirect fire support.

A number of these projects could potentially be part-funded through the newly established European Defence Fund and at a higher rate of financing than that available to other collaborative projects (see below).³²

A [formal Decision](#) approving that list of 17 PESCO projects, including participating countries, was reached in March 2018.

At that Council of Ministers meeting, PESCO states also [adopted a recommendation](#) setting out strategic guidance for the implementation of PESCO in the longer term, including fulfilment of the broader commitments, such as spending targets, originally agreed in the 2017 Joint Notification (see above). Ministers are expected to agree a more specific timetable, in particular with respect to those commitments expected to be fulfilled by 2020, in June 2018.

Next steps

Work is now underway by the participating nations of each individual PESCO project to define objectives and timelines for each project.

In May 2018 a call for new project proposals is expected to be issued by the PESCO Secretariat, followed by a 6-month period of assessment. The next set of PESCO projects is then expected to be formally adopted in November 2018.

³¹ In November 2017 the European Commission and EU High Representative issued a [Joint Communication](#) outlining proposals to improve military mobility within the EU, including addressing regulatory barriers to the movement of military equipment and personnel across borders. The proposals have been likened to the creation of a "military schengen". An [Action Plan on Military Mobility](#) was presented in March 2018.

³² "EC welcomes first operational step towards a European Defence Union", *EU News*, 12 December 2017

The conditions under which third party states may be invited to participate in individual PESCO projects are due to be considered in the latter half of this year, with a Decision, in principle, to be adopted in December 2018.³³

Longer term aspirations

In the longer term, it has been acknowledged that PESCO is:

Both a permanent framework for closer cooperation and a structured process to gradually deepen defence cooperation within the Union framework. It will be a driver for integration in the field of defence [...]

PESCO will help reinforce the EU's strategic autonomy to act alone when necessary and with partners whenever possible.³⁴

The Joint Notification of November 2017 also states:

PESCO is a crucial step towards strengthening the common defence policy. It could be an element of a possible development towards a common defence should the Council by unanimous vote decide so (as provided for in article 42.2 TEU). A long term vision of PESCO could be to arrive at a coherent full spectrum force package - in complementarity with NATO, which will continue to be the cornerstone of collective defence for its members.³⁵

NATO Secretary General, Jens Stoltenberg, has welcomed the launch of PESCO expressing his belief "that this can strengthen European defence". However, he has also stressed the need for complementarity between NATO and EU efforts.³⁶

A number of commentators have questioned whether the extent of participation in PESCO may eventually lead to it becoming unwieldy and ineffective. Indeed when PESCO was first discussed within the context of the Lisbon Treaty, the intention was for "small groups" of "eligible" like-minded states to pursue defence cooperation.³⁷

Nick Whitney of the European Council on Foreign Relations, and former Chief Executive of the EDA, has argued that PESCO has been made far too inclusive, with certain states, such as Poland, only joining in order to "slow it down".³⁸ As such, he concludes that "there is no value-added in any of this".³⁹

Many commentators have also expressed scepticism over the ability of PESCO to deliver the EU's objective of strategic autonomy, unless the very largest capability projects, such as unmanned aerial vehicles, satellites or combat aircraft, are included in the next round of project planning.⁴⁰

Co-ordinated Annual Review of Defence

The aim of a Co-ordinated Annual Review of Defence (CARD) would be to develop, on a voluntary basis, a more structured way of developing required capabilities, based on greater transparency and commitments from Member States. It has been suggested that

³³ Council of the European Union, Council Recommendation, 6588/1/18, 6 March 2018

³⁴ European Union, [Permanent Structured Cooperation – PESCO Fact Sheet](#), October 2017

³⁵ [Notification on Permanent Structured Cooperation](#), November 2017

³⁶ NATO press release, 14 November 2017

³⁷ Eligibility was to be based on the ability of states to meet the capability requirements set out in the Protocol on Permanent Structured Cooperation.

³⁸ Poland, like the UK, has been a longstanding advocate of developing European military capabilities within the framework of NATO. The Czech Republic, Finland, Hungary, Slovakia and Sweden are also reported to be deeply sceptical of PESCO's ambitions ("2017: the year of European defence?", *Jane's Defence Weekly*, 5 April 2017)

³⁹ ["Pesco, the impotent gorilla"](#), European Council on Foreign Relations, 17 November 2017

⁴⁰ See "PESCO will fail to impact defence technological, industrial base without big projects, say officials and experts", *Jane's Defence Weekly*, 22 March 2018

the process would provide a better overview at EU level of defence spending, national investment plans and defence research efforts, and that “such transparency and visible commitment would increase output, collaboration and mutual accountability, while ensuring coherent output with NATO processes”.⁴¹ Other advantages include fostering “a gradual synchronisation and mutual adaptation of national defence planning cycles and capability development practices, which should also enable more systematic cooperation”.⁴²

In spring 2017 the Council of Ministers endorsed proposals on the scope, modalities and content of CARD.⁴³ Under those proposals, a written report is to be prepared every two years by the European Defence Agency (EDA), in its capacity as CARD Secretariat and in cooperation with the EU Military Staff and the EU Military Committee. That report will provide a comprehensive overview of Member States’ aggregated defence plans, including spending, the implementation of identified capability development priorities and prioritisation in Research and Technology, and the extent of cooperation, with the intention of providing, over time, a comprehensive picture of EU capabilities in order to identify the potential for additional capability development. The intention is to coordinate this process closely with the PESCO mechanism and the European Defence Fund.

The report will build on information already provided to the EDA by Member States, although all Member States will be encouraged to make the capability and planning documents provided to NATO available to the EDA.

A trial run of CARD involving all EU Member States, including the UK, began in autumn 2017 with a view to full implementation in autumn 2019 following a period of reflection and adaptation where necessary. Participation by the UK beyond this trial has yet to be determined and will form part of Brexit negotiations. Giving evidence to the Defence Select Committee in February 2018 Nick Gurr, Director of International Security Policy at the MOD, set out the UK’s perspective on CARD:

As far as the Co-ordinated Annual Review of Defence is concerned, in principle it is trying to do something sensible – trying to get EU countries to focus their capability development in the right sort of areas that will benefit the European Union and them as individual countries, but also benefit NATO.

Our objective with CARD is to ensure that it does not duplicate or undermine the NATO defence planning process, which is a separate, well-established process. So, we have engaged with CARD...to try to ensure that it is complementary to the NATO process.⁴⁴

⁴¹ Council of Foreign Ministers, [Security and Defence Implementation Plan](#), November 2016, para.30

⁴² *ibid*

⁴³ Council of the European Union, [Council conclusions on Security and Defence in the context of the EU Global Strategy](#), 9178/17, 18 May 2017

⁴⁴ Defence Committee, *Oral evidence: the DExEU position paper*, HC594, 6 February 2018, Q.83

3.2 Enhanced EU-NATO Co-operation

EU-NATO cooperation has a long history. During the 1990s, and amid calls for Europe to take greater responsibility for its security, efforts began to bring NATO and the Western European Union, which acted for the EU in security and defence at the time, closer together.⁴⁵

Twenty two states are currently members of both NATO and the EU.

However, it was the signing of the *NATO-EU Declaration on ESDP* in December 2002 that put the relationship on a 'strategic partnership' basis. That declaration cemented in place the "Berlin Plus arrangements", which gave the EU recourse to NATO assets and capabilities for operations in which the Alliance as a whole chose not to be engaged. It also committed both institutions to regular consultation and concerted planning in capabilities development.

Over the last 15 years crisis management operations have been a key part of that strategic partnership, in particular in the Balkans⁴⁶ and more recently in maritime security operations in the Mediterranean, off the coast of Somalia and in the Aegean Sea. In order to support operations and ensure harmonisation, in 2005 a NATO Permanent Liaison Team was established within the EU Military Staff and in 2006 an EU cell was set up within SHAPE.

Another key element of NATO-EU cooperation has been in the field of capabilities development. In 2003 the NATO-EU capability group was established in order to ensure coherence and complementarity between NATO and EU efforts⁴⁷ to address recognised shortfalls in military capabilities.

NATO-EU Joint Declaration

Recognising that the current strategic environment is one of unprecedented security challenges, in July 2016 the President of the European Council, the President of the European Commission and the NATO Secretary General signed a Joint Declaration intended to give new impetus and substance to the NATO-EU strategic partnership.

Acknowledging that "a stronger NATO and a stronger EU are mutually reinforcing", that Declaration outlined seven areas where cooperation between the two organisations should be enhanced, as a matter of priority:

- Countering hybrid threats – by bolstering resilience, timely information sharing and, where possible, intelligence sharing and cooperating on strategic communication and response.
- Operational cooperation, including at sea, and on migration – through increased sharing of maritime situational awareness as well as better coordination and reinforcement of operations in the Mediterranean and elsewhere.
- Cyber security and defence – expand coordination, including within the context of missions and operations, exercises and on education and training.

⁴⁵ In 1996, for example, NATO leaders agreed to build up a European Security and Defence Identity (ESDI) within NATO, including initiatives to improve European capabilities. Crucially, the decision was taken to make Alliance assets available to WEU-led crisis management operations. At the NATO 50th Anniversary summit in April 1999 the Alliance agreed to make its military assets available "for use in EU-led operations", and in December of that year the crisis management tasks of the WEU were transferred to the EU. These decisions were the first steps in the evolution of the "Berlin-Plus" arrangements.

⁴⁶ In 2003 the EU assumed responsibility for the NATO operation in Macedonia, and in 2004, following the conclusion of the NATO-led SFOR operation in Bosnia and Herzegovina, the EU deployed Operation Althea to the country. That operation continues to the present day.

⁴⁷ The NATO Defence Planning Process and the EU Capability Development Plan respectively.

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- Defence capabilities – develop complementary and interoperable capabilities, as well as multilateral projects.
- Defence industry and research – facilitate a stronger defence industry and greater defence research and industrial collaboration within Europe, and across the Atlantic.
- Exercises – step up coordination on exercises.
- Supporting Eastern and Southern European partners’ capacity-building efforts – through specific projects for individual recipient countries, including strengthening maritime capacity.

Subsequently a [common set of proposals](#), consisting of 42 actions across all seven areas, was endorsed by the North Atlantic Council and the European Council in December 2016. In a statement the European Council confirmed that implementation of the Joint Declaration is “a key political priority for the EU” and “constitutes an essential element of broader efforts aimed at strengthening the Union’s ability to act as a security provider...”. It also acknowledged that “Member states have a single set of forces which they can use in different frameworks” and that “coherent development of Member States’ capabilities through EU and NATO respective processes will thus also help to strengthen capabilities potentially available for both organisations, while recognising their different nature and responsibility”.⁴⁸ Progress in delivering on those objectives will be monitored and reviewed on a bi-annual basis.

In December 2017 the EU and NATO [endorsed plans](#) to extend the common set of proposals to also include actions in the areas of counter-terrorism, women, peace and security and military mobility.⁴⁹

The next progress report on EU-NATO cooperation is due in June 2018.

3.3 European Defence Industry

Background

Since 2005 the European Commission has made several moves to improve the efficiency and competitiveness of the EU defence market and industrial base, including the adoption of two EU defence directives in 2009 aimed at opening up the defence market.⁵⁰ In response to the global financial crisis and falling European defence budgets,⁵¹ in 2011 the European Commission established a Task Force on Defence Industries and Markets to explore the different policy options available to the Commission in order to further strengthen the European defence equipment market, enhance the competitiveness of the sector and promote cooperation. In July 2013 the Commission Task Force presented the outcome of its work in a Communication on the European Defence and Security Sector entitled, [Towards a more competitive and efficient defence and security sector](#). That report announced plans for a detailed roadmap with concrete actions and timelines for the areas defined in the Communication. The Commission’s Communication was

⁴⁸ Council of the EU Press Release, 728/16, 6 December 2016

⁴⁹ Military mobility has also been identified as one of the initial capability projects to be pursued within the PESCO mechanism.

⁵⁰ Further detail on both of these directives is available in Library briefing SN04640, [EC Defence Equipment Directives](#). Both of those directives were transposed into UK law in 2011.

⁵¹ Over the last decade the EU Member States have, collectively, decreased defence spending by 12% in real terms. In comparison, China has increased its defence budget by 150% during that same period and in 2015 the United States spent more than twice as much on defence as the EU Member States collectively (European Commission press release, 30 November 2016)

endorsed by the European Council in December 2013 and in June 2014 the roadmap, *A new deal for European Defence*, was published.

The roadmap had four main objectives:

- The creation of an Internal Market for Defence where European companies can operate freely and without discrimination in all Member States.
- Establishing an EU-wide security of supply regime.
- Preparatory Action on CSDP-related research to explore the potential of a European research programme which, in the future, may cover both security and defence.
- Establishing an industrial policy which fosters competitiveness of European defence industries.

A progress report on the roadmap was published by the Commission in [May 2015](#).

Defence Action Plan

To take some of these actions forward, and complement the ambitions and objectives of the EU Global Strategy and SDIP, in November 2016 the European Commission published a [Defence Action Plan](#). The intention of the DAP is to support more efficient spending on joint defence capabilities by Member States, strengthen security and foster a competitive and innovative European defence industrial base. At its heart are three measures:

- The creation of a European Defence Fund for collaborative research projects.
- Support for SMEs by encouraging investment in defence supply chains.
- Ensure Europe has an open and competitive single market for defence.

The DAP was endorsed by the European Council in December 2016, and again in June 2017.

The European Defence Fund

The [European Defence Fund](#) is the initiative which has received the most attention from commentators and the media. It was launched on 7 June 2017 and the intention is to support investment in joint research and the joint development of defence equipment and technologies, with a view to more efficient defence spending and avoiding duplication. The fund will not be established with additional contributions by EU Member States but will be provided out of the existing EU budget. This will be the first time that the EU budget has been used for defence research and equipment purposes.⁵²

The fund will have two strands:

- 1 **Research** – A preparatory ‘research’ strand (the European Defence Research Programme) which will fund collaborative research in innovative defence technologies in EU Member States and Norway, directly from the EU budget.⁵³ It will have a budget of €25 million for 2017, although the expectation is that this budget allocation could grow to €90 million, in total, until 2020. Money will be allocated as a grant and the projects eligible for funding will focus on priority areas previously agreed by Member States, notably through the EU Capability Development Plan.

⁵² EU-led military operations cannot be financed from the common EU budget and instead the common costs of an operation are subject to a special funding mechanism (Athena), while other costs fall to contributing states.

⁵³ Norway is permitted access to the research fund because it applies EU legislation on research and technological development as part of its commitments under the European Economic Area Agreement. While Iceland and Liechtenstein are also part of the EEA they will not participate in the research programme as neither country has a military force.

The Commission has made clear that such funds must complement national research efforts, and not substitute or duplicate them. In December 2017 the first grant agreement, worth €1 million for a research project on 'strategic technology foresight', was signed (codenamed Pythia). The UK is involved in this project.⁵⁴ A further four grant agreements were signed in February 2018:⁵⁵

- a. Ocean 2020 – a €35 million project to enhance situational awareness in a maritime environment, using manned and unmanned systems. It will involve 42 partners from 15 countries, including the UK.
- b. Three projects aimed at improving soldiers' equipment (each €1 to €3 million):
 - Gossra – improving the compatibility of complex system elements (i.e. sensors or digital goggles)
 - ACAMSII – adaptive camouflage
 - Vestlife – ultralight protective clothing for soldiers.

The European Defence Agency will be responsible for publishing calls for further proposals, organising the evaluation of project proposals⁵⁶ and managing the projects selected to receive EU funding.⁵⁷ The next batch of proposals are expected to focus on electronic design technologies for defence applications and a European high-power laser effector. Grants will be awarded towards the end of 2018.⁵⁸

In the longer term, if it is proven that "added value" comes from the EU budget supporting defence research, the Commission intends to propose a dedicated EU defence research programme post-2020,⁵⁹ with a budget of €500 million per year. That proposal will be put forward in 2018.

- 2 **Capability Acquisition** – A 'capability' strand which will create financial incentives for Member States to cooperate on joint development and acquisition of defence equipment and technology, in order to reduce their costs. This 'strand' will have two elements: the European Defence Industrial Development Programme (EDIDP), which will part-finance the early stages of development for new defensive technologies (prototypes), and a 'financial toolbox' to facilitate joint defence acquisition by multiple Member States.

EDIDP funding will only be available to organisations that are majority owned and controlled either by EU governments or EU nationals.⁶⁰ Only collaborative projects⁶¹ will be eligible for EU co-financing and a proportion of the overall budget will also be earmarked for projects involving cross-border participation of SMEs. The EDIDP budget for 2019-2020 will be €500 million. Beyond 2020 the budget is expected to be €1 billion per year. However, the Commission expects that leveraging national financing for specific projects will have a multiplying effect. Post-2020, therefore, this strand of the EDF is expected to generate a total investment in defence

⁵⁴ [European Commission Press Release](#), 21 December 2017 and *European Union Factsheet: Defending Europe*, February 2018

⁵⁵ European Commission Press Release, 16 February 2018 and *European Union Factsheet: Defending Europe*, February 2018

⁵⁶ With the help of independent experts, selected as appropriate

⁵⁷ European Commission, [European Defence Fund: Questions and Answers](#), June 2017

⁵⁸ European Commission Press Release, 16 February 2018

⁵⁹ As part of the EU's next multiannual financial framework 2021-2027.

⁶⁰ All infrastructure, facilities, assets and resources used by the beneficiaries of EDIDP funding must also be located within the EU.

⁶¹ Involving three organisations from 2 or more EU Member States who can demonstrate that the respective national governments have committed to jointly finance further development of the capability and procure the final product in a coordinated way, including joint procurement where applicable.

capability of €5 billion per year:⁶² 80% from national financing, and 20% from EU financing. While the Commission will be responsible for the execution and management structure of the EDIDP, any technology and assets developed under it will remain under the ownership of the relevant Member States and would not be 'EU assets'. In June 2017 the European Commission tabled a [legislative proposal](#) in order to establish the EDIDP⁶³ and the Council of Ministers [agreed its position](#) on the proposed regulation on 12 December 2017. In January 2018 the proposal was identified by the Council, the European Parliament and the European Commission as one of their [priorities for the coming year](#), and as such, the regulations establishing the programme are currently under discussion in the [European Parliament](#). In February 2018 the Parliament's Industry, Research and Energy Committee published its [report](#) on the proposed regulations, recommending broader rules on the minimum level of participation among EU countries⁶⁴ and tightly controlled access to EDIDP projects for third countries. The intention is to hold the first plenary session on the draft regulations in July 2018, with a view to their conclusion by the end of the year so that the first capability projects can be financed from the beginning of 2019.

The financial toolbox will consist of standardised financial tools to be utilised by Member States in collaborative defence procurement projects. The Commission will set up an internal Task Force to act as a "one stop shop" providing support to Member States on collaborative projects.

The European Defence fund will be overseen by a coordination board consisting of Member States, the EU High Representative, the European Defence Agency, the European Commission and industry representatives, as appropriate. Its primary role will be to ensure consistency between the two strands. However, it remains unclear what powers the Coordination Board will have.

The EU Defence Fund is expected to be utilised to support the capability projects identified under Permanent Structured Cooperation (see above), at a higher rate of financing (30%) than that available to other projects (20%).⁶⁵ The UK is not a participant in PESCO.

⁶² European Commission press release, "A European defence fund: €5.5bn per year to boost Europe's defence capabilities", 8 June 2017

⁶³ COM (2017) 294, 7 June 2017

⁶⁴ To three organisations from 3 or more EU countries, as opposed to the original proposal of 2 EU states.

⁶⁵ Under the EDIDP the Commission will fund up to 20% of the costs, rising to 30% for projects developed within the remit of PESCO.

4. The Brexit effect

While generally supportive of the EU's Common Security and Defence Policy, successive UK governments have been cautious in their approach to greater European defence integration. They have regarded it as entirely complementary to NATO and essential for strengthening European military capabilities within that alliance, as opposed to the view, traditionally advocated by Germany and France, that the EU should establish an independent military capability outside the NATO framework.

UK involvement in the evolution of CSDP has been significant in that it has allowed the UK to influence and shape its development. This has been particularly evident in efforts to improve EU Member States' military assets and capabilities, including the creation of the EU battlegroups, and the establishment of the European Defence Agency. The UK has also been influential in determining the parameters of the EU military decision making and planning structures that have developed, in particular ensuring their complementarity with NATO.

Until 29 March 2019 the UK remains an EU country and as such the UK remains a full participant in the EU's defence-related activities, including CSDP planning structures, the financing of current initiatives and any EU military operations to which the UK has committed forces. It also retains a veto over any proposals to further CSDP.

However, the UK's role with respect to European defence post-Brexit is uncertain. While the Government has stated that UK support for European defence and security is unconditional, many of the finer details on UK participation in EU defence matters have yet to be negotiated. What is clear is that, as a third party state outside the EU, the UK will have no decision making rights, and no veto, over how EU defence policy evolves, including in those areas it has historically opposed. Its influence will be restricted to what it can achieve within the EU over the next year and, in the longer term, the pressure it can bring to bear through other organisations such as NATO, diplomatic channels and bilateral relationships with other EU Member States.

4.1 What sort of defence relationship does the Government want?

The Government has made it very clear that although the UK is leaving the EU, it is not withdrawing from Europe and that it is fully committed to European security.

In September 2017 the Prime Minister stated:

As we prepare for Brexit, I want to build a bold, new security partnership with the EU. A partnership that reflects our shared history, promotes our common values, and maintains a secure and prosperous Europe.⁶⁶

The Government subsequently published a position paper on [*Foreign Policy, Defence and Development*](#), which set out the UK's aspirations for a UK-EU defence and security relationship going forward.

At its core is the desire to see a relationship that goes beyond any existing third country arrangements with the EU; one that is "unprecedented in its breadth, taking in cooperation on foreign policy, defence and security, and development...".

⁶⁶ Downing Street press release, 28 September 2017

The position paper sets out the UK's desire to continue co-operation in CSDP missions and operations,⁶⁷ including "UK personnel, expertise, assets, or use of established UK national command and control facilities" and that "the UK would like to establish how best to utilise UK assets, recognising the expertise and many military and niche capabilities that the UK contributes to the EU's military 'Force Catalogue'". Indeed, giving evidence to a House of Lords Select Committee Inquiry in January 2018 the Head of Euro-Atlantic Security Policy at the FCO, Giles Ahern, suggested that "the UK contributes, or is shown to have, about 20% of the force catalogue – essentially, the size of the forces available to EU members".⁶⁸ As such, the UK envisages working with the EU "during mandate development and detailed operational planning" and suggests that "the level of UK involvement in the planning process should be reflective of the UK's contribution".

The UK currently contributes to 8 out of a total of 16 CSDP missions. These involve approximately 223 British personnel and several assets, including the operational HQ for the anti-piracy mission Operation Atalanta.

NATO will remain the cornerstone of UK defence and security and the UK will "continue to champion and drive forward greater cooperation between the EU and NATO...". In particular the UK will use existing co-operative mechanisms, such as the recent EU-NATO Joint Declaration to foster "coherent and mutually reinforcing development of national and multinational military capability requirements, avoiding any duplication".

The UK will also continue to "offer aid and assistance to EU Member States that are the victims of armed aggression, terrorism and natural or man-made disasters".

In support of this "deep and special future partnership" the UK "could also offer" the reciprocal exchange of foreign and security policy experts and military personnel; classified information exchange to support external action and mutual provision of consular services in third countries where either EU Member States or the UK lacks a diplomatic presence.

On defence industrial matters, the Government has stated that the *Defence and Security Public Contracts Regulations 2011*⁶⁹ will remain on the UK statute book post-Brexit, albeit potentially amended under powers set out in the *European Union Withdrawal Bill*.⁷⁰ Going forward, the Government has suggested that the UK could continue to participate in EDA projects and initiatives,⁷¹ and could also consider options and models for participation in the European Defence Fund:

As part of the deep and special partnership, the UK wants to explore how best to ensure that the **UK and European defence and security industries can continue to work together to deliver the capabilities that we need** to counter the shared threats we face, and promote our mutual prosperity. This could include future **UK**

⁶⁷ Significantly, the UK hosts the Operational HQ for the anti-piracy mission Operation Atalanta, and is one of only a few EU Member States to have a naval vessel continuously assigned to Operation Sophia in the Mediterranean. At the beginning of Operation Althea in Bosnia in 2004 the UK also committed sizeable forces (approximately 1,100 personnel) to the EU-led operation. That contingent was significantly reduced in 2007. Over the last 10 years the UK has also provided the operational HQ to multiple EU Battlegroup rotations. A [breakdown of the UK's contribution](#) to current operations was recently provided by the Foreign Office to the Lords EU External Affairs Sub-Committee as part of their inquiry [Brexit: Common Security and Defence Policy \(CSDP\) missions](#), January 2018

⁶⁸ House of Lords EU External Affairs Sub-Committee, [Brexit: CSDP Missions: Uncorrected evidence](#), 11 January 2018, Q.8

⁶⁹ An explanation of the regulatory regime imposed by the Defence and Security Public Contracts Regulations is set out in the Government's [analysis of the defence sector](#), as presented to the Committee on Exiting the European Union, December 2017

⁷⁰ PQ7908, *Ministry of Defence: Brexit*, 12 September 2017.

⁷¹ Norway (2006), Switzerland (2012), Serbia (2013) and Ukraine (2015) have all concluded Administrative Arrangements that enable them to participate in EDA projects and programmes.

collaboration in European Defence Agency projects and initiatives. We could also consider options and models for participation in the Commission's European Defence Fund including both the European Defence Research Programme and the European Defence Industrial Development Programme.

Our future partnership would mean European capabilities could be developed in support of our joint security and shared values, with the UK's research and development expertise, and its world-leading facilities, such as the UK Defence Science and Technology Laboratory, used to support shared objectives.⁷²

The MOD reiterated this position in December 2017:

We are open to considering options and models for participation in the European Defence Industrial Development Programme (EDIDP) after we have left the EU, but any final decision shall form part of the wider withdrawal negotiations. We have also argued strongly during the current negotiations of the EDIDP draft Regulation that it should be open to third country industrial participation, and that it complements other cooperative programmes, including those developed through NATO.⁷³

In her speech to the Munich security Conference in February 2018 the Prime Minister sought to highlight the need for an inclusive approach:

The UK spends around 40 per cent of Europe's total on defence R&D. This investment provides a sizeable stimulus to improve Europe's competitiveness and capability. And this is to the benefit of us all.

So an open and inclusive approach to European capability development – that fully enables British defence industry to participate – is in our strategic security interests, helping keep European citizens safe and Europe's defence industries strong.

And Eurofighter Typhoon is a great example of this – a partnership between the UK, Germany, Italy and Spain which has supported over 10,000 highly skilled jobs across Europe.

This is also why the UK wants to agree a future relationship with the European Defence Fund and the European Defence Agency, so that we can jointly research and develop the best future capability that Europe can muster.⁷⁴

Issues

By its own admission the Government wants to enter into ambitious and unprecedented territory. As such, details of any future relationship are scant and there is much to be negotiated as part of the wider withdrawal process.

Decision making on operations

The Government's position paper does not explicitly say what the UK envisages its role to be in decision making on CSDP operations. It wants its involvement to be "reflective of the UK's contribution". At the bare minimum this is likely to be an expectation of participation and decision making rights in operational planning and mandate development. There is no other partnership agreement with the EU at present in which the partner state is given such rights. Existing third party agreements on CSDP allow for the contribution of personnel and assets,⁷⁵ once a Council Decision has been made, but decision making with respect to the operation remains within the remit of the EU Member States.⁷⁶

⁷² HM Government, Foreign policy, defence and development: a future partnership paper, September 2017

⁷³ PQ 115512, *EU Defence Policy*, 1 December 2017

⁷⁴ PM Speech at Munich Security Conference, 17 February 2018

⁷⁵ Which are also paid for by the Sending State on a "costs lie where they fall basis".

⁷⁶ See, for example, [*The Framework Agreement between the United States of America and the European Union*](#), Official Journal L143/2, 31 May 2011

Potential UK command of a CSDP operation or being lead nation of an EU battlegroup is something Michel Barnier has also said will not happen after Brexit.⁷⁷ Indeed, the UK has already withdrawn its provisional offer to lead an EU battlegroup in the latter half of 2019. In a leaked letter obtained by *Politico*, Lieutenant General George Norton said:

Military activities, however, require clarity of purpose, and planning; not least of which involves the time that is necessary to force generate credible capabilities ...The U.K. believes that, for the practical purposes of the time needed for the EU and member states to identify and assign a stand-by battlegroup for the second half of 2019, a decision should not be delayed. Consequently we formally withdraw our provisional offer of a battlegroup for the period 2019-20.

[...]

Our prime minister's unconditional commitment to European security of course stands, but the offer of a battlegroup in the period immediately following our exit strikes us as an unnecessary complication.⁷⁸

Norton is reported to have said that "Britain could still remain part of the program further down the line".⁷⁹ However, such participation will depend entirely upon the terms of the post-Brexit defence and security relationship agreement that is struck and whether the UK can negotiate any degree of involvement in operational decision making. As Professor Anand Menon observed during evidence to the Lords External Affairs Sub-Committee in January 2018:

For a country of the size and military weight of this country, being able to participate but not being able to shape the outcome of missions in which you are participating is not a great outcome.⁸⁰

Influence over the strategic direction of CSDP

The position paper also does not say anything about the UK's future relationship with CSDP outside of the operational context. While still a member of the EU the UK can wield its influence and veto in CSDP matters thereby curtailing any ongoing aspirations for ever closer defence union.⁸¹

"Influencing from without is harder than leading from within".

Once outside of the EU, however, the UK would have no influence over the overall direction of CSDP, including any future proposals for the expansion of the MPPC or the creation of an independent military planning capability, or deeper integration that may one day lead to "EU owned" assets and capabilities. Such decisions, including the extent of third party participation, will be for the EU Member States to determine and the UK will have little, or no, influence over any terms of participation.

Simon Fraser, *The World Today*, December 2017

Indeed, with reference to the Security and Defence Implementation Plan which has recently been agreed, the UK has acknowledged that it needs to steer it in a direction, over the next year, which will be palatable to UK interests in the long term. In an [Explanatory Memorandum](#) to the European Scrutiny Committee the Government went on to state:

⁷⁷ Speech by Michel Barnier at the Berlin Security Conference, November 2017

⁷⁸ "[Britain pulls out of EU defense force](#)", *Politico*, 20 March 2018

⁷⁹ *ibid*

⁸⁰ House of Lords External Affairs Sub-Committee, Corrected oral evidence: Brexit: Common Security and Defence Policy Missions, 25 January 2018, Q.14

⁸¹ The Military Planning and Conduct Capability, for example, was constrained to non-executive military missions largely as a result of pressure from the UK (PQ68136, *EU Defence Policy*, 22 March 2017)

While we remain a member of the EU, we will continue to engage with the SDIP, including by steering it in a direction that would not make it more difficult for us to participate in future, if that would be mutually advantageous. All EU Member States agree on the importance of the UK's ongoing contribution to European security and defence. The UK will continue to be a major player, as a leading member of NATO and as a leading provider of security in Europe. We will also continue to argue that Member States should invest more in defence, which should strengthen both the EU and NATO, and support wider European security.⁸²

This approach is one which the Government also appears to be adopting with respect to participation in PESCO:

We are making our view known that an option should remain within Permanent Structured Cooperation in those areas of defence and security for third countries to join at an appropriate time for whatever projects are perceived to be of mutual importance to both – be it NATO and, say, this new organisation in whatever shape of form it takes. This would allow the UK to continue to cooperate with European partners after we leave the EU.⁸³

With respect to operational planning the MOD has also acknowledged that “It will be for the remaining EU Member States to decide how the capability continues after we leave the EU”.⁸⁴

Assistance to EU Member States who are victims of armed aggression

At present such assistance is an obligation under article 42 of the Treaty on European Union. How will the UK continue to do this outside of the framework of the EU Treaty? Will it be on a bilateral, case-by-case basis or will any future UK-EU partnership agreement include this as an obligation? One further issue to be considered is the status of this obligation if it does not have its basis in a legally binding treaty.

Participation in the European Defence Fund

Prior to exiting the EU, and potentially up to 2020 under transitional arrangements, the UK will both contribute to and have access to the European Defence Fund. In reality, however, questions have been raised over the likely involvement of UK industry in programmes that access such funding, due to the long term nature of such projects. Indeed, funding for the European Defence Industrial Development Programme is not expected to begin until 1 January 2019. Given its timing, a number of analysts have therefore questioned whether UK industry will benefit in any significant way. As a report from the Armament Industry European Research Group in August 2017 has noted:

Uncertainty over future British participation in EU-funded activities represents a disincentive to invest. What is more, defence research funding up to 2019 is linked to preparations for a bigger budget line within the next EU budget, which the UK will presumably not be part of.⁸⁵

Beyond the transitional period, the ability of UK industry to access any funding via the European Defence Fund has been raised as a concern. Under the current governance rules of the EDF, UK industry will no longer be eligible to bid for either strand of EDF financing. Norway has access to the European Defence Research Programme and the UK could negotiate a similar sort of arrangement, depending upon the broader relationship that the UK negotiates with the EU. However, the eligibility criteria for the EDIDP are strict and funding is only available to EU nationals and entities. Indeed, the British Government has

⁸² European Scrutiny Committee, Documents considered by the Committee on 14 December 2016, HC71-xxii

⁸³ HL Deb 16 November 2017, Vol 785

⁸⁴ PQ68136, *EU Defence Policy*, 22 March 2017

⁸⁵ *The impact of Brexit on the European Armament Industry*, August 2017, p.4

expressed its concerns over such constraints on participation which it argues “runs counter to the need to attract investment and ideas into defence”.⁸⁶

The British Government has indicated that its desire to see the EDIDP open to third party participation and currently regulations establishing the programme are under discussion in the [European Parliament](#). However, whether the UK will achieve its aim as part of those negotiations is currently unclear. In February 2018 the European Parliament’s Industry, Research and Energy Committee published its [report](#) on the proposed regulations, in which it recommended tightly controlled access to EDIDP projects for third countries.

The UK’s future relationship with the EDA will also form part of the wider EU withdrawal negotiations.

4.2 What does the EU want out of Brexit?

In a speech to the Berlin Security Conference in November 2017 Michel Barnier noted the unprecedented progress made over the last year in establishing what he called “a Defence and Security Union”. He also went on to advocate this push as “the roadmap we need to follow between now and 2025”.

However, he also acknowledged that “this Defence and Security Union will have to be developed without the British”. Referring to the UK’s imminent status as a “third country” when it comes to defence and security issues, he set out a number of “logical consequences” of the “sovereign choice made by the British”, notably:

- The UK will not participate in CSDP decision making structures such as the Political and Security Committee or meetings of EU Defence Ministers.
- The UK can no longer be a framework nation for CSDP operations or the EU Battlegroups.
- The UK will no longer be a member of the European Defence Agency or Europol.
- The UK will not be able to benefit from the European Defence Fund “in the same way” that EU Member States will.
- The UK will no longer be involved in CSDP decision making, nor in planning the EU’s defence and security instruments.

However, he also acknowledged that a new partnership with the UK has yet to be negotiated. Moving forward Michel Barnier expressed the hope “for an ambitious partnership in the interests of the Union” based on the following premises:

- A partnership that is broad and encompasses both conventional and asymmetric threats such as cyber attacks.
- A partnership that is beneficial and contributes to strengthening the Union’s security and its strategic autonomy.
- A partnership that is balanced and does not discriminate against third countries.

Yet, he also reiterated that no third country “may lay claim to a status that is equivalent to or superior to that of a Member of the Union”, that the EU’s decision-making autonomy must be respected and that “the United Kingdom may not decide on the use of certain capacities under the European flag”. Finally, he also stated that “any voluntary participation of the United Kingdom in European defence will confer rights and obligations in proportion to the level of this participation”.

⁸⁶ [Ministry of Defence Explanatory Memorandum to the European Scrutiny Committee](#), COM (2017) 295

Specifically he stated his desire to see an outcome that would enable the UK to voluntarily participate in CSDP operations, in terms of contributing both personnel and strategic assets; to participate in joint armament programmes and capability projects within the framework of the EDA; and enable exchanges between intelligence services and on cyber attacks.

Consequently there is much to be discussed and negotiated. One of the main sticking points may arguably be the extent to which the UK will be allowed to participate in operational planning and mandate development. The EU is unlikely to confer decision making rights akin to those held by an EU Member State. But equally, the UK is unlikely to contribute key strategic assets to a CSDP mission without any say over the operation. The UK contributes approximately 20% of the EU's force catalogue⁸⁷ and is one of only a few EU Member States that is capable of deploying and sustaining an operational headquarters to either a CSDP mission or EU battlegroup, and capable of providing key enablers to an operation such as strategic airlift and intelligence, surveillance and reconnaissance. Indeed, the UK currently provides the operational HQ for Operation Atalanta. On the flip side, the loss of the UK's operational HQ capabilities to CSDP planners will undoubtedly shore up support for the creation of a permanent EU military planning HQ, which the UK has opposed for many years.

The [Draft Withdrawal Agreement](#), published in March 2018, leaves open the possibility that a defence and security agreement between the EU and the UK could be negotiated and agreed before the end of the transition period in December 2020. Should such an agreement be finalised, the provisions of the TEU relating to common foreign and security policy (CFSP) and EU defence policy (CSDP), primarily Chapter 2 of Title V TEU, would cease to apply to the UK upon the entry into force of that new agreement.

The possibility of an early agreement in security and defence matters was reiterated in the [guidelines](#) on the next phase of negotiations, which were adopted by the European Council on 23 March 2018.⁸⁸

Box 3: Suggested Reading

- House of Commons Library, [Brexit: research and analysis](#)
- House of Commons Library briefing, CBP7742, [Defence and security after Brexit: a reading list](#)
- House of Lords EU External Affairs Sub-Committee Inquiry, [Brexit: Common Security and Defence Policy Missions](#), Ongoing
- Defence Select Committee Inquiry, [The Government's Brexit Position Paper](#), Ongoing
- Foreign Affairs Select Committee, [The future of UK diplomacy in Europe](#), HC 514, Session 2017-19
- Exiting the European Union Committee, [Department for Exiting the EU Sectoral Analyses Inquiry: Sectoral Report - Defence](#), December 2017
- House of Lords EU External Affairs Sub-Committee Inquiry, [Common Foreign and Security Policy after Brexit](#), Concluded 2017

⁸⁷ House of Lords EU External Affairs Sub-Committee, [Brexit: CSDP Missions: Uncorrected evidence](#), 11 January 2018, Q.8

⁸⁸ Further detail on these guidelines is available in Library briefing paper CBP8289, [Brexit: new guidelines on the framework for future EU-UK relations](#)

5. Towards a common European defence?

Given that the UK has been one of the main driving forces behind the development of CSDP, and has the largest defence budget among EU Member States, it has been suggested that, without the UK's support, the strategic ambition of a "common European defence" could ultimately falter. However, as the main source of opposition to integrationist proposals thus far, the absence of the UK from CSDP decision making could equally be the opportunity that states, such as Germany, have been looking for to further the EU defence project, and potentially realise the Maastricht Treaty's ultimate goal of a "common European defence". Once outside the EU the UK will, for example, have no negotiating power in discussions over the evolution of PESCO, or longstanding proposals to establish a permanent EU military planning headquarters.

TOP 5 EUROPEAN DEFENCE EXPENDITURES IN 2016

	Current US\$ millions		Percent of GDP
	Defence expenditure	per capita	
United Kingdom	\$52,498	\$815	2.0%
France	\$47,201	\$706	1.9%
Germany	\$38,281	\$474	1.1%
Italy	\$22,309	\$360	1.2%
Spain	\$12,222	\$252	1.0%

Source: IISS, *The Military Balance 2017*, Chapter 10: table 18

5.1 Integrationist voices

CSDP has made significant leaps forward in the last year and a half. Undoubtedly influenced by key figures such as EU Commission President, Jean-Claude Juncker, who is a long standing advocate of a Defence Union,⁸⁹ but largely as a result of political will and the convergence of national interests among the EU Member States.

What Brexit arguably offers is the opportunity for the EU27 to develop CSDP even further. Indeed, in June 2017 the European Commission commissioned a public debate on the future direction of CSDP, post-Brexit. It published a ['reflection paper'](#) setting out a number of scenarios on how to address the threats facing the EU over the next few years and how to enhance the EU's defence capabilities by 2025. It presents three levels of ambition:

- **'Security and Defence Cooperation'**, which would largely retain the status quo, although cooperation would be strengthened.
- **'Shared Security and Defence'**, whereby Member States would pool certain financial and operational assets in defence; the EU would become more engaged operationally within and beyond its borders; decision making would be made "fit for a rapidly changing context" and the EU and NATO would increase co-operation and coordinate across a full spectrum of issues.
- **'Common Defence and Security'**, which would see the progressive framing of a common European Defence Union based on Article 42 of the EU treaty. The EU would develop the capacity to run 'high-end' military operations, underpinned by a "greater level of integration of Member States' defence forces". The EU would

⁸⁹ In July 2014 newly appointed EU Commission President, Jean-Claude Juncker, published the political guidelines for his five-year term in office. Among those priorities was a call for greater effort in defence and security, including the development of "some integrated defence capacities". In March 2015 he suggested that an EU army should be created "to build a common foreign and national security policy, and to collectively take on Europe's responsibilities in the world" ("Create an EU army to keep back the Russians", *The Daily Telegraph*, 8 March 2015)

support joint defence programmes through the European Defence Fund, as well as set up a dedicated European Defence Research Agency.

In line with his Commission's priorities President Juncker would appear to be an advocate of the latter approach. In a speech to the [Defence and Security Conference in Prague](#) in June 2017 and again in his [State of the Union Address](#) in September 2017, President Juncker made the case for a "a fully-fledged European Defence Union" by 2025. However, he has also acknowledged that EU Commission competence and influence in this area can only achieve so much and that realising the dream of true defence integration will ultimately be at the behest of the EU Member States.

"It will always – always – come down to a question of ambition and political will of the Member States".

The Franco-German axis has always been the driver behind closer defence union and in the last few years support for that goal has gained traction because of Brexit, an increasingly assertive Russia and the unpredictable attitude of US President Donald Trump to the defence and security of Europe. This combination of events has presented an almost "now or never" opportunity to act. Indeed, the speed at which PESCO was launched, after years of inactivity, is indicative of the changing tide in European defence and what can be achieved when political interests converge. The question is: how far would EU Member States be willing to go?

EU Commission President Jean-Claude Juncker, June 2017

Only days after the UK referendum on membership of the EU, the French and German Foreign Ministers published a statement which recommitted to "a shared vision of Europe as a security union, based on solidarity and mutual assistance between member states in support of common security and defence policy". Among other things, they specifically called for the establishment of an independent operational planning capability, employable high readiness forces, common financing for CSDP operations, the utilisation of PESCO and, if necessary, the acquisition of EU-owned capabilities in key areas.⁹⁰

Those views were reiterated in the [2016 German Defence White Paper](#) which set out Germany's long term goal of a "common European Security and Defence Union"; while the election of pro-European French President, Emmanuel Macron, in May 2017 reconfirmed European defence and security as a priority going forward. In September 2017 President Macron set out his [vision](#) for a "sovereign, united and democratic Europe", which included proposals for a common EU intervention force, a common defence budget and a common doctrine for action. EU Member States, he argued, should be able to "better integrate our armed forces at every stage" through a proposed European Intervention Initiative.

5.2 Is further evolution of CSDP likely?

Many of these ideas are not new. The creation of an EU intervention force was a central tenet of the Helsinki Headline Goal in 1999, which never materialised, and resurfaced under the French Presidency of the EU in 2008.⁹¹ The EU battlegroups, which became operational in 2008, have never been utilised in almost a decade. The creation of an independent operational planning capability has also been on the agenda since 2003, as have revisions to the way CSDP operations are financed.

However, as noted above, there is, at present, a political appetite for progress in European defence. If that is to be capitalised on, post-Brexit, proposals for an independent, permanent operational planning HQ seem inevitable, while proposals have already been

⁹⁰ Jean-Marc Ayrault and Frank-Walter Steinmeier, *A strong Europe in a world of uncertainties*, 27 June 2016

⁹¹ Commons Library Briefing, [Priorities for ESDP during the French Presidency of the EU](#), July 2008

put forward by the EU High Representative to create a longer term finance mechanism for CSDP operations, to replace the current [Athena mechanism](#). As EU Foreign Policy Chief, Federica Mogherini noted in December 2017:

Above all, if the member states decide to do more together, the question is how to pay for this. It only makes sense to make a coherent proposal in the coming weeks on how to finance this...as a way to spend more effectively, and together.⁹²

EU officials have made clear, however, that any new proposal would not equate to the creation of an EU defence budget.⁹³

The extension of PESCO into full spectrum capabilities, should it prove successful, is also likely to be on the cards. However, as many commentators have noted, PESCO, like many defence projects before it, could fragment if the involvement of 25 nations leads to stagnation or arguments over industrial workshare, that have so often blighted pan-European defence procurement projects in the past, continue to persist.⁹⁴ Indeed, many commentators have asserted that several countries who are sceptical of closer integration, notably Poland, are only involved in PESCO in order to curtail its ambitions.

The creation of an intervention force, should it materialise, is also considered unlikely to lead to the fully fledged 'European Army' under the direct control of Brussels that many observers fear. Many EU Member States may wish to see the EU's capacity to act enhanced, but sovereignty and control over one's armed forces is unlikely to be something that any EU Member State will cede.

And above all, windows of opportunity such as this often prove to be short-lived. National interests must remain in sync amid broader global challenges, and the EU at 27 must have a unified view on what it wants CSDP to be, and to achieve. Without the UK Brexit undoubtedly offers opportunities, but equally national interests will dictate progress and further integration in EU defence matters is not without its sceptics among the remaining EU Member States. It has taken decades of negotiation to get CSDP this far. Achieving a common European Defence Union is, arguably, likely to take decades more with or without the involvement of the UK.

Indeed, many observers have argued that the EU's current focus on developing its military capabilities in a post-Brexit world is the wrong debate to be having and that creating a mutually beneficial relationship between the UK and the EU, in order to ensure lasting security and peace in Europe, is far more important.

⁹² "Brussels preparing for EU to help cover the costs of future military CSFP deployments", *Jane's Defence Weekly*, 14 December 2017

⁹³ *ibid*

⁹⁴ Sophia Besch of the Centre for European Reform, for example, argues that "PESCO will become another European defence paper tiger if governments fail to make use of it to boost investment in much needed capabilities" ([Pesco: paper tiger, paper tanks?](#), CER, November 2017)

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