



REPORT

BREXIT AND BALTIC SEA SECURITY

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EXECUTIVE SUMMARY

This report considers the impact of the UK's exit from the European Union ('Brexit') on the security of Estonia, the Baltic Sea region and Europe more widely. Its focus is hard security – military security and defence – and in particular the possible effects of Brexit on the EU's Common Security and Defence Policy (CSDP) and on NATO.

The UK as a Security Actor. The UK is a defence and security actor of considerable prominence. It is the world's fifth largest economy, and has the world's fifth largest defence budget. It is a permanent member of the UN Security Council, a nuclear state, a founder member of and major contributor to NATO and one of only a handful of countries able to act and think on a global scale. Its interests are broadly aligned with the states of the northern tier of Europe, which sees addressing Russian aggression in Ukraine and Russian threats to Europe's north-eastern borders as Europe's most pressing security challenges. It is, however, sceptical about the place of the EU in defence matters. In its policies towards the CSDP, it places more value on the development of defence capability than it does on the development of defence institutions and has achieved a certain level of infamy for its perseverance in obstructing the further development of an EU defence dimension against the wishes of many other member states. After the unexpected Brexit referendum result, several member states have been quick to make proposals for further EU defence integration. A burst of ideas in this direction has led most recently to a set of proposals by the HR/VP, Federica Mogherini, for the implementation of the EU Global Strategy in the area of security and defence, and for Council conclusions on implementing the EU Global Strategy in the area of security and defence.

Research Methodology. Our assessment of the security impact of Brexit is based on two main research efforts. First, in order to understand the perceptions of the Baltic Sea states concerning the possible security-related consequences of Brexit, we conducted a total of 67 interviews with officials and researchers in Denmark, Germany, Estonia, Finland, Latvia, Lithuania, Poland, Sweden, and also the UK. These interviews were complemented by an informal review of the already very large body of written material on Brexit. Second, to draw a set of conclusions from what is a very fluid and unpredictable situation, we used a formal scenario planning 'matrix approach' to develop a set of scenarios – plausible futures against which various policy choices could be evaluated.

Perceptions from the Baltic Sea States. Officials and researchers in the Baltic Sea states generally agreed that Brexit was unexpected and that it was a profound event. There was little consensus on what the future might hold, or on how best to mitigate any negative impacts of the UK's departure from the EU, but several common themes emerged. Most of our interlocutors believed that their countries shared with the UK views on and approaches to security that would be harder to pursue after Brexit, without the active support of the UK itself. More specifically, they were largely sceptical about the need for further defence integration in the EU, or at least wary of the agenda being pursued by leading states such as France and Germany, but expected that it would happen and that they would find it hard not to participate. There was general concern that the UK's departure would leave gaps in the capabilities available to the EU, that the link between the EU and Washington would be weakened, that the CSDP would become southern facing at the expense of the EU's eastern agenda, and that an EU defence union would involve arrangements that would duplicate NATO. Partly because of these concerns, they did not wish to see the UK treated too harshly in the Brexit negotiations and hoped that arrangements could be found that would allow it to participate as fully as possible in the CSDP after its departure.

Interviewees also felt that hard security in Europe and in the Baltic Sea region would be mostly unaffected by Brexit, largely because this is delivered through NATO and there is no reason to expect

the UK's departure from the EU to have an impact here. Indeed, many interviewees expected that compensatory UK investment in those defence formats in which it remained would mean that NATO would become stronger, that EU-NATO cooperation would be enhanced, and that regional arrangements such as the Northern Group and Joint Expeditionary Force would be strengthened. However, there was some concern as to whether the UK would be able, economically, to sustain its commitment to European security in the longer term. Finally, most interviewees felt that Russia would benefit from Brexit, as it would weaken Western cohesion. Many also expressed concerns that in the UK's absence, those EU member states who favoured normalising relations with Russia would gain the upper hand; and that the UK itself may wish to explore some sort of reset with Russia.

Post-Brexit Scenarios. The character of the post-Brexit European security environment is very difficult to forecast and the many factors that will contribute to shaping it are highly uncertain, complex, and intertwined. In these circumstances, scenarios offer perhaps the best means of thinking about the future and informing policy decisions. They support the identification of a set of policy choices that are sufficiently robust so as to increase the chances of realising positive outcomes and avoiding negative outcomes in a range of plausible futures.

We have developed five scenarios that describe situations in which: the UK participates in building a CSDP with a strong military dimension, mostly aimed at tackling crises to the south of Europe, which in turn fosters a strong transatlantic relationship ("Confident Europe, Competent Crisis Management"); the CSDP becomes a largely eastern-focused civilian instrument, leaving military crisis management around Europe to be led by the UK and France, or occasionally NATO, and in which NATO becomes Europe's pre-dominant security organisation ("NATO Supreme"); the CSDP has a strong military dimension, mostly aimed at tackling crises to the south of Europe, but in which the UK does not participate ("Club Med Abroad"); the UK does not participate in the CSDP, which has become a civilian instrument focused to the south of Europe, and a disillusioned US disengages from European security ("CSDP's Last Gasp"); and the CSDP becomes a civilian instrument focused to the east of Europe, in which the UK does not participate, preferring to invest its limited resources in strengthening NATO and Nordic-Baltic regional security arrangements ("Nordic Tribe"). These scenarios are not substantively affected by the duration of the withdrawal negotiations; whether brief or protracted, we assume that the remaining member states have already begun to prepare for the UK's departure in their current deliberations on the future of the CSDP.

Conclusions and Recommendations. Two elements are essential for European security (and, therefore, Baltic and Estonian security) to remain resilient in this range of scenarios: military capability, and solidarity among the European allies. Only with military capability will the European states have the physical means to take responsibility for a wide range of comprehensive security challenges, thus both solving security problems and persuading the US that European security remains deserving of its support. Only with solidarity, will they have the motivation to do so. The CSDP is a vehicle for delivering both European military capability and solidarity; and solidarity is much improved in circumstances in which the UK remains engaged in European security – specifically when it is able to participate as fully as possible in the CSDP. Estonia's strategic aim for the post-Brexit arrangements should, therefore, be the development of a more militarily capable CSDP, and an approach to the Brexit negotiations that allows the UK to be as closely engaged with this as possible. This strategic aim suggests the following more immediate objectives. We recommend that Estonia should:

1. Commit to the further development of the CSDP on the basis of the High Representative's Implementation Plan on Security and Defence. Certain interests still need to be guarded, for example:
 - a. the permanent capability to plan and conduct CSDP missions should be civilian-military in nature, both to capitalise on the EU's natural strengths in the comprehensive approach and to avoid unnecessary duplication – real or supposed – with NATO;
 - b. there must be a strong capabilities component; the revitalised CSDP cannot simply be about institutions. The gaps in capability available to the EU will need to be re-

assessed post-Brexit and mechanisms for the common development and ownership of capability will need to be re-energised. Capability planning must be closely coordinated with NATO. Capabilities for the CSDP might be a theme for Estonia's presidency of the EU in the second half of 2017;

- c. the CSDP must also have an appropriate eastern agenda. Refreshing the CDSP's eastern agenda might also be a theme for Estonia's presidency of the EU;
 - d. collective defence must remain the business of NATO, and NATO must remain the framework for transatlantic security relations; and
 - e. efforts must be made to ensure that the EU, and the UK outside it, remain alert to and respond appropriately to the challenges posed by Russia.
2. Undertake a detailed analysis of the HR/VP's proposals and assessment of the opportunities for further development under its presidency of the EU.
 3. Re-evaluate its red lines with respect to security and defence in the EU and be ready to be an advocate for the CSDP with other member states. Brexit offers an opportunity for all member states (including the UK) to re-examine their perceptions and policies with regard to the CSDP.
 4. Work towards ensuring that the EU-NATO Warsaw Summit Declaration is put into full effect. EU-NATO relations might be another theme for Estonia's presidency of the EU.
 5. Continue to be an advocate for a strong NATO. The Allies can capitalise further on the UK's apparent determination to invest more in NATO to build a still stronger Alliance.
 6. Study the opportunities and risks involved in strengthening Nordic-Baltic regional security arrangements, such as the Northern Group and the Joint Expeditionary Force.
 7. Explore opportunities to propose and pursue initiatives of common interest with other like-minded member states, perhaps under a PESCO framework. The EU presidency is an opportunity to demonstrate leadership, for example in cyber issues.

We also recommend that in line with the principles of scenario planning, a workshop should be organised to allow Tallinn policy-makers to elaborate our scenarios further, thus helping to create a shared language and understanding of what they might mean for Estonia, how opportunities might be capitalised upon and how adverse effects might be mitigated.

LÜHIKOKKUVÕTE

Käesolevas aruandes käsitletakse mõju, mida avaldab Ühendkuningriigi lahkumine Euroopa Liidust (Brexit) julgeolekule Eestis, Läänemere piirkonnas ja üldisemalt Euroopas. Aruande tähelepanu keskmes on otsene julgeolek, st militaarne julgeolek ja kaitsevõime, ning eeskätt Brexiti võimalik mõju ELi ühisele julgeoleku- ja kaitsepoliitikale (ÜJKP) ning NATO tegevusele.

Ühendkuningriigi julgeolekupositsioon. Ühendkuningriik on üleilmses kaitse- ja julgeolekuvaldkonnas väga olulisel kohal. Tegemist on maailma suuruselt viienda majandusega ning ka sealne kaitse-eelarve on üleilmses mastaabis suuruselt viiendal kohal. Ühendkuningriik on ÜRO Julgeolekunõukogu alaline liige, tuumariik, NATO asutajaliige ja oluline toetaja ning üks väheseid riike, kes on võimeline tegutsema ja planeerima üleilmsel tasandil. Riigi huvid langevad suures osas kokku Euroopa põhjapoolsete riikidega, kus Euroopa tasandil kõige teravamateks probleemideks peetakse Venemaa agressiooni Ukrainas ja piiririkumisi Euroopa põhja- ja idapoolsete riikide piiridel. Selle suhtes, millist rolli mängib EL kaitseküsimustes, ollakse Ühendkuningriigis aga kahtleval seisukohal. Seelses ÜJKPd käsitlevas poliitikas peetakse olulisemaks pigem reaalse kaitsevõime kui institutsioonilise tasandi arendamist ning omajagu kurikuulsust on Ühendkuningriik kogunud oma kindla vastuseisuga ELi kaitsemõõtmte täiendavale tugevdamisele – seisukoht, mida paljud teised liikmesriigid ei jaga. Pärast Brexiti referendumi ootamatut tulemust on mitu liikmesriiki esitanud ettepanekuid ELi kaitsevaldkonna edasiseks integreerimiseks. Kuna mõtteid selles suunas oli kogunenud palju, esitas liidu välisasjade ja julgeolekupoliitika kõrge esindaja Federica Mogherini hiljuti ettepanekud Euroopa Liidu üldise julgeoleku- ja kaitseküsimuste rakenduskava elluviimiseks ning nõukogu omakorda oma järeldused kõnealuse strateegia kohta.

Uurimismeetodid. Brexiti julgeolekumõju hindamisel kasutasime peamiselt kaht uurimismeetodit. Esiteks, selleks et selgitada välja Läänemere-äärsete riikide hoiakud Brexiti võimalike tagajärgede suhtes julgeolekule, korraldasime ühtekokku 67 küsitlust ametnike ja analüütikutega Taanist, Saksamaalt, Eestist, Soomest, Lätist, Leedust, Poolast, Rootsist ja ka Ühendkuningriigist. Neid vestlusi täiendas mitteametlik ülevaade Brexiti käsitlevast kirjallikust materjalist, mida on kogunenud juba väga palju. Teiseks kasutasime kõnealuse ülimalt muutliku ja ettenägematu olukorra kohta järelduste tegemiseks formaalset maatriksmeetodit, et kavandada hulk stsenaariumeid, st tõenäolisi tulevikukäsitlusi, mille alusel oleks võimalik hinnata eri poliitikavalikuid.

Seisukohad Läänemere-äärsetest riikidest. Läänemere-äärsete riikide ametnikud ja analüütikud olid üldiselt ühel nõul, et Brexit oli ootamatu ja murranguline sündmus. Üksmeelt ei valitsenud aga selle suhtes, mida toob tulevik või kuidas leevendada tõhusaimal viisil Ühendkuningriigi EList lahkumise võimalikku negatiivset mõju, kuid arvamustes võis täheldada mitut ühist joont. Enamik osalenutest tõdes, et nende riikidel on Ühendkuningriigiga julgeolekuvaldkonnas sarnased seisukohad ja lähenemisviisid, millele on pärast Brexiti ilma Ühendkuningriigi enda aktiivse toetuseta keerulisem kandepinda leida. Täpsemalt väljendati skepsist ELi kaitsevaldkonna edasise integreerimise vajaduse suhtes või siis tajuti vähemalt ohtu selles, kui seda strateegiat juhtivad riigid (nagu Prantsusmaa ja Saksamaa) peaksid sellealaseid jõupingutusi jätkama. Samas leiti, et see on paratamatu ja et tõenäoliselt oleks keeruline sellest kõrvale hoida. Paljud olid mures sellepärast, et Brexit võib kahjustada ELi olemasolevat kaitsevõimet, jahutada ELi ja Washingtoni suhteid, muuta ÜJKP suunitluse lõunapoolseks ELi idapartnerluse tegevuskava arvelt ning et ELi julgeoleku- ja kaitsepolitika konkureeriks sisuliselt NATOga. Osalt nende kahtluste tõttu arvasid küsitletud, et Ühendkuningriiki ei tohiks Brexiti läbirääkimistel kohelda üleliia karmilt ning et Ühendkuningriigile võiks tagada võimaluse osaleda pärast EList lahkumist ÜJKPs nii suurel määral kui võimalik.

Samuti leidsid vastanud, et tõenäoliselt ei ole Brexitil olulist mõju otsesele julgeolekule Euroopas ja Läänemere piirkonnas, kuna selle eest vastutab NATO ning lahkumine EList Ühendkuningriigi NATO-liikmesust arvatavasti ei mõjuta. Õigupoolest eeldasid paljud küsitluses osalenud, et kuna Ühendkuningriik suunab oma investeeringud ümber nendesse kaitsevaldkonna raamistikesse, kus ta jätkuvalt osaleb, tugevdab see NATOt, ELi-NATO koostööd ja piirkondlikke algatusi, näiteks Northern Group ja ühendekspeditsioonivägi. Teatavaid kõhklusi väljendati aga selle suhtes, kas Ühendkuningriik on majanduslikult võimeline täitma Euroopa julgeoleku vallas võetavaid kohustusi ka pikemas perspektiivis. Viimaks arvas enamik küsitletutest, et Brexitist võidab Venemaa, kuna see kahjustab läänepoolsete riikide ühtekuuluvust. Paljud tõdesid samuti, et ilma Ühendkuningriigita võib tugevneda nende ELi liikmesriikide positsioon, kes toetavad suhete normaliseerimist Venemaaga, ning et suhete klaarimisest Venemaaga võib huvitada ka Ühendkuningriik ise.

Brexit-i järgsed stsenaariumid. Euroopas pärast Brexitit valitsevat julgeolekukeskkonda on väga keeruline prognoosida ning selle väljakujunemisel rolli mängivaid tegureid iseloomustab ebastabiilsus, keerukus ja vastastikune seotus. Nendes oludes võivad stsenaariumid kujutada endast parimat vahendit tulevikku vaatamiseks ja andmeid poliitiliste otsuste tegemiseks. Stsenaariumide abil saab kindlaks teha teatavad poliitikavalikud, mis on piisavalt põhjalikud, et suurendada positiivsete tulemuste saavutamise ja negatiivsete tagajärgede vältimise tõenäosust.

Oleme välja töötanud viis stsenaariumit: Ühendkuningriik osaleb ÜJKP arendamisel, mille tugev kaitsemõõde on peamiselt suunatud kriisiohjele Lõuna-Euroopas, soodustades seeläbi tugevaid Atlandi-üleseid suhteid („kindlameelne Euroopa, pädev kriisiohje“); ÜJKPst saab suures osas idapoolsetele riikidele suunatud tsiviilinstrument, jättes sõjaliste kriiside ohje Euroopas Ühendkuningriigi ja Prantsusmaa või teataval juhudel NATO hooleks, kusjuures NATOst saab Euroopa peamine julgeolekuorganisatsioon („ülem-NATO“); ÜJKP-l on tugev kaitsemõõde, mis on peamiselt suunatud kriisiohjele Lõuna-Euroopas, kuid Ühendkuningriik selles ei osale („Vahemere Klubi välismaal“); Ühendkuningriik ei osale ÜJKPs, millest on saanud Lõuna-Euroopale suunatud tsiviilinstrument, ning lootuse kaotanud USA tõmbub Euroopa julgeolekust tagasi („ÜJKP viimane hingetõmme“); ÜJKPst saab Ida-Euroopale suunatud tsiviilinstrument, milles ei osale Ühendkuningriik, kes eelistab investeerida oma piiratud ressursid NATO tugevdamisse ning Põhjamaade ja Balti riikide julgeolekualgatuste tugevdamisse („Põhjamaade hõim“). EList lahkumise läbirääkimiste kestus neid stsenaariume kuigi palju ei mõjuta – ükskõik kui palju aega need ka ei nõuaks, on ülejäänud liikmesriigid meie eelduste kohaselt ÜJKP tuleviku teemalistel aruteludel juba alustanud ettevalmistusi Ühendkuningriigi lahkumiseks.

Järeldused ja soovitused. Nendes stsenaariumides on Euroopa (ning seega Eesti ja teiste Balti riikide) julgeoleku tagamise seisukohalt oluline sõjaline võime ja Euroopa liitlaste solidaarsus. Üksnes sõjaline võime tagab Euroopa riikidele reaalsed vahendid mitmesuguste keerukate julgeolekualaste katsumustega toimetulekuks, aidates lahendada nii julgeolekuprobleeme kui ka veenda Ameerika Ühendriike, et Euroopa julgeolek on nende abi vääriiline. Ainult solidaarsuse tingimustes on Euroopa riikidel motivatsioon seda kõike ette võtta. ÜJKP aitab tagada nii Euroopa sõjalise võime kui ka solidaarsuse. Solidaarsus on märksa tugevam stsenaariumides, kus Ühendkuningriik osaleb jätkuvalt Euroopa julgeolekus – eriti juhul, kui Ühendkuningriik saab ÜJKPs osaleda nii suurel määral kui võimalik. Seetõttu peaks Eesti Brexit-i järgse tegevuskava strateegiline eesmärk olema arendada ÜJKP raames sõjalist võimet ja läheneda Brexit-i läbirääkimistele viisil, mis võimaldaks Ühendkuningriigil panustada võimalikult suurel määral ÜJKPsse. Selle strateegilise eesmärgi põhjal esitame alljärgnevalt konkreetsemad eesmärgid. Meie arvates peaks Eesti:

1. toetama kõrge esindaja julgeoleku- ja kaitseküsimuste rakenduskava alusel ÜJKP arendamist. Seejuures on oluline kaitsta teatavaid huve:
 - a. püsivad võimed ÜJKP missioonide kavandamiseks ja läbiviimiseks peaksid oma laadilt olema tsiviil-sõjalised, et kasutada ära ELi tervikliku lähenemisviisi loomumaseid tugevusi ja vältida üleliigset – nii reaalselt kui ka oletatavat – dubleerimist NATOga;
 - b. võimete komponent peab olema tugev; taas uue hoo saanud ÜJKP ei tohi keskenduda üksnes institutsioonilisele tasandile; ELi olemasolevate võimete lüngad tuleb Brexit-i jõustudes ümber hinnata ja uut hoogu tuleb anda võimete ühisele

- arendamisele ja ühisvastutusele; võimearenduse planeerimist tuleb hoolikalt kooskõlastada NATOga; ÜJKP võimed võiks olla üks valdkondadest, millele Eesti keskendub oma ELi eesistumise ajal 2017. aasta teisel poolel;
- c. ÜJKP peab sisaldama asjakohast tegevuskava idapartnerluse jaoks. ÜJKP idapartnerluse tegevuskava taaselustamine võiks samuti olla üks teemasid, millele Eesti keskendub oma ELi eesistumise ajal;
 - d. kollektiivne kaitse peab jääma NATO pärusmaaks ja ühtlasi peab NATO jääma ainsaks Atlandi-üleste julgeolekusuhete raamistikuks;
 - e. EL ja Ühendkuningriik peavad olema valvsad Venemaa-poolsete ohtude suhtes ja nendele ohtudele asjakohaselt reageerima;
2. üksikasjalikult analüüsima Mogherini ettepanekuid ja kaaluma võimalusi edasiste meetmete võtmiseks oma ELi eesistumise ajal;
 3. ümber hindama oma tingimused seoses ELi julgeoleku- ja kaitseküsimustega ning olema valmis tegutsema koos teiste liikmesriikidega ÜJKP eestkostjana; Brexit annab kõikidele liikmesriikidele, sealhulgas ka Ühendkuningriigile, võimaluse vaadata läbi oma seisukohad ja poliitika ÜJKP suhtes;
 4. tegema jõupingutusi ELi-NATO Varssavis toimunud tippkohtumise deklaratsiooni täielikuks rakendamiseks; ELi-NATO suhted on veel üks teema, millele Eesti võiks keskenduda oma ELi eesistumise ajal;
 5. jätkuvalt seisma tugeva NATO eest; Ühendkuningriigilt oodatavad suuremad investeeringud NATOsse on liitlastele abiks alliansi tugevdamisel;
 6. uurima Põhjamaade ja Balti riikide piirkondlike julgeolekualgatuste, näiteks Northern Groupi ja ühendekspeditsiooniväe tugevdamise võimalusi ja sellega kaasnevaid riske;
 7. uurima võimalusi, et koos sarnaseid seisukohti jagavate liikmesriikidega kavandada ja ellu viia ühist huvi pakkuvaid algatusi, võimaluse korral alalise struktureeritud koostöö raames; ELi eesistumisaeg annab Eestile võimaluse näidata üles initsiatiivi, näiteks küberjulgeoleku valdkonnas.

Samuti soovime korraldada Tallinnas stsenaariumide kavandamise põhimõtetele tugineva töötoa, et poliitikakujundajad saaksid meie stsenaariumeid edasi arendada ning jõuda seeläbi ühisele arusaamale sellest, mida need stsenaariumid võiksid Eestile tähendada ning kuidas saaks ära kasutada võimalusi ja leevendada kahjulikku mõju.

*Don't cry-ee! don't sigh-ee!
There's a silver lining in the sky-ee.
Bonsoir old thing, cheerio! chin chin!
Nah-poo! Toodle-oo!
Good-bye-ee!*

From the song "Good-bye-ee!"
Written by R. P. Weston and Bert Lee, 1915

1 INTRODUCTION

1.1 THIS REPORT

This report considers the impact of the UK's exit from the European Union ('Brexit') on the security of Estonia, the Baltic Sea region and Europe more widely. Its focus is hard security – military security and defence – and in particular the possible effects of Brexit on the EU's Common Security and Defence Policy (CSDP) and on NATO. The security implications related to, for example, the economy, terrorism, and trafficking have not been considered except with regard to their potential impact on hard security. The report is the result of a 12-week study by researchers from the International Centre for Defence and Security.

In Part 1 of the report, we provide an introduction to the study and its methodology. In Part 2, by way of background, we consider the current role of the UK in defence and security and outline some of the developments that immediately followed the Brexit referendum result. In Part 3, we present summaries of the interviews we conducted with officials and researchers in Berlin, Copenhagen, Helsinki, London, Riga, Stockholm, Tallinn, Vilnius and Warsaw. Our aim in conducting these interviews was to understand the perceptions of representatives of the Baltic Sea states (and the UK itself) concerning the possible security-related consequences of Brexit. These semi-structured, non-attributable interviews were based around three research themes – the UK as a security actor, the UK's role in Baltic Sea security, and whether Brexit forms part of a bigger picture (see Annex A for further detail). In total, we spoke with 67 individuals (see Annex B for a list of their affiliations). Additionally, we reviewed some of the already very large body of written material

on Brexit. The results of this review are not presented here, but the information gathered from many press articles, opinion pieces and academic papers was used, alongside the interview findings, in the identification and elaboration of scenarios that describe possible European security arrangements after Brexit.

In Part 4 we develop several such scenarios. The character of the post-Brexit European security environment is very difficult to forecast and the many factors that will contribute to shaping it are highly uncertain, complex, and intertwined. In such circumstances, scenarios offer perhaps the best means of thinking about the future and informing policy decisions. Scenarios are not predictions, rather they provide a structured way to think about possible futures, the paths

The character of the post-Brexit European security environment is very difficult to forecast and the many factors that will contribute to shaping it are highly uncertain, complex, and intertwined

that may lead to them, and the main factors that influence the various directions they may take. Gill Ringland, a leading exponent of scenario planning, writes that,

"Scenarios are possible views of the world, providing a context in which managers can make decisions. By seeing a range of possible worlds, decisions will be better informed and a strategy based on this knowledge and insight will be more likely to succeed. Scenarios may not predict the future, but they do illuminate the drivers of change – understanding these can only help managers to take greater control of their situation."¹

The main thrust of scenario planning is thus not to identify a set of policy decisions that will increase the chances that a preferred scenario will materialise, but to identify a set of policy decisions that are sufficiently robust so as to increase the chances of realising positive outcomes and avoiding negative outcomes in a range of plausible futures. Against this background, our policy recommendations are inevitably high-level; they seek to characterise an overall strategic direction, rather than provide more detailed, tactical objectives.

¹ Gill Ringland, *Scenarios in Public Policy* (Chichester: John Wiley and Sons, 2002), 3.

Finally, in Part 5 we draw conclusions and make policy recommendations.

1.2 BREXIT AS A SYMPTOM

In common with most analyses of Brexit, and as tasked, in this report we have treated Brexit as an event and considered its potential impacts. Looking through another lens, however, some

Some commentators have interpreted Brexit not as an isolated event, but as a symptom of a wider disease

commentators have interpreted Brexit not as an isolated event, but as a symptom of a wider disease.²

This is an interpretation that most of the officials and researchers in the Baltic Sea state capitals and in London interviewed for this study felt some sympathy with, although few were able to offer a confident diagnosis of the disease itself. Some pointed to the EU, arguing that the Union was out of touch with the populations it served, and that its unelected officials had been allowed to rise to too powerful positions. Jean-Claude Juncker's 'State of the Union' address, with its lengthy prescription for yet more European integration, was highlighted by several interviewees as a masterfully inappropriate response to some of the sentiments behind Brexit.³ Others saw a widespread dissatisfaction with the usual way of politics and the usual elites, pointing to rising populism across Europe and in the US as evidence of people's search for simple solutions in a complex world. The UK referendum campaign was seen, in this respect, as a good example of the ability of non-mainstream politicians to stir up discontent. The style and agenda of UKIP in the UK is also observable elsewhere: Marine Le Pen in France, AfD in Germany, Jobbik in Hungary and Donald Trump in the US were all cited as evidence. Many also pointed to the role

² See, for example: Ruchir Sharma, "Globalisation as we know it is over – and Brexit is the biggest sign yet," *The Guardian*, 28 July 2016,

<https://www.theguardian.com/commentisfree/2016/jul/28/era-globalisation-brexit-eu-britain-economic-frustration>; Shane Ferro, "How Brexit Fits Into The New World Order," *The Huffington Post*, 27 June 2016, http://www.huffingtonpost.com/entry/brexit-populism_us_576d7ccbe4b017b379f5dd46.

³ Jean-Claude Juncker, "State of the Union Address 2016: Towards a better Europe - a Europe that protects, empowers and defends" (speech, Strasbourg, 14 September 2016), European Commission Press Release Database, http://europa.eu/rapid/press-release_SPEECH-16-3043_en.htm.

of the media in building momentum behind these movements. Still others referred to a perceived failure of globalisation to deliver benefits to all but an elite few.

Further, most interviewees who spoke on this point felt that little was being done to address the underlying problems; indeed many felt that there was little to be done and that this was a political upheaval that simply had to be lived through. There would be more 'Brexit-like' events. Such a world would be highly dangerous and unpredictable. If it emerges, the security consequences of Brexit will look very insignificant indeed.

1.3 THE TRUMP WIN

The election of Donald Trump to the US presidency is, unquestionably, such a 'Brexit-like' event. The field research for this report was conducted before the November election. The possibility of a Trump victory was taken seriously by very few of our interlocutors, and it is not an eventuality that features in our scenario analysis – Brexit, not the US election, is the subject of this report.

While we believe that our analysis remains valid, it is based on assumptions that in the wake of the Trump win are perhaps more fragile than would be the case had Hillary Clinton prevailed. Principal among these is the belief that under the new administration, the US will continue to value a strong transatlantic relationship, expressed primarily through NATO. Trump's suggestions during the

The election of Donald Trump to the US presidency is, unquestionably, a 'Brexit-like' event

campaign that the Alliance was obsolete and that the collective defence guarantee would be conditional upon Allies paying a "fair share" are well known, as are the reassurances offered by President Obama (but not by Trump himself) after the election.⁴ It remains too early to make

⁴ Demetri Sevastopulo and Geoff Dyer, "Trump brands Nato 'obsolete' ahead of tough Wisconsin primary," *The Financial Times*, 3 April 2016, <https://www.ft.com/content/0f397616-f9b8-11e5-8e04-8600cef2ca75>. Ben Jacobs, "Donald Trump reiterates he will only help Nato countries that pay 'fair share'," *The Guardian*, 28 July 2016, <https://www.theguardian.com/us-news/2016/jul/27/donald-trump-nato-isolationist>. Juliet Eilperin and Greg Jaffe, "Meeting the press for first time since Trump's win, Obama says president-elect is committed to NATO," *The Washington Post*, 14 November 2016,

credible forecasts about the future transatlantic relationship, the shape of NATO, or the US's relationship with the EU, with Russia or with key bilateral partners under a Trump presidency. It is plausible, for example, that the US will disengage from NATO and that the UK will follow, believing its interests are best satisfied through a revitalised 'special' relationship. It is also plausible that in such circumstances the UK would commit more strongly to NATO, and perhaps also the CSDP, to counterbalance US disinterest. It is further possible that the US will not give up on NATO at all. At present, the surprise outcome of the US election merely adds another layer of uncertainty to that already created by Brexit.

2 BACKGROUND. THE UK AS A DEFENCE AND SECURITY ACTOR

The UK is a defence and security actor of considerable prominence. It is the world's fifth largest economy, and has the world's fifth largest defence budget.⁵ It is a permanent member of the UN Security Council, a nuclear state, a founder member of and major contributor to NATO and, as a former imperial power, one of only a handful of countries able to act, and just as importantly to think, on a global scale. It embraces a role of projecting "power, influence and values ... to build wider security, stability and prosperity".⁶ UK soldiers, sailors and air crews have thus been in combat somewhere around the globe in every year since at least 1914.⁷ However, the UK is somewhat selective in the defence and security institutions through which it chooses to operate, for example in 2016, on a per capita basis it ranks only 17th of 40 European nations in its average troop contributions to UN peacekeeping operations. In this section of the

https://www.washingtonpost.com/politics/meeting-the-press-for-first-time-since-trumps-win-obama-says-new-president-is-committed-to-nato/2016/11/14/b90dbf7c-aa92-11e6-a31b-4b6397e625d0_story.html.

⁵ International Monetary Fund, "World Economic Outlook Database", International Monetary Fund, <http://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx>. Stockholm International Peace Research Institute, "SIPRI Military Expenditure Database", SIPRI, <https://www.sipri.org/databases/milex>.

⁶ HM Government, *National Security Strategy and Strategic Defence and Security Review 2015. A Secure and Prosperous United Kingdom. Cm 9161* (London: HMSO, November 2015), 13.

⁷ Ewen MacAskill, and Ian Cobain, "British forces' century of unbroken warfare set to end with Afghanistan exit," *The Guardian*, 11 February 2014, <https://www.theguardian.com/uk-news/2014/feb/11/british-forces-century-warfare-end>. In anticipating Britain's withdrawal from Afghanistan later in the year the article was premature; Britain joined the US-led coalition against ISIL in September 2014.

report, we examine the UK's present-day contribution to European security

The UK is one of only a handful of countries able to act, and just as importantly to think, on a global scale

arrangements and to Baltic Sea security, focusing first on the CSDP; while the CSDP's direct role in Baltic Sea security may be small, it is here that the direct impact of the UK's exit from the EU is likely to be first felt.

2.1 THE COMMON SECURITY AND DEFENCE POLICY

The UK, together with France, launched the process that has evolved into the CSDP at the St Malo Summit in 1998. However, the UK's enthusiasm for a European defence dimension was short-lived and soon gave way to its more traditional scepticism about the place of the EU in defence matters. Whereas in the first decade of the millennium the UK had seen an EU defence dimension as a valuable complement to NATO and as a potentially useful vehicle for persuading other member states to develop usable military capability, more recent policy statements downplay the military aspects of the CSDP, leaving the serious business of defence to NATO alone. For example, a 2015 policy paper states that:

"The EU, through CSDP, has a range of capabilities (including political, financial, legal, military and developmental) that can be brought to bear in a comprehensive approach to crises, supplementing NATO's higher intensity military activities and longer-term stabilisation and development work. For the UK, putting the Comprehensive Approach to work requires smarter missions and operations, harnessing the EU's crisis management potential and working better with NATO."⁸

Figure 1 collects some illustrative statistics on European nations' defence spending, personnel numbers and contribution to CSDP operations.

⁸ Ministry of Defence (UK), *Policy paper 2010 to 2015 government policy: international defence commitments*, London: Ministry of Defence, May 2015.

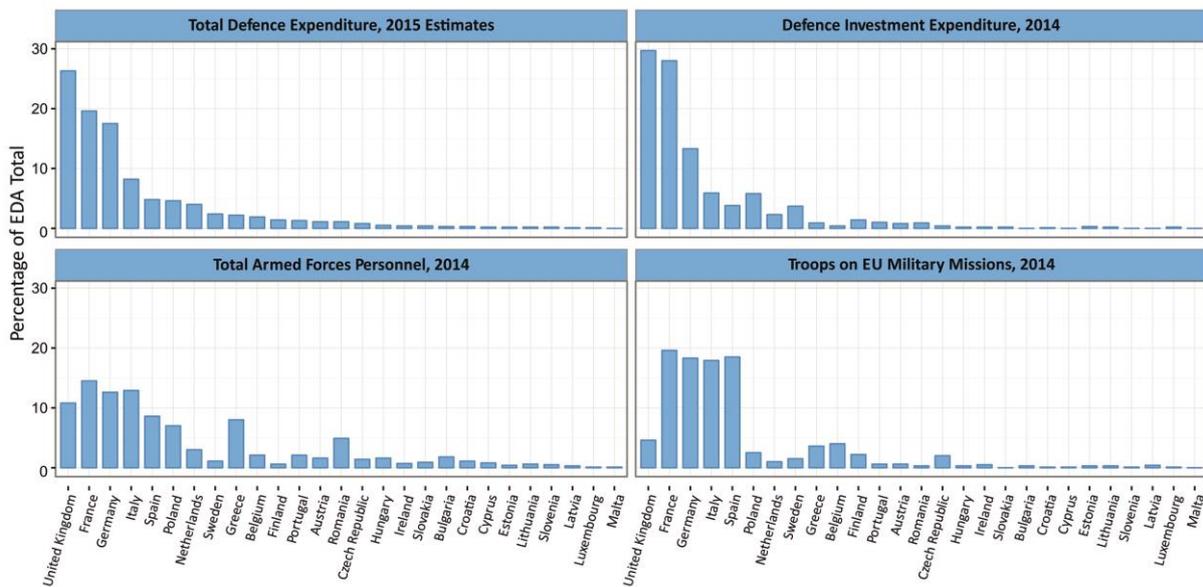


Figure 1. EU Member States: Defence Statistics. Sources: EDA, Global Peace Operations Review.[†]

The UK's defence expenditure is more than a quarter of the total of that of the EDA members (the EU member states less Denmark, which opts out of the CSDP) and its defence investment expenditure – in many ways a better measure of a nation's defence

consistently blocked increases to the budget of the European Defence Agency (EDA), preferred to cooperate on defence with European partners (especially France) on a bilateral basis, and continued to proclaim its long standing opposition to the building of EU defence institutions, in particular an EU operational headquarters, even after the Brexit referendum result.⁹

The UK's interests are more aligned with the northern tier of Europe, which sees addressing Russian aggression in Ukraine and Russian threats to Europe's north-eastern borders as more pressing challenges

Additionally, the UK is perceived to be one of the EU's (and NATO's) stronger advocates of the 'eastern agenda'. While not belittling the threats of, for example, extremism and

contribution – almost 30% of the total. It has more than 10% of the total armed forces personnel of the EDA member states, indicating a healthy ratio of defence expenditure per military, yet it contributes less than 5% of the total number of troops on EU military missions. France, Germany, Italy and Spain are all considerably larger contributors in this regard.

uncontrolled migration from Europe's southern flank and seeing value in the EU having a role in crisis management in these areas, its interests are more aligned with the northern tier of Europe, which sees addressing Russian aggression in Ukraine and Russian threats to

More broadly in its policies towards the CSDP, the UK places more value on the development of defence capability than it does on the development of defence institutions. In pursuing this agenda, it has achieved a certain level of infamy for its perseverance in obstructing the further development of the CSDP against the wishes of many other members of the Union. It has, for example,

[†]Defence expenditure and armed force numbers: European Defence Agency, "Defence Data Portal," <https://www.eda.europa.eu/info-hub/defence-data-portal>. Monthly average numbers of troops deployed on EUFOR Althea, EUFOR RCA, EUTM Mali, EUNAVFOR Somalia/Atalanta, EUTM Somalia (2014): Global Peace Operations Review, "Data Download," <http://peaceoperationsreview.org/data-download/>.
⁹ Robin Emmott, "Risk of 'Brexit' deals further blow to EU defense hopes," *Reuters*, 9 December 2015, <http://uk.reuters.com/article/us-europe-defence-analysis-idUKKBN0T51Q720151209>. Pierre Briancon, "Brexit or not, France and Britain deepen military alliance," *Politico*, 5 July 2016, <http://www.politico.eu/article/brexit-or-not-france-and-britain-deepen-military-alliance-lancaster-treaties-defence-david-cameron-nicolas-sarkozy/>. Jacopo Barigazzi, "Britain digs in against 'EU army,'" *Politico*, 27 September 2016, <http://www.politico.eu/article/britain-digs-in-against-eu-army-u-k-defence-minister-michael-fallon/>.

Europe's north-eastern borders as more pressing challenges.¹⁰

2.2 DEVELOPMENTS IN THE CSDP AFTER THE BREXIT REFERENDUM

The Brexit referendum result was largely unexpected, and was straightaway interpreted as a major event in UK and European politics. One German commentator, for example, claimed that (next to the fall of the Berlin Wall) Brexit was “the second great seismic shift of my lifetime”.¹¹ In terms of UK defence policy, the Deputy Director General of the Royal United

The UK has been keen to stress that its commitments to NATO will not be affected by Brexit; indeed it may wish to do more in the Alliance by way of recompense

Services Institute warned that leaving the EU, “would be as significant a shift in national strategy as the country’s decision in the late 1960s to withdraw from bases East of Suez”.¹² Apparently sensing an opportunity to make progress on defence integration once the UK was out of the way, several member states were quick to make proposals in this direction. The Hungarian and Czech prime ministers both called for a European army.¹³ The Italian foreign and defence ministers called for a Schengen-style arrangement for European defence.¹⁴ An informal paper was drawn up by Finland and circulated a week ahead of the EU defence ministers’ meeting in Bratislava on 27 September, noting that the EU had a need for strategic autonomy and should draw up a plan for joint military capabilities. It also proposed establishing an EU centre of excellence for

hybrid threats.¹⁵ The most substantial proposals came from France and Germany, later supported by Italy and Spain in the form of a letter from the four countries’ defence ministers to their EU counterparts calling for strategic autonomy in the operational and industrial dimensions, to include the permanent capacity to plan and conduct operations (especially in Africa) and financial mechanisms to support these, stronger capability development processes including deeper coordination between the EU and NATO capability planning processes, a strengthened European Defence Technological and Industrial Base, and an enhanced strategic partnership with NATO.¹⁶ These ideas have since formed the basis, in somewhat watered down form, for proposals by Federica Mogherini (the High Representative of the Union for Foreign Affairs and Security Policy/Vice President of the European Commission and Head of the European Defence Agency) for the implementation of the EU Global Strategy in the area of security and defence, and for Council conclusions on implementing the EU Global Strategy in the area of security and defence.¹⁷ These very rapid developments have, if anything, been given further impetus by the uncertainty created by the US presidential election victory of Donald Trump.¹⁸

2.3 NATO

In contrast to its unenthusiastic participation in the CSDP, the UK is a major player in NATO – the primary guarantor of the security of the Baltic Sea region Allies. The UK is one of only five Allies to meet the NATO guideline of spending 2% of GDP on defence.¹⁹ It has also recently agreed to act as the framework nation

¹⁰ See, for example: David Alexander and Adrian Croft, “U.S. defense chief voices fear of north-south NATO divide,” *Reuters*, 5 February 2015, <http://www.reuters.com/article/us-nato-usa-hagel-idUSKBN0192D220150205>; Francisco de Borja Lasheras, “East-South security trade-offs: towards a European security compromise,” *European Geostrategy*, 6:33(2014), <http://www.europeangeostrategy.org/2014/04/east-south-security-trade-offs-towards-european-security-compromise/>.

¹¹ Constanze Stelzenmüller, “Does Brexit portend the end of European unity?” *The Washington Post*, June 25 2016, https://www.washingtonpost.com/opinions/global-opinions/does-brex-it-portend-the-end-of-european-unity/2016/06/25/74e27d4a-3a5a-11e6-817c-d4c723a2becb_story.html?hpid=hp_no-name_opinion-card-d%3Ahomepage%2Fstory&utm_term=.92495c7c7aad.

¹² Malcolm Chalmers, *Would a New SDSR Be Needed After a Brexit Vote?* RUSI Briefing Paper, June 2016.

¹³ EUBulletin, “The Post-Brexit Hunt for an EU Army: Visegrad Pushes for Joint European Defense,” *EUBulletin*, 29 August 2016, <http://www.eubulletin.com/5996-the-post-brex-it-hunt-for-an-eu-army-visegrad-pushes-for-joint-european-defense.html>.

¹⁴ Ministry of Foreign Affairs (Italy), “Gentiloni and Pinotti:

‘Establishing a Schengen-like Defence Agreement to respond to terrorism’”, Press Archives, 11 August 2016, http://www.esteri.it/mae/en/sala_stampa/archivionotizie/interviste/2016/08/gentiloni-e-pinotti-una-schengen.html.

¹⁵ Andrew Rettman, “Finland calls for ‘pragmatic’ EU defence”, *EU Observer*, 27 September 2016, <https://euobserver.com/foreign/135244>.

¹⁶ Andrew Rettman, “France and Germany propose EU ‘defence union’”, *EU Observer*, 12 September 2016, <https://euobserver.com/foreign/135022>. Arthur Beesley, “Italy and Spain warm to EU defence co-operation”, *The Financial Times*, 12 October 2016, <https://www.ft.com/content/ddad201e-50c9-36fc-b694-8e9522fb9323>.

¹⁷ Council of the European Union. “Implementation Plan on Security and Defence.” 14392/16, 14 November 2016. Council of the European Union, “Council Conclusions on implementing the EU Global Strategy in the area of security and defence, adopted by the Council at its 3498th meeting held on 14 November 2016,” 14149/16, 14 November 2016.

¹⁸ Robin Emmot, “Europeans agree defense plan after campaign swipes by Trump,” *Reuters*, 14 November 2016, <http://www.reuters.com/article/us-eu-defence-idUSKBN1391HH>.

¹⁹ 2016 estimates. NATO Public Diplomacy Division, *Defence Expenditures of NATO Countries (2009-2016)*, *Communiqué PR/CP(2016)116*, 4 July 2016, http://www.nato.int/cps/en/natohq/news_132934.htm.

for the NATO multinational battalion to be deployed in Estonia under NATO's Enhanced Forward Presence, as well as contributing to the battalion to be deployed in Poland.²⁰ The UK has been keen to stress that its commitments to NATO will not be affected by Brexit; indeed it may wish to do more in the Alliance by way of recompense. Speaking on BBC Radio in July, for example, UK Defence Secretary Michael Fallon stated that,

"NATO is the cornerstone of our defence... we'll be doing more in NATO to compensate for our withdrawal from the EU. That's the purpose of the [Enhanced Forward Presence] deployment we're announcing today."²¹

2.4 OTHER SECURITY FRAMEWORKS

While the Baltic Sea security environment is primarily framed by the policies and actions of NATO and the EU, there are other international organisations that play a smaller part. The UN Security Council only occasionally concerns itself with European matters or with global security matters that have a direct impact on European security.²² After Brexit, the EU will lose one permanent seat on the Council, leaving France as the only EU member state permanently sitting in this body. Likewise, the EU member state count will be reduced in the G7 and G20, although the EU itself participates as a 'non-enumerated' member of the G7 and a full member of the G20. However, as the members of these bodies represent themselves rather than the EU in these frameworks, and as there is no evidence to suggest that the UK's policies towards these

The UK-Estonian bilateral relationship is not realised through the EU and there is no reason to believe it will be significantly affected by Brexit

frameworks will change with Brexit, the effect of the UK's departure is likely to be limited to a weakening of the UK's own standing. The OSCE plays a larger role in Baltic Sea security through its activities in military transparency and arms control, transnational threats, human rights and conflict resolution. The EU delegation to the OSCE coordinates and represents the positions of EU member states in non-decision-making bodies, and can also represent the consensus views of the member states in decision-making bodies.²³ After Brexit, the EU will be able to speak only for 27 nations, arguably weakening its position slightly. However, as there is again no indication that Brexit will result in a change in UK policy towards the OSCE, the overall impact in this organisation is likely to be minimal.

Of more immediate relevance, the UK also participates in a number of regional arrangements that focus on security in northern Europe. These include: the Northern Group, a collaborative defence group of northern nations conceived by the UK in 2010; the Joint Expeditionary Force (JEF), a flexibly configurable, UK-led pool of high-readiness forces; and SUCBAS, a framework for Baltic Sea surveillance information exchange.²⁴ (See Annex C for further details of the membership of these, and other, Nordic-Baltic security

frameworks). The impact of Brexit on these frameworks is discussed in parts 3 and 4 of this report.

The UK-Estonian bilateral relationship is a strong one, including in defence and also in areas such as cyber. This relationship is not, however, realised through the EU and there is

²⁰ Matthew Holehouse and Ben Farmer, "British troops to defend Baltics against Russia in new Nato mission," *The Daily Telegraph*, 14 June 2016, <http://www.telegraph.co.uk/news/2016/06/14/british-troops-to-defend-baltics-against-russia-in-new-nato-miss/>.

²¹ Jessica Elgot and Claire Phipps, "Cameron names Sir Julian King as UK's new EU commissioner – as it happened," *The Guardian*, 8 July 2016, <https://www.theguardian.com/politics/live/2016/jul/08/theresa-may-next-prime-minister-andrea-leadsom-politics-live?page=with:block-577f6b23e4b04ae4a10b9ab0>.

²² Of 58 Security Council Resolutions adopted from January to mid-November 2016, only 3 directly concern European security issues (Cyprus (2), and Bosnia and Herzegovina), a further 2 concern technical aspects of the International Criminal Tribunal for the former Yugoslavia, and 7 are related to global security challenges (human trafficking, non-proliferation (2), aviation security, civilians in armed conflict, post-conflict peacebuilding, and sexual exploitation in peacekeeping operations). United Nations Security Council, "Security Council Resolutions," United Nations, <http://www.un.org/en/sc/documents/resolutions/2016.shtml>.

²³ European Union External Action, "Organisation for Security & Co-operation in Europe (OSCE)," European Union, https://eeas.europa.eu/diplomatic-network/organisation-security-co-operation-europe-osce/2297/organisation-for-security-co-operation-in-europe-osce_en.

²⁴ Elisabeth Braw, "Europe's Northern Group," *World Affairs Journal Transatlantic Connection Blog*, 11 June 2015, <http://www.worldaffairsjournal.org/blog/elisabeth-braw/europe%E2%80%99s-northern-group>. George Allison, "UK-led Joint Expeditionary Force to sail in Autumn," *UK Defence Journal*, <https://ukdefencejournal.org.uk/uk-lead-joint-expeditionary-force-sail-autumn/>. SUCBAS, "SUCBAS Rationale," SUCBAS, <http://sucbas.org/>.

no reason to believe it will be significantly affected by Brexit.

2.5 THE UK'S OWN SECURITY AFTER BREXIT

The Brexit referendum debate in the UK was largely dominated by the leave campaign's issue of choice, immigration. Security questions did not feature heavily and to the extent that they did, were more focused on issues such as intelligence sharing and terrorism than on hard security and defence. Inevitably, the leave campaign's evocation of the spectre of the 'European army' was able to gather far more attention than the more abstract 'stronger together' message of the remainers. The UK's clear military prowess, meanwhile, was used to argue that the impact of Brexit on security would be felt much more by the rest of Europe than it would be by the UK itself. In considering the impact of Brexit on the armed forces and defence, a House of Commons

The status of Scotland and, especially, the UK economy are the most likely areas in which Brexit will have an impact on the UK's own security

Library Briefing Paper, for example, was more concerned with the implications for the CSDP than for the UK itself. It does, however, concede that economic difficulties might affect the affordability of the defence equipment plan, and that a second Scottish independence referendum would raise once more questions about the basing of the nuclear deterrent.²⁵ These two issues – the status of Scotland and, especially, the UK economy – are indeed the most likely areas in which Brexit will have an impact on the UK's own security; however, the magnitude and nature of this impact cannot be assessed with any confidence at present.

²⁵ Vaughn Miller, ed., *Brexit: Impact Across Policy Areas*, Briefing Paper Number 07213 (London: House of Commons Library, 2016), 153-164. Published in August 2016, after the referendum.

3 BREXIT: PERCEPTIONS FROM THE BALTIC SEA STATES

In this part of the report, we summarise, without comment or analysis, the views of our interlocutors in Berlin, Copenhagen, Helsinki,

Denmark has always trusted the UK to hold the line against those who have wanted deeper integration in the EU

London, Riga, Stockholm, Tallinn, Vilnius and Warsaw. Two points should be stressed. First, the UK vote to leave the EU was unexpected and, at the time the interviews were conducted, recent. Few policy makers or analysts had had opportunities to develop concrete positions and ideas, and there was limited consensus, even in individual capitals, as to what Brexit might mean and on how to move forward. Many interlocutors thus spoke to us in personal, rather than official capacities. Second, the situation, at least as far as the CSDP is concerned, was rapidly evolving. The various proposals for the further development of CSDP referred to above appeared during the course of our research. Those interviewed later in the study spoke on the basis of more information, making their positions perhaps more informed than those of earlier interviewees.

3.1 DENMARK

For Denmark, Brexit is bad news. The Danes consider that they have a special relationship with the UK and the British way of doing things has been a model for them; in particular, Denmark has always trusted the UK to hold the line against those who have wanted deeper integration in the EU. Denmark also believes that the UK armed forces have been important in EU military and crisis management efforts. Brexit will leave serious gaps, and the UK will be hard to replace. In this regard, Danish interlocutors expressed concern that there would be a difficult transition period once the UK has left, but before the necessary new arrangements have been put in place. It is possible that there will be some years of

hindrance and paralysis before the EU is once again able to conduct operations.

The Danes were thus somewhat sceptical of the prospects for further developing the CSDP. They do not see any real will anywhere in the EU to establish additional military structures. Nor do they believe that there will be substantial

Brexit will reinforce elements of the kind of world order that the Russians would like to see: a loose collection of nation states rather than tightly-knit groupings that exclude Russia

defence spending increases in the EU countries to make the CSDP more credible. With the EU's best equipped and trained military force out of the picture, it is not hard to draw the conclusion Brexit will adversely impact the goal of strengthening the EU's military capabilities and security cooperation.

Nonetheless, Denmark expects that France and Germany will make an effort to drive the CSDP forward. They believe that the proposed logistics and military medical unit would compensate for capabilities that will disappear after Brexit, and that cooperation in military procurement through the EDA would be helpful. But Danish experts are sceptical, given the history of EU military cooperation, that these ideas can be easily achieved. In any case, Denmark cannot and will not participate in the EDA. Danish experts also pointed out the serious differences between Germany and France over European defence and security cooperation, with France usually more active and Germany more cautious, searching for softer and less military solutions. They expect that this difference will also be a fault line in the future; how it will be resolved is a key question.

On the positive side, though, the Danes expect there is a good chance that Brexit will strengthen Nordic-Baltic defence cooperation. The UK will continue to focus on its contribution to NATO (including, with Denmark, its contribution to Enhanced Forward Presence in Estonia), but at the same time it might become more involved in the Northern Group, perhaps

even in NORDEFECO. Thus, Brexit could actually strengthen security in the Baltic Sea region.

More broadly, the Danes are concerned over the future of the link between the US and the EU, which the UK has previously provided. Also, it was widely felt in Copenhagen that Russia is happy with Brexit, and believed that it provided resources to support those who wanted the UK to leave the EU. Brexit will reinforce elements of the kind of world order that the Russians would like to see: a loose collection of nation states rather than tightly-knit groupings that exclude Russia or condemn it to being a relatively minor player. Meanwhile, the Danes worry that Brexit may also prompt other exits from the EU, notably by the Netherlands, the Czech Republic, or Denmark itself.

Finally, Brexit has narrowed Denmark's choices in its own dealings with the EU since, in the post-Brexit climate, the government will not feel able to put Denmark's unique positions with respect to the EU to referendum again. Denmark has opt-outs from the Maastricht Treaty in the euro, common citizenship, justice and home affairs (including Europol) and the CSDP – the CSDP opt-out is a particularly solid one, strongly supported by public opinion. These opt-outs were designed to retain a degree of sovereignty, but many interlocutors

In Estonia, interviewees generally felt that while the nature and scale of the impacts of Brexit were hard to forecast, they were unlikely to be positive in the longer term

complained that their effect has in fact been to reduce Danish influence, and that full engagement could have been more beneficial.

3.2 ESTONIA

In Estonia, interviewees generally felt that while the nature and scale of the impacts of Brexit were hard to forecast, they were unlikely to be positive in the longer term. Looking to the short term, interlocutors suggested that Brexit should change very little – in particular as regards Baltic Sea security, where the day-to-day

contribution of the CSDP is minimal. Further, the UK has stressed that it is leaving the European Union, not Europe, and there is no reason to expect that its serious commitment to defence and security, realised largely through NATO, will be affected.

Estonians feel that within the EU they share many interests with the UK, and these will be harder to pursue once the UK voice is lost – they do not see any other nation that is willing or able, post-Brexit, to step into the UK's role of counterweight. In particular, Estonia worries that it may be harder to maintain sanctions on Russia, that NATO will be duplicated, and that the transatlantic nature of European security will be threatened; beyond the security field, Estonian and British positions on free trade, liberal markets, anti-protectionism and the digital single market were also felt to be close.

Brexit may also make defence integration in the EU easier. While Estonia would not support ambitious schemes such as the 'European army', which it regards in any case as entirely unrealistic, there are more pragmatic options, such as the creation of an operational headquarters, that Estonia could support. In general, integration is regarded by Estonia as a good thing for its security, although it recognises that further institutionalisation of the EU may bring unintended consequences, and is concerned that post-Brexit developments may push the CSDP towards a 'French' (interventionist and southern-focused) model, which may not be in its own best interests. Estonian interlocutors recognised that they would face pressure to support such a model and would find it difficult not to take part. At the same time, they did not support the idea of a two-speed model for defence, in which participation in the core group would not be open to all.

More practically, a UK withdrawal from the CSDP will lead to gaps in CSDP operations – in particular in maritime operations, where force generation is always a problem; and make it difficult for the UK to continue acting as a framework nation in the EU Battlegroups concept, throwing its participation in this project into doubt. For these reasons, Estonia would wish to see the UK closely associated with the CSDP after Brexit. It does, though,

recognise the dilemma that the EU faces in its Brexit negotiations with the UK; the UK cannot get a better deal than it currently has if others are to be discouraged from trying to hold the EU to ransom in future.

Some officials expected that the UK would compensate for its withdrawal from the EU by putting more effort into NATO, although there was a recognition that it already does a great deal in the Alliance and that its resources are finite. In particular, Estonian officials looked forward to a stronger UK commitment to Baltic Sea security, noting the UK's increasing interest in the region over the course of the past few years. In this regard, the UK is likely to put more effort into the Northern Group and the JEF, although the role and utility of these formations to nations other than the UK itself is not easy to

The UK cannot get a better deal than it currently has if others are to be discouraged from trying to hold the EU to ransom in future

define, nor is their connection to NATO arrangements. There was also an expectation that the UK might put more effort into finding a solution to the longstanding problem of EU-NATO relations, including a better defined division of labour.

Looking further ahead, Estonian interlocutors expected that Brexit would have adverse economic consequences and a consequent reduction in the UK's defence budget. The greatest fear was that the UK will not be able to sustain the commitments it has made to the region under NATO's Enhanced Forward Presence. Interviewees also expected that the UK-US relationship would suffer as the US will prefer to deal with France and Germany instead, and that the UK's weight in Europe and on the world stage would be weakened as a result.

3.3 FINLAND

Brexit is generally felt to be bad news in Finland, which since 1995 when it became a member of the EU, has found London a soulmate: a fellow adherent of a practical, no-nonsense approach – slow, but sure when ideas are ripe.

The UK's leadership in the EU will also be missed – although the UK has often been less than enthusiastic about CDSP, it has provided leadership and it is unclear to the Finns who will pick up the slack after Brexit. Furthermore, many useful military capabilities will be lost with the British exit, requiring alternative resources to be developed if the EU wants to attain strategic autonomy; in particular for situations in which NATO cannot or does not wish to be involved. Finnish interviewees were thus keen to see the building of a pragmatic European partnership in security and defence, including as much UK/EU cooperation as possible after Brexit. They observed, however, that this would depend on what form Brexit would take. Another great loss will be the EU's link to Washington through the UK.

The focus of the rather lively Brexit debate in Finland has thus been squarely on the various practical issues related to the British departure and has led to Finland producing a non-paper on proposals for CSDP development. The experts interviewed in Helsinki went to great lengths to emphasise that the Finnish paper does not mean that the EU should create its own permanent military force and military headquarters. However, closer and wider intelligence gathering and sharing arrangements will be necessary. There is also a large amount of detail to be addressed. Finnish interlocutors pointed, for example, to: the fair division of the UK's positions in the EU Commission, parliament and agencies; the budgets of the EDA and EU Satellite Centre; the EU's ability to use the operational headquarters in Northwood; the command structure for EUFOR Althea; and the future use of the Athena mechanism.

Interviewees commented that the UK has been strongly committed to NATO, but has not closed

the doors on cooperation with non-NATO partner countries; a similar form of good cooperation could continue with the UK outside of the EU. For the Finnish experts, UK participation in some form ought to be possible, especially if a Centre of Excellence dealing with hybrid threats were to be established in Helsinki – just as non-NATO partners are welcome to participate in the various NATO Centres of Excellence. A more unified EU should also, perhaps paradoxically, be in the British interest.

Finnish interviewees suggested that Finland should seek to participate in the JEF to enhance cooperation with the UK. In connection to this they noted that many in Finland think that the British contribution to NATO's Enhanced Forward Presence in Estonia will be separate from the British assets in the JEF, but this will not be the case. Finland also welcomes the growing UK interest in NORDEFCO and, in

Brexit is generally felt to be bad news in Finland, which since 1995 when it became a member of the EU, has found London a soulmate: a fellow adherent of a practical, no-nonsense approach

particular, in the Northern Group. There is a proposal currently on the table to have the Northern Group, which so far has convened in the margins of other Nordic meetings, to meet regularly in its own right.

To further maintain and strengthen its ties with the UK even after Brexit, Finland has this summer signed a Statement of Intent with it on defence and security issues. Like the statement signed by the UK and Sweden, the Finnish-British statement make practical cooperation easier in fields such as materiel, research, procurement, logistics, maintenance, the development of common operational concept and doctrine within NATO/EU framework, and education, training, and exercises.

3.4 GERMANY

Germany considers that the protestant ethics it shares with the UK, as well as Sweden, Denmark, Finland, and the Baltic states, mean that these countries have a similar approach to dealing with the EU's bureaucracy. With Brexit, Germany believes it is losing an ally in many policy issues – foreign policy, the role of the state in the economy, the open nature of the EU, the emphasis on economic competitiveness – and expects that it will be harder to find

Germany believes it is losing an ally in many policy issues. This will expose the limits of German leadership rather than strengthen it

majority support on these issues. This will expose the limits of German leadership rather than strengthen it and lead the EU to be more southern dominated, and thus less German. The Brexit referendum has resulted in more interest from Sweden and Denmark to work with Germany, while Norway has been quite explicit that Germany will now replace the UK as its most important ally in Europe. Apart from defence and intelligence, German-US relations are good, but Germany expects that the UK will lose influence with the US, which values the UK's engagement in EU discussions and decision making. A further uncertainty is whether the UK will remain intact; Scottish independence would have a huge negative impact and cause London to think about how to maintain the nuclear deterrent.

Germany's role, meanwhile, has certainly grown and changed from security consumer to security provider – all the Central and Eastern European countries made clear that they expected Germany to do more after Crimea. So, for example, Germany shaped NATO's recent structural adaptation, contributes to air policing and the AWACS programme and will be a framework nation for NATO's Enhanced Forward Presence in Lithuania. However, Germany cannot take too big a role in defence for political reasons. It may do more, including in the Baltic region, but will not advertise this as defence is still a very difficult issue to communicate to the German public. Germany has been clear, for example,

that it will not spend 2% of its GDP on defence. After Brexit, Germany is therefore more likely to pick up the UK's economic agenda, than its defence agenda.

The Franco-German defence initiative was, according to German interviewees, a reaction to Brexit to show solidarity amongst the 27, in an area where it is easy to show results and to find consensus. Most of the ideas presented in the paper are not new but are intended to bring about a more practical approach. Even so, Germany does not expect the European Defence Union to be operational any time soon. Germany believes that the EU needs the capability to plan and conduct operations, and to have military capabilities such as strategic transport and a medical command available to it. But in finding solutions to these capability gaps, the EU should not compete with NATO, which remains the overarching framework for security for Germany. Germany also wants to invest in better European defence procurement and defence industry initiatives. It is wary of European defence arrangements being a vehicle for French defence industry interests, but this will not be a deal-breaker.

Germany does not believe that the UK should be punished in the Brexit negotiations, as this will only create additional problems. However, the Germans are frustrated that nothing can be decided until the UK invokes Article 50. In the CSDP, the EU will lose a strong army and a strong ally, meaning that the burden will increase for the others, even if the UK has not

Putin will not confront NATO, but would be happy to see Article 5 hollowed out from the inside

played a large role. Germany believes that there is benefit in closer defence cooperation and thus hopes that the UK will quickly realise that aligning itself with the CSDP is the only way to have weight and relevance, particularly if it no longer participates in the single market. The UK's participation in EU missions (which could continue after Brexit) is less important than the world view and experiences it brings to the table, and its capabilities. It would thus be useful to find an arrangement that would allow the UK to take part in implementing the EU's

new Global Strategy. Further, keeping the UK outside would mean strengthening the already more substantial NATO leg of security policy – there is nothing to be gained from playing one organisation off against the other.

More widely, Germany believes that Russia will benefit from Brexit and its impact on collective action by the West. Putin will not confront NATO, but would be happy to see Article 5 hollowed out from the inside. Germany's own views about Russia have also shifted, not least because Russia is meddling in German politics by supporting the nationalist Alternative for Germany (AfD) and in the US presidential campaign.

3.5 LATVIA

Interviewees in Latvia said that Brexit will mean the loss of a like-minded nation and a crucial partner in preventing unwelcome developments such as common EU armed forces or initiatives that would lead to duplication with NATO. Noting the palpable excitement in Paris, where policymakers see a great opportunity to push ahead with their notion of 'EU strategic autonomy', they argued that Riga must stay at the core of EU integration. Latvia sees a need to strengthen relations with Germany and hedge against a potential unravelling of NATO due to political developments in the US, and is not against greater integration in areas where EU-wide

Riga hopes that London will exploit regional platforms such as the Northern Group and NB8 to remain involved in European defence

solutions are needed (for example, maritime and border security, migration control). On the other hand, it remains insistent that EU defence initiatives should not undermine NATO, its collective defence, or US engagement in European defence.

Riga does not view the idea of an EU defence union idea as credible or having much impetus. With the exception of France, it is being driven by countries that are not serious about defence, exposing the gap between the rhetoric needed to bolster the EU itself and the stark realities of national defence capabilities. Germany, for

example, will need about a decade to become a major political and military power at the heart of the CSDP, even if the 2017 elections result in a government favourable to building such a position. Interviewees saw too much

Latvia remains insistent that EU defence initiatives should not undermine NATO, its collective defence, or US engagement in European defence

integration fatigue in the EU for the defence union idea to advance any farther than an à la carte menu, and do not expect Paris or Berlin to push the cautious or sceptical nations too far, as they understand such a posture and respect national sovereignty in defence. Latvia hopes, however, that the UK will build strong defence relations with the EU, perhaps continuing to participate in the CSDP.

Experts and policymakers are convinced, however, that the UK's commitments to NATO will remain intact and, indeed, will be further strengthened. Furthermore, some experts speculated that once it is outside the EU, the UK might be one of the countries pushing for more EU-NATO cooperation. However, there is potential for Brexit to have a negative impact on the UK defence budget, both because the economy may shrink and because of competition with other fields that had been previously supported by the EU (e.g. agriculture, infrastructure, science). Given the need for Europe to regenerate conventional combat capabilities, this is regarded as a source of major concern. Another risk is Scotland's decision about remaining in the UK and its impact on the UK's military power, including on the infrastructure for the nuclear deterrent.

Riga also hopes that London will exploit regional platforms such as the Northern Group and NB8 to remain involved in European defence; in particular policymakers saw great value in using these formats to discuss practical issues, such as exercises or Enhanced Forward Presence. However, UK involvement in these formats has so far been more rhetorical than substantive and the challenge of arranging an

orderly Brexit will deflect resources and attention from them. Indeed, London's loss of interest might serve as impetus for the NB8 countries to pull together ever more tightly in order to be able to deal with geopolitical turbulence and uncertainty. The strong bilateral defence relations between Latvia and the UK, underlined by the 2014 procurement of armoured infantry vehicles, are unlikely to be affected in any way by Brexit.

More broadly, Latvian experts and policymakers see Brexit as a strategic communications disaster, feeding Moscow's narrative of the imploding and dysfunctional EU (or the West in general). It may also re-ignite London's instincts for bilateralism, which would play into Moscow's aim of hollowing out collective Western institutions. Attempts by the UK to normalise relations with Russia are seen as inevitable – all newcomers in the West attempt some sort of 'reset' with Moscow – which might also serve the purpose of demonstrating that the UK has other options besides the EU to consider in advancing its interests. However, Latvians are not concerned that the UK will overdo this since, in their view, London understands very clearly whom they are dealing with. A far greater concern is that the EU will lose one of the major backers of a tough line against Russia's aggression in Ukraine and elsewhere.

3.6 LITHUANIA

In Lithuania, interviewees were concerned about the impact of Brexit on the EU, expressed cautious optimism concerning the effect on NATO, and expected pragmatism in defence cooperation. In the EU, Lithuania considers the UK to be a like-minded partner and a leading voice in standing against developments that may duplicate or undercut NATO; it has found it convenient to hide behind the UK rather than confront countries such as France. The EU's military power will decline with Brexit – a potential framework nation will be lost, the pool of available forces will shrink substantially and the shortages of strategic enablers such as ISTAR or strategic airlift will become even more acute. Further, in the longer term, the UK will not be able to contribute to the development of concepts, command arrangements, and common capabilities and standards. Vilnius

hopes that the UK will continue to participate in the CSDP in a format that reflects its military power (Lithuania understands that London will be interested in continuing to participate if it is able to participate in decision-making) and also in the EDA, where Brexit is seen as a benefit as the UK has consistently blocked increases to the Agency's budget.

Brexit will thus push Vilnius to evolve its position on EU defence issues further – from hard-line scepticism 10 years ago, through detachment and sceptical participation today, to becoming a pragmatic and involved partner tomorrow. It will also inspire a new impetus for defence integration, which may serve as a

There is a degree of concern that any bad blood generated between the UK and the EU member states during the Brexit process will spill over to the NATO table

stimulus to address various defence shortfalls in Europe. Lithuania will wish to stay at the core of integration, but interviewees were uncertain about which initiatives would take root, and about the degree to which France and Germany are actually prepared to invest in defence and in EU defence cooperation. Here, Berlin's obsession with migration, its lack of coherence on defence and other strategic issues, and its residual reluctance to use armed forces or assume political leadership may be obstacles. Nonetheless, Germany is a key Ally, not least in its growing relationship with the US, whose interest in the Baltic region has to grow if the EU and NATO are to succeed in managing the security challenges on Eastern flank.

Most interviewees saw NATO as relatively insulated from Brexit, some arguing that it will become even more important as it will bring the entire West together at the same table and become the main forum for discussing security and defence. This, and the UK's assurance that it will pay even greater attention to the Alliance and will remain committed to Enhanced Forward Presence fits well with Lithuania's channelling of its defence relations through NATO. There is, however, a degree of concern that any bad blood generated between the UK and the EU member states during the Brexit process will spill over to the NATO table. Further, policymakers and experts, are

concerned that the UK's military power and power projection capability might decline if the British economy is hit hard by Brexit.

Vilnius is cautiously optimistic about further UK involvement in regional formats such as NB8 and the Northern Group, some officials emphasising that London has to decide what it wants in defence relations with Europe, and then choose the appropriate formats and channels. Lithuania hopes that the role and importance of NB8 will grow, as a means for the UK to stay in touch with like-minded nations, feel the pulse of the EU and perhaps influence

Interviewees expected that the proposals initiated by France and Germany would inevitably be taken forward

EU developments. Some interviewees felt that the Northern Group would lose steam as London would be distracted by Brexit and participants such as Germany or Poland are uncertain of their role in this group; others expect it to gain a new momentum and focus more on EU issues, not only NATO, as a regional format to engage the UK. JEF, meanwhile, is regarded as a higher-value format for engaging the UK than VJTF: the latter is just military and has a changing composition, while the former is a political-military forum that branches out into many specialized consultation fora.²⁶ However, it is London that will have to show more attention, be more active and invest into these formats if they are to serve as platforms for the promised UK involvement in Europe; at the moment, this is not the case.

More widely, interviewees felt that Brexit will damage the UK's image among other Europeans and weaken the EU with regard to multiple external threats, including an assertive Russia. Brexit aligns well with Moscow's strategic aim of dismantling the current European security architecture and Lithuania views with some concern talk in London of 'normalising' relations with Russia. There is also recognition in Vilnius that the EU's united front of sanctions against Russia may become weaker when one of its staunchest advocates departs the EU.

²⁶ VJTF: NATO's Very High Readiness Joint Task Force.

3.7 POLAND

Interviewees in Poland noted that the current Polish government, in contrast to its predecessor, views the UK as its primary partner in Europe in security and defence. The Poles value UK's security and defence presence and role in the Nordic-Baltic region, which they regard as professional, active, large-scale, visible and conveying an important political message to Russia. The UK is a global power, whose contribution to European security is largely delivered through NATO; there is no reason for this to change with Brexit.

Nonetheless, Polish interlocutors generally expressed regret over the Brexit referendum result, both on behalf of the UK, which they believe has weakened its own position and will now have to rely more on others for its negotiating position, and on behalf of Poland who, in the EU at least, has lost a like-minded ally who shares most closely Poland's views of the threats facing Europe.

As regards the CSDP, interviewees expected that the proposals initiated by France and Germany would inevitably be taken forward, possibly using PESCO arrangements.²⁷ While detailed positions are still being elaborated, the general view was that while Poland would have preferred to have the UK at the table acting as a moderating influence, Poland itself was unlikely to block these ideas. It does not believe that in

Poland does not believe that in most areas it has sufficient weight to act as a counter to France and Germany

most areas it has sufficient weight to act as a counter to France and Germany and, having faced severe criticism over its decision to cancel a military helicopter procurement deal with Airbus, is not presently ready to court further controversy over European defence issues.²⁸ Furthermore, several interviewees noted that the French/German proposals are not new and

²⁷ PESCO: Permanent Structured Cooperation. Article 46 of the Treaty on European Union sets out provisions to "a core group of countries to take systematic steps towards a more coherent security and defence policy without dividing the Union". European Commission, "In Defence of Europe. Defence Integration as a Response to Europe's Strategic Moment," *EPSC Strategic Notes*, Issue 4, June 2015, 7. https://ec.europa.eu/epsc/publications/strategic-notes/defence-europe_en#h31.

²⁸ Theo Leggett, "Airbus criticises Poland for cancelling helicopter deal," *BBC News*, <http://www.bbc.com/news/business-37622842>.

are quite modest (in many ways more so than the agenda pursued by Poland during its presidency of the EU in the second half of 2011). Some interviewees also saw opportunities in them, for example in allowing for prudent planning in Brussels for contingencies, thus making the EU more responsive; in advancing the capability

There was some concern that a French/German driven CSDP would focus on the south, in particular on sub-Saharan Africa, to the detriment of the eastern agenda

development programme; in building a more useful role for the High Representative of the Union for Foreign Affairs and Security Policy; and in allowing the CSDP to expand its range of operational tasks. In general, Brexit offered an opportunity to reflect on the CSDP, of which the member states should take advantage. Polish interviewees were also keen that the UK should somehow remain involved in the CSDP, both for its overall approach to the issue – its insistence that the CSDP does not compete with NATO and its focus on capabilities – and because it has key capabilities that others lack. They noted that the intergovernmental nature of the CFSP/CSDP should make arrangements easier to negotiate here than in other portfolios.

In line with this, there was some concern that a French/German driven CSDP would focus on the south, in particular on sub-Saharan Africa, to the detriment of the eastern agenda (although it was felt likely that the CSDP's main eastern efforts today – EUAM and EUMM – would be unaffected).²⁹ Poland would wish that the current balance – which they characterise as one third eastern-focused and two-thirds southern-focused – should at least be preserved. On the whole, though, they saw this as unlikely and worried that countries interested in a back-to-business approach to Russia may get the upper hand in the recalibration of priorities that followed Brexit.

Concerning the longer term, interviewees expressed more disagreement, some speculating that the UK would suffer economically and be forced to cut back on capability, others arguing that the importance

of NATO to the UK (and of the UK to NATO) would ensure that the UK remained committed at a high level to hard security. Some interviewees expected that the UK would increase its role in NATO and in particular in the Nordic-Baltic region, for example by working to improve coordination of the components of NATO's Enhanced Forward Presence. The implementation of the Warsaw Summit agreement is Poland's key priority and the Poles will do whatever is necessary to keep this on track.

Interviewees also expected that the UK would increase its role in regional initiatives, such as the Northern Group. Some viewed this as a useful development, in particular as a vehicle for tackling Russian hybrid threats, while others were concerned that it would lead to an undesirable regionalisation of security arrangements.

3.8 SWEDEN

The main focus of concerns over Brexit in Sweden has been the potential economic impact and the possible departure from the EU of other member states. The security impact has largely been ignored by officials and analysts and by the Swedish media. Swedish interviewees regarded the UK as a model country in the EU, whose presence has been stabilising and has acted as a brake on more federalist impulses. They saw Brexit as a huge gamble for the UK, and expected a long-term, dramatic shift, whose effects – for example on relations between the remaining large EU states, on other nations who might consider leaving the Union, and on the durability of the UK itself – cannot be predicted. Brexit is thus a sea change, which will have an impact on Baltic Sea security. Most countries, including the UK itself, are not prepared for it. But even after Brexit, Sweden expects that the UK will retain influence through the nuclear deterrent and through permanent membership at the UN Security Council.

Nonetheless, the UK will continue to be one of the two main expeditionary powers in Europe, alongside the French. Sweden would like to see the UK continue to be active in CSDP crisis management operations and in training missions, even though it will no longer be a part

²⁹ EUAM: European Union Advisory Mission, a civilian security sector reform mission in Ukraine. EUMM: European Union Monitoring Mission, a civilian monitoring mission in Georgia.

of the CDSP. Sweden also expects the UK to continue to be highly visible in the Baltics, especially in Estonia, through its NATO presence. The VJTF and the JEF will also be important for keeping the UK militarily involved in the Baltic Sea area. Furthermore, the interest of the UK in the defence and security in the Nordic-Baltic area through NORDEF and the Northern Group is welcome and would allow those forms of cooperation to thrive.

Some Swedish security experts fear that Brexit will lead to defence and security issues being moved from the EU to NATO, weakening Sweden's position (and thus they advocate membership of NATO for Sweden). Others see this as a possible outcome, but argue that the EU's Article 42.7, the 'solidarity clause', will protect Sweden no matter what.

Bilaterally, the UK has provided an important role model for the Swedish Defence Forces on how to build up, equip and train the military. Sweden has a strong interest in keeping the UK involved in Baltic security and has worked closely with it to support the Baltic countries since the early 1990s. In order to continue this strong bilateral relationship, the two Ministers of Defence agreed a statement of intent in summer 2016. Mostly it focuses on the sharing of best practice in defence procurement and the promoting of defence industry collaboration between the two countries. It also has an associated work programme aimed at

Some Swedish security experts fear that Brexit will lead to defence and security issues being moved from the EU to NATO, weakening Sweden's position

continuing the fruitful Swedish-British cooperation in Baltic Sea defence and security.

More broadly, Swedes argue that the UK has been an anchor in the international system. Sweden expects that Brexit will mean a more fragmented international order, with Russia – whose behaviour is detrimental to the European security architecture – benefiting from the resulting disarray. Russia is satisfied

that the political and military influence of the EU will diminish as a result of the UK's

The Brexit referendum result was as much a surprise in the UK as it was elsewhere and will force the UK to re-evaluate its position in the world

departure. One interlocutor thought it possible that the UK's pending exit from the EU might pose political and legal challenges to the sanctions policies the EU has adopted as a response to Russia's actions in Ukraine.

3.9 THE UK

Although not a Baltic Sea state, we also sought views from the UK. The Brexit referendum result was as much a surprise in the UK as it was elsewhere and will force the UK to re-evaluate its position in the world. At the moment, there is no consensus on the best approach. Some see an opportunity for the UK to become an independent global power. Others argue that the UK will need to retain the strongest possible links with the EU and perhaps compensate for operating outside the system by contributing in other ways, with defence and security being an obvious choice. The UK still has a large and capable military (albeit much weaker than it has been in the past), a permanent seat on the UN Security Council and the nuclear deterrent. This type of cooperation would not be too controversial domestically.

Many interviewees in London, however, saw further EU defence integration as a direct threat to security, which would undermine NATO by duplicating structures, diverting resources, and destroying unity of command. The UK has also always been suspicious of giving more power over defence to the Commission (although it is the UK that has made the most use of the EU's defence market by transparent tendering). These moves would risk US disengagement, which could only be counterbalanced by better defence expenditure in Europe. The proposal for a European operational headquarters, for example, is wasteful and the UK will continue to veto this – the EU should complement NATO and not compete with it. Even so, there is

mutual interest in keeping the UK involved in the EU security framework, for example in coordinating foreign and security policy – which also needs to be aligned with US policy – and in EU operations (migration operations in the Mediterranean are of particular interest). Creative thought needs to be given as to how best to achieve this.

Interviewees stressed the primacy of NATO in UK's security thinking, arguing that Brexit would thus mean little in security and defence terms, either for the UK itself, or for others. While there may be no direct impact, some interviewees observed that Brexit could weaken the UK's position by undermining the trust of its allies. In any event, the UK would remain committed to NATO, is well aware of its

Slower economic growth, if not recession would impact the defence budget, with procurement programmes amongst the first things to suffer

international obligations and takes seriously the threat from Russia. It has recently increased its contribution significantly, for example through NATO's Enhanced Forward Presence. Nonetheless, several interlocutors expected that Brexit would result in at least slower economic growth, if not recession. This would impact the defence budget, with procurement programmes amongst the first things to suffer – UK defence spending currently prioritises big defence infrastructure projects, fast jets, maritime aviation, aircraft carriers, attack submarines, next generation nuclear deterrence submarines, and defence research and technology. This problem would be compounded by poor exchange rates and a government apparently less committed to financial consolidation and austerity.

The UK fears, though, that France may no longer see it as a natural partner in defence. UK/French defence cooperation has been positive under the 2010 Lancaster House Treaty, and while the immediate impact may be small, in the longer term France may be uncomfortable having its closest ally outside the structures it has been building for 40 years. While interviewees expected a change in the UK/US relationship, the impact in the defence

area would be less; nonetheless the US would look to build deeper relationships with Germany and France.

Many interviewees also expected the northern region to continue to be a priority. The UK feels a strong geographical attachment to the north and a strong affinity with its northern partners. It worries about the challenges posed by Russia in the region and sees an opportunity to stress here the overriding importance of NATO unity and NATO's Article 5. In this regard, UK interlocutors generally saw Brexit as a boost to Russia's political agenda, arguing that Russia would prefer to deal with a less coherent Europe, and would welcome any moves that would weaken the EU's programmes of exporting the rule of law to Russia's neighbourhood. The possible knock-on economic effects in Poland, Romania, and the Baltic states may also persuade Russia to believe that it could extend its sphere of influence at a lower cost.

Interviewees also expected that without the UK's influence, the EU centre of gravity would shift away from sanctions,

Scenarios describe plausible futures that can be used to help understand the potential risks and opportunities of Brexit

which may in any case be a less attractive policy to the UK if its economy suffers.

4 MAKING SENSE OF UNCERTAINTY: POST-BREXIT SCENARIOS

A major theme to emerge from the interviews conducted with officials and researchers in the Baltic Sea states was that of uncertainty. No country has stated an intent to leave the EU before, let alone attempted the complex negotiations necessary to disentangle itself from, and define a new relationship with its former partners. The UK itself had no plan for dealing with a vote in favour of leaving, the Foreign and Commonwealth Office having concluded, "that it was not appropriate to carry out contingency planning" ahead of the

		CSDP	
		does not develop further	develops further
UK	engaged in CSDP	SCENARIO 1	SCENARIO 2
	not engaged in CSDP	SCENARIO 3	SCENARIO 4

Figure 2. Example Scenarios

referendum.³⁰ Further, the UK referendum result came at a time when Europe faces a wide range of complex security challenges that will all, in one way or another, feel some effect from Brexit; rarely has Europe’s security situation appeared so delicate. In such circumstances, while many interviewees expressed hopes concerning the outcome and impacts of the UK’s departure, they were quick to acknowledge that their realisation could not be guaranteed. The future, they felt, could take many paths, none of which could be relied upon with any confidence. The wide range of possible outcomes evident in the many written materials concerning the effect of Brexit on security is also testament to the unpredictability of the present situation.

The identification of appropriate security policy responses to the UK’s departure from the European Union is thus a ‘wicked problem’.³¹ There are many complex interdependencies, the situation is fluid, and the scope of uncertainty is very large. In order to make some sense of this untidiness, we have identified a set of critical uncertainties and used these to construct a number of scenarios – plausible futures that can be used to help understand the potential risks and opportunities of Brexit, and the policies that are most likely to succeed in an unpredictable situation. According to van der Heijden, scenarios are:

“internally consistent and challenging narrative descriptions of possible futures ...

They come in sets, representing the fact that there is considerable uncertainty in the future. The set is intended to be representative of the range of possible future developments and outcomes ... They describe circumstances in the environment that could have a major impact on our business, but are essentially outside our own control”.³²

In order to construct the scenarios we followed a structured ‘matrix approach’. While it is not possible to predict the future, it is possible to identify the factors likely to have the greatest effect in determining different futures. These ‘critical uncertainties’ can be assembled in matrix form to identify the defining characteristics of a future, each future being a unique combination of the critical uncertainties. The scenario is then a narrative describing this future and the events that led to it. For example, two critical uncertainties are whether or not CSDP will develop further after Brexit, and whether or not the UK will continue to play a role in it. Combining these uncertainties in a 2x2 matrix leads to four scenarios (Figure 2).

There are some practical aspects to be considered in implementing this approach. First, in order to confine the problem, it may be necessary to identify some assumptions about what will not change in any future. Second, it may be necessary to collapse the critical uncertainties into a more manageable set. Our study identified nine critical uncertainties, which would result in 512 scenarios. We

³⁰ House of Commons Foreign Affairs Committee, *Equipping the Government for Brexit*, HC 431, 20 July 2016, 9.

³¹ Horst W J Rittel, and Melvin M Webber, “Dilemmas in a General Theory of Planning,” *Policy Sciences* 4 (1973): 160.

³² Kees van der Heijden, *Scenarios. The Art of Strategic Conversation. 2nd Edition* (Chichester: John Wiley & Sons Ltd, 2005), 114.

brought together those that addressed similar themes in order to produce three scenario axes and eight scenarios. Third, not all futures that result from this matrix approach will be plausible; we discarded three such futures leaving a set of five scenarios from which to draw conclusions.

4.1 ASSUMPTIONS

In order to place at least some constraints on the current study, we have made assumptions that certain eventualities will not feature in any of our scenarios. These are:

1. Brexit will happen. While there are a number of circumstances that could lead to the UK remaining an EU member state after all, we assume here that Brexit does indeed mean Brexit – the UK will trigger Article 50 of the Treaty on European Union, conduct exit negotiations, and leave the EU. It is possible that this may not happen quickly. The UK may delay triggering Article 50 and/or the negotiation of the withdrawal agreement may last for many more years than the maximum of two foreseen in the Treaty. The role of Parliament and the devolved administrations in triggering Article 50, in contributing to the development of the UK's negotiating position, and in agreeing to the withdrawal agreement are, for example, still unclear and, in some cases, the subject of legal proceedings. Although this would lead to a longer period of uncertainty, it would not substantively affect the post-Brexit security environment. The UK will in the end leave and, insofar as the other member states are already preparing for a future without it, the key Brexit moment is not the date of eventual withdrawal, but the point at which the UK government announced that it would implement the referendum result.
2. The EU will not collapse. There is a fear that other member states will follow the UK's example, departing from and damaging the EU, perhaps fatally. We assume here that any forces encouraging the further fragmentation of the Union will be contained. There

will be an EU of 27 member states after Brexit.

3. Russia will continue to challenge the West. While not contingent upon Brexit, the challenges posed by Russia clearly impact the security of the EU and the Baltic Sea region and demand certain responses by states and regional organisations. We assume that Russia's current policies of confrontation with the West will continue.
4. The Middle East and North Africa will remain unstable. While again not contingent upon Brexit, the security challenges posed to Europe by these regions also demand responses by states and regional organisations. We assume that instability will continue to the south of Europe.

4.2 CRITICAL UNCERTAINTIES

Although there are many uncertainties related to hard security that result from the UK's decision to leave the EU, some will have greater impact than others. Those that have the greatest impact can be used to define a wide spread of scenarios. From our interviews with officials and researchers in the Baltic Sea states, and from our review of the literature, we identified the following critical uncertainties as likely to have greatest effect in shaping the future European and Baltic Sea security environments:

1. Development of the CSDP. With the UK no longer able to take the lead in blocking defence initiatives in the EU, will the CSDP be developed into an effective tool of EU foreign and security policy? Or without the UK's military contribution and steadying voice, will it become a toothless bureaucracy?
2. The effect on NATO. Will NATO's role in European security decrease, either through a burden-sharing agreement with the EU, or through American frustration with the EU's inability to take more responsibility for European security? Or will it increase, as the UK, followed by other like-minded nations, chooses to emphasise the position of NATO at the expense of the EU?

3. The UK's involvement in the CSDP. Will the EU and the UK be able to negotiate terms that allow the UK to continue to participate in the CSDP after Brexit? Or will either party be unwilling or unable to accept conditions for continued UK involvement?
4. The economic and political impact on UK defence. Will the UK continue to fulfil its role as a major player in European defence arrangements? Or will a combination of its position in the world, its economic circumstances, and its possible breakup after Brexit prevent this?
5. The UK's involvement in Nordic-Baltic regional security arrangements. Will the UK continue to take an active interest in the security of the Nordic-Baltic region? Or will a combination of politics and economics prevent this?
6. The relationship of the US with European capitals. Will the UK be able to continue to act as a link between the US and the European Union? Or will Washington prefer to deal with one or more other EU member states?
7. The balance of the CSDP's eastern and southern agendas. Without the UK's influence, will a 'French' agenda push the CSDP towards being a crisis management instrument focused on Europe's southern flank? Or will the remaining northern and eastern member states be able to maintain a CSDP that looks to the eastern challenges as well?
8. The political will of European nations to contain Russia. Will the EU continue to make efforts to contain Russia, for example through sanctions? Or will a combination of a more pragmatic UK foreign policy outside the EU, and a dominance of more conciliatory voices within the EU lead Europe to a policy of appeasement towards Russia?
9. Leadership in the EU. Will French approaches and policies to security and defence dominate in the EU once the

UK's voice is excluded? Or will German approaches prevail?

4.3 SCENARIO CONSTRUCTION

In order to construct scenarios, we collapsed the nine critical uncertainties listed above into three scenario axes, each of which maps a range of uncertainties in a two-dimensional space:

1. Military CSDP ↔ Civilian CSDP (critical uncertainties 1 – 2). A military CSDP, resulting from greater (successful) defence integration in the EU, would have competent institutions and credible capability to allow the EU to undertake military crisis management as part of a comprehensive approach. A civilian CSDP would have only the tools required for civilian crisis management. The relationship between the type of CSDP and the effect on NATO is not predetermined; possibilities are explored in the scenarios.
2. UK Strongly Engaged ↔ UK Weakly Engaged (critical uncertainties 3 – 6). At one end of the axis: the UK would be politically and economically able and willing to maintain a substantial position in European security arrangements; in particular, it would be willing and able to remain committed to the security of the Baltic Sea region; and arrangements would be agreed through which the UK was able to

Will the UK continue to fulfil its role as a major player in European defence arrangements? Or will a combination of its position in the world, its economic circumstances, and its possible breakup after Brexit prevent this?

participate to as full an extent as possible in the CSDP. With the UK engaged, it could be expected to retain a role in linking the US and the EU.

3. Southern Focus ↔ Eastern Focus (critical uncertainties 7 – 9). At one end of the axis, the CSDP would be a tool for crisis management in countries to

the south of Europe, most likely due to the dominance of France in policy making. At the other end, the EU's action outside its boundaries would also have an eastern dimension.

The eight futures that result from the combinations of these scenario axes in a three-dimensional space are shown in Figure 3. Some of these were discarded on the grounds of implausibility or duplication. The remainder are elaborated further below.

4.4 THE SCENARIOS

In this section, we develop scenarios – narrative descriptions of the plausible futures that result from the combination of the three scenario axes.

4.4.1 SCENARIO A. “CONFIDENT EUROPE, COMPETENT CRISIS MANAGEMENT”

(The UK is strongly engaged; the CSDP is southern focused, and military.) Although it has left the EU, the UK has both the capability and will to remain closely engaged in EU defence matters, and appropriate arrangements to allow a generous level of participation have been agreed. Under these arrangements, while it has no formal role in decision making, the UK retains a ‘voice’ and some influence in the CSDP. The UK has recognised the need of the remaining member states to make a success of the EU Defence Union and, partly with a view to achieving the best possible Brexit deal, has contained its natural tendency to criticise further defence integration. Germany, and other key member states, have thrown their weight behind a ‘French-style’ CSDP, under which the institutions and military capabilities

necessary for it to conduct effective crisis management in and around Europe have been developed. At present, participation in these arrangements, while open to all, is voluntary – the EU's defence arrangements are being developed under a PESCO framework initially launched by France, Germany, Italy and Spain. The EU has thus built the institutions and habits of thinking needed to decide upon appropriate defence policies and actions, and to plan and conduct crisis management operations with a substantial military component. On the military side, it has reinvigorated existing mechanisms for capability development, ensuring that the EU can call upon both well-trained and equipped force elements able to tackle a range of crisis management tasks and the strategic enablers necessary to conduct complex operations. It is engaged in a series of crisis management operations, most of these on Europe's southern peripheries. This model of CSDP has been well received by the US, which sees that Europe is, at last, taking a greater share of the burden for its own security. Relations between the EU and NATO are good, not least because in its new position as a non-EU European Ally (with Albania, Iceland, Norway and Turkey) the UK has taken a positive and constructive role in addressing this challenge. Close cooperation between the two organisations, has allowed the EU and NATO to come to a new understanding of the division of labour in and around Europe. While NATO is supportive of the EU's confident role in crisis management, it remains the cornerstone of Europe's defence arrangements and the guarantor of the sovereignty and territorial integrity of the Allies.

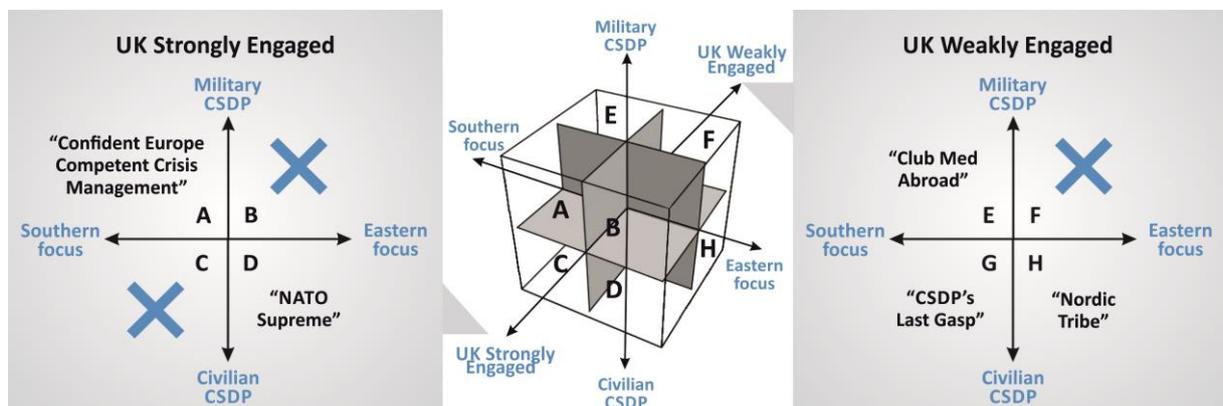


Figure 3. Post-Brexit Scenarios

The accomplishment of the arrangements described in this scenario would be a positive outcome. The EU would end up with real, usable military capability and would be an effective actor on the world stage. The primacy of NATO in delivering the defence of Europe and carrying out hard crisis management when transatlantic interests were threatened, and the continuing role of the US in European security, would be preserved. The EU and NATO would be complementary – a workable division of responsibility between the two organisations would have been defined and implemented and NATO would also benefit from the EU’s military capability development programme.

There are, however, risks in developing these arrangements. First, there is a risk that in their enthusiasm to proceed with EU defence integration, and in the absence of UK participation in EU decision-making, European nations would invest in the CSDP at the expense of NATO, for example unnecessarily duplicating structures, or failing to develop arrangements that allow for the proper coordination of NATO and EU defence planning processes. In such circumstances NATO would be weakened, both directly because of a lack of investment by the European Allies and indirectly because of American dissatisfaction. The anticipated EU-NATO relationship and division of labour might thus fail to materialise. Second, there is a risk that eastern security challenges that are presently handled under the CSDP – for example security sector reform in Ukraine and confidence building in Georgia – would be neglected. Further, a southern focus might divert resources that could be potentially be used to develop a more robust eastern agenda for the CSDP than currently exists.

4.4.2 SCENARIO B

(The UK is strongly engaged; the CSDP is eastern focused, and military.) This scenario was discarded. While the geometry of the scenario axes generates such a scenario, we do not consider this particular future to be plausible. The CSDP is a crisis management tool and there is no serious ambition for it to be anything other than this. While it may be used

for military capacity building in states to the east of the EU, it will not be used to intervene militarily in crises that would risk a direct confrontation with Russia. Military intervention

The EU and NATO would be complementary – a workable division of responsibility between the two organisations would have been defined and implemented and NATO would also benefit from the EU’s military capability development programme

in crises to the east clearly requires US engagement and would thus fall under NATO’s remit.

4.4.3 SCENARIO C

(The UK is strongly engaged; the CSDP is southern focused, and civilian.) This scenario was discarded on the grounds that it is very similar to scenario G, which we elaborate below. The difference between these two scenarios is whether or not the UK is engaged, and the issues are much the same in either case – there is little to be gained from fully developing both scenarios. Moreover, we do not consider that scenario C represents a plausible future. A CSDP with very little military activity would be a weaker CSDP than currently exists. We find it unlikely that this would be an attractive framework for the UK to play a role in – its foreign policy strength in multinational security fora draws heavily on its military capacity.

4.4.4 SCENARIO D. “NATO SUPREME”

(The UK is strongly engaged; the CSDP is eastern focused, and civilian.) While the UK has retained the ability and will to remain engaged in European (if not necessarily EU) defence matters, in the EU, post-Brexit attempts to reinvigorate the CSDP have amounted to very little. The assumption of many member states that with the obstructive UK out of the way the road towards deeper defence integration would be clear has proved false. The loss of one of Europe’s two main interventionist powers has also severely damaged the military ambition that France had for the EU; France, in any case disillusioned in recent years by the reluctance of most European nations to invest in an

expeditionary role for the CSDP, now prefers to put its energy into bilateral initiatives with like-minded countries, in particular the UK. This, along with the UK's continued noisy opposition during and after the Brexit negotiation to further EU defence integration means that the Union has been unable to build the institutions and processes needed to take a more active

The US has remained unenthusiastically engaged in European security through NATO, where it constantly condemns the European nations' lack of defence investment

role in harder crisis management tasks. The lack of UK naval contributions has also deeply impacted the EU's ability to conduct maritime operations while a lack of French leadership means that the EU's land operations are to be slowly wound down. The UK, meanwhile, has invested much effort in NATO, persuading like-minded nations to focus on the Alliance as the primary vehicle for European defence arrangements. The vacuum created by the disengagement of the CSDP is to be partly filled by UK and French-led coalitions, or by NATO operations in which the US provides a token presence. Finland and Sweden, concerned at the weakening of the EU's solidarity clause, have worked to enhance their defence-related bilateral relationships with the US and the UK. In the absence of French engagement, leadership of the CSDP has fallen to a somewhat reluctant Germany, which has steered the EU in the direction of civilian crisis management and capacity building. Without France to push for a southern agenda, the CSDP is largely focused on the east. Here, the EU has achieved some quiet successes. The US, while dissatisfied at the EU's unwillingness to take on some of the harder security burden, has recognised that European security remains in its own interests. It has remained unenthusiastically engaged in European security through NATO, where it constantly condemns the European nations' lack of defence investment.

Under such arrangements, Europe's security needs would continue to be broadly satisfied, albeit in a somewhat decentralised fashion, and

with less attention given to the challenges from the south – NATO would be unlikely to take a substantial role here and significant operations would only be possible where UK and French interests aligned; this could be a source of tension between these two states. The Alliance would in the shorter term become somewhat stronger at the expense of the CSDP, but the EU would continue, and perhaps enhance, its engagement on its eastern borders.

There is a risk, however, that in these circumstances, the US would gradually disengage from European security due to Europe's unwillingness collectively to take responsibility for itself, ultimately weakening NATO. The lack of a military component of the CSDP would leave Europe with no capacity to act where NATO was not engaged, weakening the EU as a global actor. Further, there are risks associated with NATO being the only tool in the toolbox – the Alliance is simply not well suited to conducting comprehensive crisis management. The CSDP, while not living up to its early promise, has achieved some successes in this area, which would be lost in the arrangements that result from this scenario.

4.4.5 SCENARIO E. "CLUB MED ABROAD"

(The UK is weakly engaged; the CSDP is southern focused, and military.) Stung by a hostile Brexit negotiation process, its military weakened by the adverse economic impact of leaving the EU, and facing the prospect of Scottish independence, the UK has largely

There are risks associated with NATO being the only tool in the toolbox – the Alliance is simply not well suited to conducting comprehensive crisis management

retreated from European security matters. It has remained committed to NATO, and to the Enhanced Forward Presence, but has found this a severe strain on its armed forces. It is certainly unable to spare resources to pursue other multilateral or bilateral defence-related initiatives. The remaining EU member states, meanwhile, determined to make a success of the EU Defence Union and to fill the vacuum

created by the departure of the UK, have rapidly developed the institutions necessary to decide upon and conduct civilian-military crisis management operations. They have also instituted and committed to a defence industrial and technological base and a military capability development agenda. The reinvigorated CSDP has become a valuable tool of crisis management. Following France's lead, its focus is on Europe's southern neighbourhood, especially in sub-Saharan Africa. There has been insufficient weight behind the eastern agenda to preserve a role for the CFSP/CSDP there. The US has responded favourably to these developments and EU-NATO relations are constructive although the UK is something of an awkward associate as it casts around for a new role and criticises its former partners.

In this scenario, the EU is able to develop a capable tool for multidimensional crisis management, albeit one that is not ready to meet all the contingencies challenging Europe's security – the eastern agenda is largely neglected. There is a risk that this will lead to tension in the EU between France and other member states. French dominance may also produce difficulty in the defence industrial sphere, if the EU's defence industrial policy is steered towards satisfying French industrial interests. This may be especially relevant if the non-availability to the EU of UK defence capability, in particular strategic enablers such as lift and intelligence assets, requires it to be provided from elsewhere in Europe.

4.4.6 SCENARIO F

(The UK is weakly engaged; the CSDP is eastern focused, and military.) This scenario was discarded. As with scenario B, we do not consider it likely that a CSDP with a substantial military component will focus its activities to the east of Europe.

4.4.7 SCENARIO G. "CSDP'S LAST GASP"

(The UK is weakly engaged; the CSDP is southern focused, and civilian.) The UK is both unwilling and economically unable to engage in European defence arrangements, except for what it regards as an irreducible minimum commitment to NATO. The EU, meanwhile, has been damaged by the departure of one of its most significant constituents, both in the eyes of the world and in the eyes of the remaining

member states. In the climate of low self-confidence that follows the UK's announcement of its departure, and with the lengthy and complex business of negotiating the separation absorbing a great deal of time and energy, the ambition for greater EU defence integration has faltered. In part, this is because several other sceptical member states, concerned about the decline of NATO have begun to see the CSDP as an unwelcome distraction and have come together to voice their concerns. France, disillusioned by this lack of commitment, has also lost faith in the EU defence project. Despite the concern of some Europeans about the threat to NATO, military capability has declined throughout Europe – the economic downturn affecting the UK after Brexit has not been confined to the UK alone – and the US, tired of dealing with a continent unwilling to stand up for itself, has begun to disengage. Under the half-hearted leadership of a disinclined Germany, the CSDP has become a vehicle for civilian crisis management only, its activities focused largely on dealing with the challenges of migration from the south. Russia, ready to capitalise on the West's disunity and weakness, is watchful for opportunities.

This is clearly an undesirable outcome. The EU would be much weakened in such a scenario, its prestige and world position diminished. Beyond the CSDP, Europe's, and especially the UK's, economic difficulties might also threaten NATO's engagement in the Baltic Sea region through the Enhanced Forward Presence.

4.4.8 SCENARIO H. "NORDIC TRIBE"

(The UK is weakly engaged; the CSDP is eastern focused, and civilian.) The negative economic impact of the UK's departure from the EU has led to reductions in its defence budget and forced it to consider carefully its defence priorities. Although the remaining member states are agreeable to it continuing to play a role in the CSDP (albeit one with fewer privileges than it would have as a member state), the UK itself does not wish to participate in a scheme which it has always doubted and frequently obstructed. The eagerness of France and others for a deeper EU defence union has, however, been insufficient to galvanise anything but the most grudging participation of the more sceptical member states. The military component of the CSDP has withered and, restricted to the institutions and capabilities available before Brexit, the CSDP has retreated

to a largely civilian venture. In the absence of leadership from a disappointed France, its focus has shifted from the south to the east. The UK, meanwhile, considers its commitments to NATO to be essential and has prioritised its role in the Enhanced Forward Presence in Estonia and Poland. Further, in order to retain as much influence and presence as possible, it has also

Under an appropriate framework and leadership, the Nordic-Baltic area could become a strong sub-regional group

invested more in regional arrangements, notably the Northern Group and JEF and has sought an association with the NB8 framework. These moves have been a political success. While they have contributed little to the physical development of European military capability, they have done much to engrain habits of cooperation and contributed to greater levels of interoperability among the nations involved. The US has seen this development in a positive light and has also begun to engage more in the Nordic-Baltic region through its Enhanced Partnership in Northern Europe (E-PINE) initiative.

This scenario offers the prospect of stronger regional arrangements in the Baltic Sea region. There are advantages to greater defence cooperation here – the Nordic and Baltic states and the UK share similar concerns on security and similar approaches to addressing security challenges. Under an appropriate framework and leadership, the Nordic-Baltic area could become a strong sub-regional group. There is, however, a risk that in doing so, it will undermine the cohesion and unity of the wider Alliance and the EU.

4.4.9 SUMMARY

From the eight futures that result from the combination of our three scenario axes, which in turn encapsulate the nine critical uncertainties that result from Brexit, we have elaborated five scenarios. These are not the only scenarios that might result from the various scenario axis combinations that the matrix approach presents, but they represent a broad spread of plausible futures against which policy decisions can be tested.

We have thus developed scenarios in which: the UK participates in building a CSDP with a strong military dimension, mostly aimed at tackling crises to the south of Europe, which in turn fosters a strong transatlantic relationship (scenario A, “Confident Europe, Competent Crisis Management”); the CSDP becomes a largely eastern-focused civilian instrument,

leaving military crisis management around Europe to be led by the UK and France, or occasionally NATO, and in which NATO becomes Europe’s pre-dominant security organisation

(scenario D, “NATO Supreme”); the CSDP has a strong military dimension, mostly aimed at tackling crises to the south of Europe, but in which the UK does not participate (scenario E, “Club Med Abroad”); the UK does not participate in the CSDP, which has become a civilian instrument focused to the south of Europe, and a disillusioned US disengages from European security (scenario G, “CSDP’s Last Gap”); and the CSDP becomes a civilian instrument focused to the east of Europe, in which the UK does not participate, preferring to invest its limited resources in strengthening NATO and Nordic-Baltic regional security arrangements (scenario H, “Nordic Tribe”).

5 CONCLUSIONS AND POLICY RECOMMENDATIONS

5.1 THE IMPACT OF BREXIT: VIEWS FROM THE BALTIC SEA STATES

The officials and researchers interviewed for this study generally agreed that Brexit was unexpected and that it was a profound event. Beyond this, there was little consensus on what the future might hold, or on how best to mitigate any negative impacts of the UK’s departure from the EU. However, several common themes emerged. Most of our interlocutors in the Baltic Sea states believed that their countries shared with the UK views on and approaches to security that would be harder to pursue after Brexit, without the active support of the UK itself. More specifically, they were largely sceptical about the need for further defence integration in the EU, or at

least wary of the agenda for defence integration being pursued by leading states such as France and Germany. Nonetheless, they expected that it would happen and that they would find it hard not to participate. There was general concern that the UK's departure would leave gaps in the capabilities available to the EU, that the link between the EU and Washington would be weakened, that the CFSP/CSDP would become southern facing at

those EU member states who favoured normalising relations with Russia would gain the upper hand; and that the UK itself may wish to explore some sort of reset with Russia.

5.2 CHARTING A WAY AHEAD: POLICY RECOMMENDATIONS FOR ESTONIA

Most of our interlocutors in the Baltic Sea states believed that their countries shared with the UK views on and approaches to security that would be harder to pursue after Brexit

the expense of the EU's eastern agenda, and that an EU defence union would involve arrangements that would duplicate NATO. Partly because of these concerns, they did not wish to see the UK treated too harshly in the Brexit negotiations and hoped that arrangements could be found that would allow it to participate as fully as possible in the CSDP after its departure.

Interviewees also felt that hard security in Europe and in the Baltic Sea region would be mostly unaffected by Brexit, largely because this is delivered through NATO and there is no reason to expect UK's departure from the EU to have an impact here. Indeed, many interviewees expected that compensatory UK investment in those defence formats in which it remained would mean that NATO would become stronger, that EU-NATO cooperation would be enhanced, and that regional arrangements such as the Northern Group and JEF would be strengthened (the Baltic states were notably more sceptical than others on the value of these regional arrangements). However, there was some concern as to whether the UK would be able, economically, to sustain its commitment to European security in the longer term. Finally, most interviewees felt that Russia would benefit from Brexit, as it would weaken Western cohesion. Many also expressed concerns that in the UK's absence,

In order to explore some of the security issues surrounding Brexit, we have constructed a number of scenarios. Scenarios are illustrations of plausible futures, not predictions. While each individual scenario should be internally consistent, it is unlikely that the 'real' future will play out exactly as foreseen in a scenario; rather the real future will be made up of elements of several scenarios and much else besides. Scenarios can thus help to make current planning robust to a set of possible futures, but they cannot generally be used to prescribe a set of decisions that will secure a certain outcome.

Two elements are essential for European security (and, therefore, Baltic and Estonian security) to remain resilient in the range of scenarios we have considered: military capability, and solidarity among the European allies. Only with military capability will the European states have the physical means to take responsibility for a wide range of comprehensive security challenges, thus both solving security problems and persuading the US that European security remains deserving of its support. Only with solidarity, will they have the motivation to do so. These insights are not new, but they are given fresh impetus by the disorder likely to be created by the UK's

Two elements are essential for European security to remain resilient in the range of scenarios we have considered: military capability, and solidarity among the European allies

departure from the EU; and, perhaps more so, by the prospect of a Trump presidency.

In the scenarios we have constructed, the CSDP is a vehicle for delivering both European (and transatlantic) military capability and solidarity;

and solidarity is much improved in circumstances in which the UK remains engaged in European security – specifically when it is able to participate as fully as possible in the CSDP.³³ The development of a strong CSDP post-Brexit is thus not just the right thing for the wealthy, mature democracies of Europe to do, and not just a wise hedging strategy, but is also instrumental in assuring NATO’s future since it makes Europeans more attractive and credible partners to the US in the transatlantic defence relationship. This ambition for the CSDP is also not new, but again acquires urgency in the current geopolitical environment and in view of the uncertain attitudes of the incoming US administration towards NATO.

Estonia’s strategic aim for the post-Brexit arrangements should, therefore, be the development of a more militarily capable CSDP, and an approach to the Brexit negotiations that allows the UK to be as closely engaged with this

The development of a strong CSDP post-Brexit is instrumental in assuring NATO’s future since it makes Europeans more attractive and credible partners to the US in the transatlantic defence relationship

as possible. In terms of the scenarios we have developed, this aim would correspond most closely to scenario A (“Confident Europe, Competent Crisis Management”), with elements of scenarios D (“NATO Supreme”) and H (“Nordic Tribe”). This strategic aim suggests the following more immediate objectives.

1. Estonia should commit to the further development of the CSDP on the basis of the High Representative’s Implementation Plan on Security and Defence. Overall, this plan contains a modest set of proposals that should allow the CSDP to become more effective, without the adverse impacts that several states, led by the UK, fear. Nonetheless, certain interests still need to be guarded, for example Estonia should ensure that:

- a. the permanent capability to plan and conduct CSDP missions (previously the infamous OHQ) should be civilian-military in nature, both to capitalise on the EU’s natural strengths in the comprehensive approach and to avoid unnecessary duplication – real or supposed – with NATO. It should also not be unnecessarily large;
- b. there must (as the UK has consistently argued) be a strong capabilities component; the revitalised CSDP must not simply be about institutions. The gaps in capability available to the EU will need to be re-assessed in the light of the UK’s departure, and mechanisms for the common development and ownership of capability, such as pooling and sharing, will need to be re-energised. Here, the EDA will need to play a key role. Capability planning must be closely coordinated with NATO, as most capability available to the EU will also be available to the Alliance. Capabilities for the CSDP might be a theme for Estonia’s presidency of the EU in the second half of 2017;
- c. the CSDP must also have an appropriate eastern agenda; it must not be designed entirely to deal with crises in Africa. This is both because the EU can add value in the east and to ensure the commitment of the more eastern-focused member states, notably those around the Baltic Sea. Again, the CSDP’s eastern agenda might be a theme for Estonia’s presidency of the EU;
- d. collective defence must remain the business of NATO, and NATO must remain the framework for transatlantic security relations; and
- e. efforts must be made to ensure that the EU, and the UK outside it, remain alert to and respond appropriately to the challenges posed by Russia.

³³ As a process based around the creation of a narrative, scenario construction inevitably involves a great deal of subjectivity. We acknowledge that these conclusions in part reflect our own beliefs and biases. Not all would agree that the CSDP is such a vehicle, or that the UK’s engagement in it reinforces European solidarity. See, therefore, our conclusions relating to further work.

2. Further work will be needed to think through the detail of the High Representative's proposals. They are more modest than the French/German/Italian/Spanish proposals that preceded them, suggesting that there is room to progress further at a later date – perhaps during Estonia's presidency of the EU. A paragraph-by-paragraph analysis of what is currently on the table, and an assessment of the opportunities for further development is beyond the scope of this report. Estonia should undertake this analysis.
3. More importantly, Estonia should re-evaluate its own red lines with respect to security and defence in the EU and be ready to be an advocate for the CSDP with other member states, including those in the Baltic Sea region who remain sceptical. Brexit offers an opportunity for a fundamental rethink of European defence and security issues. This strategic shock should provide an impetus to all member states to re-examine their perceptions and policies with regard to the CSDP. The "no duplication" mantra should be retired in favour of an approach that weighs proposals case-by-case, examines whether duplication really is involved, and is ready, indeed, to accept some duplication when the wider benefits are assessed to outweigh the costs. Crucially, the UK should also be encouraged to re-evaluate, as a non-member state, its attitudes to European defence integration. A confident UK, working closely with the rest of Europe on defence issues would be a good outcome; an embittered UK criticising its former partners for failing to see things as it does, would not.
4. In support of the above, the EU-NATO relationship needs to be strengthened. As a first step, Estonia should work towards ensuring that the Warsaw Summit Declaration by the two organisations is put into full effect. This issue might also be an objective for Estonia's presidency of the EU. Here, the UK, shortly to become the most important non-EU European Ally, might be also encouraged to take a leading role, raising and expanding the UK-Estonian defence bilateral relationship from the practical level to the policy level.
5. Brexit also offers an opportunity to (further) re-energise NATO. European defence expenditure is rising and at Warsaw the Alliance saw, arguably, its most substantive summit for many years. Nonetheless, the Allies can capitalise further on UK's apparent determination to invest more in NATO – provided that this does not obstruct parallel development in the CSDP – to build a still stronger Alliance to meet the current set of security challenges. Estonia should continue to be an advocate for a strong NATO.
6. Similarly, building again on UK's interest in the Baltic Sea region, more might be invested in Nordic-Baltic regional arrangements. These offer an opportunity to build capability, improve interoperability, and draw Finland and Sweden closer into harder European security arrangements. Care must be taken, however, not to undermine overall NATO or EU solidarity through excessive regionalisation. Estonia should study the opportunities and risks involved in strengthening these Nordic-Baltic regional arrangements.
7. The states that regard the UK as a like-minded ally in the EU – which includes all the states whose officials and researchers were interviewed for this study – will need to do more to advance their interests, once the UK has left. Cooperation between these states is an obvious avenue to explore further. Estonia should not hold back from proposing and pursuing initiatives of common interest with other like-minded member states, perhaps under a PESCO framework. The EU presidency is an opportunity to demonstrate leadership, for example in cyber issues.

5.3 RECOMMENDATIONS FOR FURTHER WORK

Our study has only scratched the surface of a complex and rapidly evolving problem. As an aid to building policies, we have, in accordance with common scenario planning methodology, imagined several plausible futures, and used these to suggest some of the key factors that will help to nudge post-Brexit security arrangements in a positive direction. We believe there would be benefit in a taking these ideas forward among a wider community of experts and policy makers. Scenarios are

intended to inform decision makers and enhance decision making by strengthening understanding (of possible futures, and how and why they might arise), producing new decisions by forcing consideration of new issues, reconsidering the context of existing decisions, and identifying contingent decisions (what actions to take when certain circumstances arise).³⁴ A think tank can contribute to this, but only decision makers can take ownership of the results. We recommend, therefore, that in line with the principles of scenario planning, a workshop should be organised to allow Tallinn policy-makers to elaborate these scenarios further, thus helping to create a shared language and understanding of what they might mean for Estonia, how opportunities might be capitalised upon and how adverse effects might be mitigated.

In addition, as noted above, a detailed analysis of the High Representative's Implementation Plan on Security and Defence is needed. The scenarios we have developed may be a useful tool for testing the robustness of national policies related to these proposals.

³⁴ Liam Fahey and Robert M. Randall, "What is Scenario Learning?" in *Learning from the Future. Competitive Foresight Scenarios*, ed. Liam Fahey and Robert M. Randall (New York: John Wiley & Sons Inc, 1998), 12-14.

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ANNEX A: RESEARCH THEMES

1. THE UK AS A SECURITY ACTOR

What is UK's approach to and role in defence and security? What are its priorities and interests and how does it pursue them? How will Brexit change this?

What consequences will Brexit have on UK's own security and defence policy, NATO and transatlantic relations, the EU (the position of key actors, interests and policies), CSDP?

2. THE UK'S ROLE IN BALTIC SEA SECURITY

What is UK's approach to and role in Baltic Sea defence and security? How is this role exercised – through NATO, the EU, in other multilateral fora, bilaterally? How will Brexit change this? How might adverse effects be mitigated? Does Brexit offer any opportunities in this respect?

How might Russia view Brexit? How might it react?

3. THE BIGGER PICTURE?

Is Brexit as an isolated event or symptomatic of a wider problem? If so, what is this wider problem, how else might it be manifested, what are its security and defence implications?

ANNEX B: AFFILIATIONS OF INTERVIEWEES

DENMARK

Ministry of Foreign Affairs, 2 officials
Ministry of Defence, 3 officials
Think tanks, 2 researchers

ESTONIA

Ministry of Foreign Affairs, 1 official
Ministry of Defence, 4 officials
Office of the President, 1 official

FINLAND

Ministry for Foreign Affairs, 2 officials
Ministry of Defence, 3 officials
Think tanks, 3 researchers

GERMANY

Ministry of Foreign Affairs, 4 officials
Ministry of Defence, 1 official
Think tanks, 4 researchers

LATVIA

Ministry of Foreign Affairs, 1 official
Ministry of Defence, 1 official
Office of the President, 1 official
Think tanks, 1 researcher

LITHUANIA

Ministry of Foreign Affairs, 3 officials
Ministry of National Defence, 3 officials
Media, 1 journalist

POLAND

Member of Parliament Foreign Affairs
Committee
Ministry of Foreign Affairs, 3 officials
Ministry of National Defence, 1 official
National Security Bureau, 1 official
Think tanks, 1 researcher

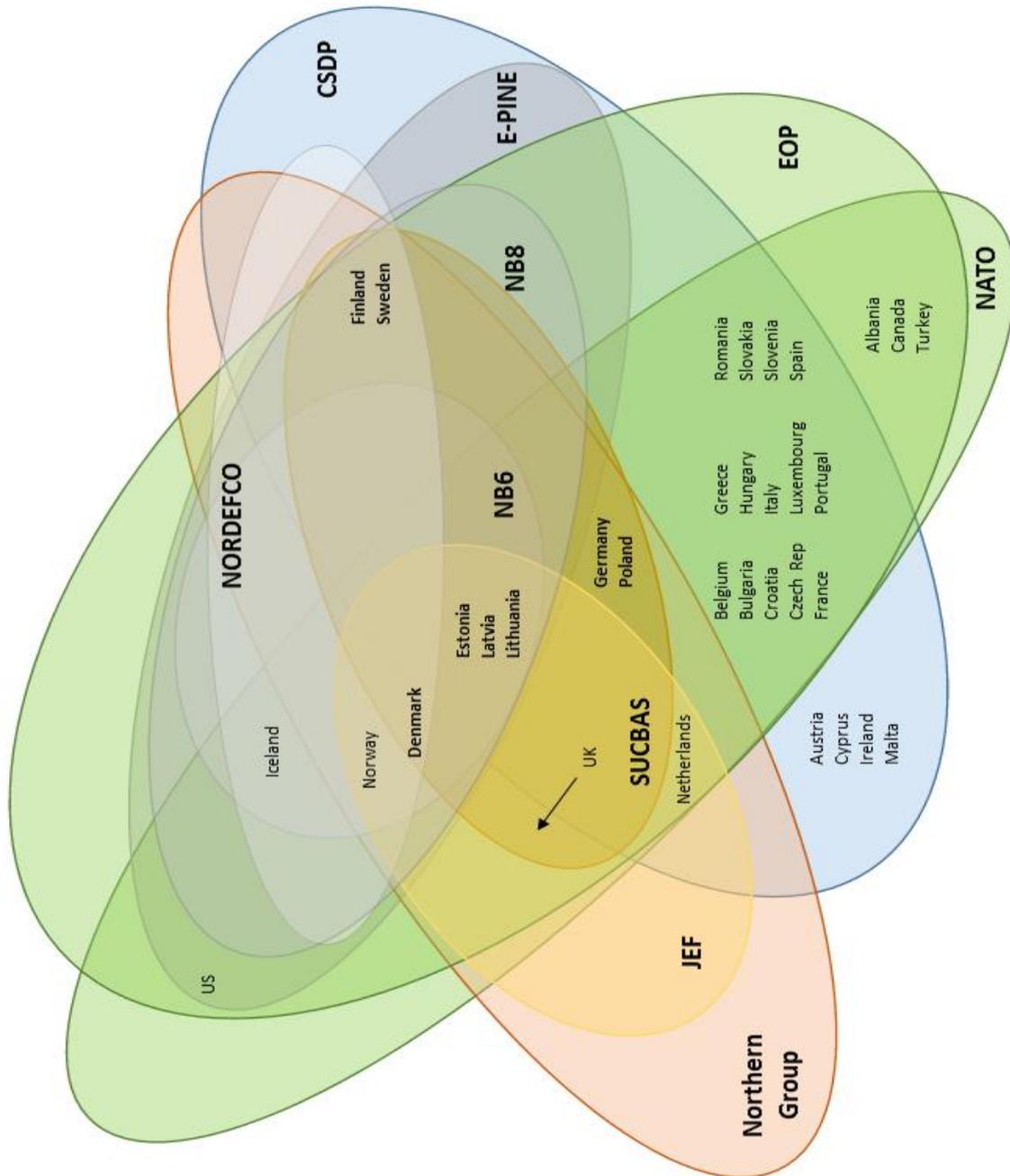
SWEDEN

Ministry of Foreign Affairs, 2 officials
Ministry of Defence, 4 officials
Think tanks, 4 researchers

UK

Member of Parliament, 2 MPs
Ministry of Defence, 1 official
Think tanks, 6 researchers

ANNEX C: BALTIC SEA SECURITY ARRANGEMENTS



See key overleaf

KEY

EOP	NATO's Enhanced Opportunities Partners.
E-PINE	Enhanced Partnership in Northern Europe, a collaborative defence group conceived by the US.
JEF	Joint Expeditionary Force. A flexibly configurable, UK-led pool of high-readiness forces.
NB6	The NATO Nordic and Baltic states, a collaborative defence group.
NB8	The Nordic and Baltic states, a collaborative defence group.
NORDEFECO	Nordic Defence Cooperation, a cooperation structure for the Nordic states.
Northern Group	A collaborative defence group of northern nations conceived by the UK in 2010.
SUCBAS	A framework for Baltic Sea surveillance information exchange.

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