



REPORT

# EUROPEAN STRATEGIC AUTONOMY OPERATIONALISING A BUZZWORD

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## EXECUTIVE SUMMARY AND RECOMMENDATIONS

European Strategic Autonomy (ESA) refers to the ability of European states to set their own priorities and make their own decisions in matters of foreign policy, security and defence, and have the means to implement these decisions alone, or with partners if they so choose. While the capacity to act in foreign policy includes diplomatic, economic, trade and other instruments, in this report we consider only the security and defence aspects of ESA, which are currently the subject of some debate and controversy, and are aspects in which Europe is presently weak.

While debates about ESA have been around since at least the 1990s, four broad interconnected developments explain why the concept currently has such traction: the re-emergence of defence and power politics in Europe's neighbourhood; European concerns about the shift away from Europe in US security and defence priorities, amplified by the policies and behaviour of Donald Trump; the global demise of the liberal, rules-based order; and the internal challenges to European cohesion and solidarity, most visibly in the form of Brexit. The publication of the EU Global Strategy in 2016 kick-started the debate as to how Europe should respond to these various challenges.

Most ESA proponents argue that Europe has a responsibility to take a greater share of the burden of European security and that to do so is a sensible hedging strategy against US disengagement. They stress, however, that ESA does not mean independence or the rejection of alliances; on the contrary, they argue that a stronger European contribution will strengthen the transatlantic relationship. ESA critics, on the other hand, question how realistic ESA is given the current state of European defence and worry about unnecessarily offending the US, in particular in the defence industrial realm. They fear that ESA is a French plot and point to the general ambiguity that surrounds the concept.

It is certainly true that ESA has remained to a large extent on the rhetorical level. The concept is ill-defined and the term itself has become a buzzword. To move towards implementation, we propose to explain ESA in security and defence as the capacity to act in four dimensions: political, institutional, capabilities and industrial. The first dimension, political autonomy, concerns questions such as to whom the 'E' in ESA refers, who is able to lead the development of ESA, and what is the level of ambition for this endeavour. Institutional autonomy refers to the availability of the governance structures required to prepare and administer these priorities, while capabilities autonomy refers to the availability of the military, civilian, financial, operational, and other capabilities to credibly implement priorities and decisions. Industrial autonomy refers to the availability of the industrial and technological base necessary to develop and deliver the required capabilities.

From this model, it is evident that ESA is a gradual, not an absolute, condition; Europe can work towards progressively increasing its autonomy, and is likely to reach a greater degree in some dimensions than in others. It is also evident that although discussions about ESA have largely been framed within the context of the EU, there is no fundamental reason for ESA to be attached to this, or any other institutional setting. Autonomy might also be constructed within a European pillar of NATO, by a small formal or informal group of states, or through a combination of these. Practical considerations, however, suggest that the EU is the most appropriate format in which to build political and institutional autonomy while states, either individual or in groups, should be responsible for the prerequisites for capabilities and industrial autonomy.

## WE RECOMMEND THAT:

- European states should continue to pursue strategic autonomy in security and defence, for the purposes of responsibility and hedging.
- They should aim for greater clarity of terminology and concepts, formally if necessary through discussion and agreement at the European Council and other fora. Imprecision risks fragmentation of security relations, and more generally political relations in Europe, and unintended frictions with the US.
- As ESA is too large and nebulous a concept to consider as a whole, they should consider—as we do in the report—using a model that identifies the various dimensions of autonomy as a basis for analysis and implementation.
- Europeans should concentrate on and measure themselves by progress in implementation, rather than rhetoric.
- They should be measured in their ambition for ESA and avoid unrealistic and controversial ideas that confuse the debate. In particular, the idea of a ‘European Army’ should be shelved.
- They should make particular efforts to explain their (agreed) concept of ESA to others, in particular the US. They should emphasise that ESA is a practical proposition; it is intended to ensure that Europeans have the freedom to act, not that they should have freedom from others.
- Europeans should take care not to lose sight of the central importance of the US and NATO in European defence. Equally, they should continue to make efforts to strengthen the relationship between the EU and NATO.
- Those European states who are more sceptical of ESA should accept ESA for what it is, not for what they fear it might become. They should engage and shape, not abstain and complain. Even the most vocal proponents of the concept do not wish to damage transatlantic relations; on the contrary, they see a greater European contribution to sharing the security and defence burden as a means of strengthening the transatlantic link.

## AS REGARDS POLITICAL AUTONOMY:

- European states should agree to build political autonomy within the EU.
- They should make arrangements to allow the fullest permissible inclusion of the UK after Brexit. These arrangements, or variations on them, should be extended to other European states as appropriate—political autonomy should be constructed on an ‘EU + x’ basis.

## AS REGARDS INSTITUTIONAL AUTONOMY:

- European states should agree to build institutional autonomy within the EU, on the basis of existing structures such as the Political and Security Committee, EU Military Committee and Military Staff, and Military Planning and Conduct Capability.
- They should agree modifications to these structures, and to initiatives such as PESCO and the EDF, to allow the UK after Brexit and other third parties as appropriate to be included as closely as permissible.

- If the number and intensity of EU operations increases so as to make planning, command and control unmanageable, they should consider constructing a real European operational headquarters under the EU. In the shorter term, because the need for such a headquarters is low and because building institutions rather than capabilities sends an unhelpful message, they should continue to rely on the present ad hoc arrangements.

#### AS REGARDS CAPABILITIES AUTONOMY:

- European states should honour the various commitments they have made to increase defence investment. NATO European states should strive to fulfil the commitments they have made under the Defence Investment Pledge. EU member states should live up to the defence investment commitments agreed under PESCO.
- European states must also take seriously the need for defence cooperation to deliver capabilities more efficiently, and to address redundancy in the defence industrial base. They should work together within existing frameworks, be they NATO, EU, or formal and informal groups of states to address long-recognised capability shortfalls and be ready to hold each other to account for their performance in this dimension.

#### AS REGARDS INDUSTRIAL AUTONOMY:

- European states should ensure that the principles of the single market are also extended to the defence sector.
- They should avoid protectionism and allow third parties access to their markets on a quid pro quo basis.

## LIST OF ABBREVIATIONS

<b>CARD</b>	Coordinated Annual Review of Defence
<b>CDP</b>	Capability Development Plan
<b>CSDP</b>	Common Security and Defence Policy
<b>DGAP</b>	Deutsche Gesellschaft für Auswärtige Politik (German Council on Foreign Relations)
<b>EDF</b>	European Defence Fund
<b>EDTIB</b>	European Defence Technological and Industrial Base
<b>EI2</b>	European Intervention Initiative
<b>ESA</b>	European Strategic Autonomy
<b>ESDP</b>	European Security and Defence Policy
<b>EUBG</b>	EU Battlegroups
<b>EUGS</b>	EU Global Strategy
<b>IISS</b>	International Institute for Strategic Studies
<b>PESCO</b>	Permanent Structured Cooperation
<b>R&amp;D</b>	Research and Development

*“This is the hour of Europe. If one problem can be solved by Europeans, it is the Yugoslav problem. This is a European country and it is not up to the Americans. It is not up to anyone else.”*  
Jacques Poos, Foreign Minister of Luxembourg, 1991

*“The times in which we could completely depend on others are, to a certain extent, over... We Europeans truly have to take our fate into our own hands.”*  
Angela Merkel, May 2017

*“Emmanuel Macron suggests building its own army to protect Europe against the US, China and Russia. But it was Germany in World Wars One and Two How did that work out for France? They were starting to learn German in Paris before the US came along. Pay for NATO or not!”*  
Donald Trump, Tweet, November 2018

## INTRODUCTION

European strategic autonomy (ESA) is, in our understanding, the ability of European states to set their own priorities and make their own decisions in matters of foreign policy, security and defence, and have the means to implement these decisions alone, or with partners if they so choose.<sup>1</sup> In the words of one analyst:

For Europe, being strategically autonomous requires the ability to set a vision of its role in its neighbourhood and on the world stage, to identify desirable political goals, and to craft and implement plans meant to achieve those, including through the use of military force.<sup>2</sup>

*ESA has become something of a buzzword*

While discussions about this concept have largely been framed within the context of the European Union, there is no fundamental

<sup>1</sup> Barbara Lippert, Nicolai von Ondarza and Volker Perthes (eds.), *European Strategic Autonomy. Actors, Issues, Conflicts of Interests* (Berlin: Stiftung Wissenschaft und Politik, 2019), 5.

<sup>2</sup> Corentin Brustlein, “European Strategic Autonomy: Balancing Ambition and Responsibility,” *Éditoriaux de l’Ifri*, 16 November 2018, 3.

reason for ESA to be attached to this, or any other institutional setting.

The current debate, in which ESA has become something of a buzzword, focuses on Europe’s security and defence dimension. The capacity to act in foreign policy, however, covers a much wider realm. Europe’s place in the world is defined by how it acts in various fields, including diplomatic, economic, trade or security. If other countries, such as the US, Russia or China, combine defence with non-military issues like trade or different kinds of hybrid action, then Europeans will need to think in broader terms too. Clearly at present, Europeans are more capable of acting in some fields than in others. Through the EU, for example, Europe has a strong position on international trade; by contrast Europe is notably weak and heavily dependent on the US when it comes to defence.

While recognising this wider context for ESA, our report focuses on the concept as it is mostly discussed at present – as a security and

*A lack of clarity on the scope and meaning of ESA has allowed substantial space for interpretation and disagreement*

defence issue. This area offers a particularly difficult and controversial set of challenges and the current debate, though vigorous, has so far left many questions unresolved. A lack of clarity on the scope and meaning of ESA has allowed substantial space for interpretation and disagreement over questions such as Europe’s overall strategic aims, the resources it will need, and the implications and unintended consequences of pursuing greater autonomy.

The picture has been further blurred by the association that is sometimes made between ESA and the – also ill-defined and even more controversial – notion of a ‘European Army’.

The concept of ESA in security and defence is prone to elicit strong reactions, be they positive or negative. There are few who treat the subject with indifference. While for some European countries such as France ESA is both a promise and a necessity, for others such as Poland and the Baltic states it smacks of danger and irresponsibility. As one analyst observes:

With their world becoming more dangerous and the US security guarantee less certain, Europeans know they must now do more for their own defence. But there is little consensus on how or even why they should do so.<sup>3</sup>

Unsurprisingly, there have been calls to stop using the ESA buzzword, which has been variously criticised as divisive, fuzzy and counter-productive. But the genie is already out of the bottle: rather than trying to replace it with other terms which might be just as misleading (e.g., ‘European sovereignty’) or too dull to engage the European public (e.g., ‘capacity to act’), we should strive to offer an understanding of what ESA means and discuss ways in which European states might implement it. This report is intended to be a contribution to those efforts.

In addition to the ever-growing body of literature on this subject, our report is based on a series of interviews conducted with policy-makers and academics in Berlin, Brussels, Paris, Tallinn, and Warsaw, and on the findings of a January 2019 seminar arranged by ICDS at which Estonian, Finnish and Swedish government officials discussed ESA. While much of what follows is based on the insights we gained from these discussions, our interlocutors were guaranteed that their remarks would not be individually attributed in this report.

We tackle the subject in three chapters. The first provides context and historical background on ESA, and the second reviews the arguments for and against ESA and describes the positions of a selection of European states. The third chapter proposes a four-dimension model of ESA and analyses progress in and prospects for operationalising each of these dimensions; in particular, we focus on the different frameworks within which each dimension might be pursued. We conclude our report with policy recommendations.

<sup>3</sup> Nick Witney, *Building Europeans’ capacity to defend themselves* (Brussels: European Council on Foreign Relations, 2019), 1.

## 1. BACKGROUND

Debates about increasing Europe’s capacity to act autonomously in security and defence policy have been around since at least the Balkan wars of the 1990s. The current controversy was kick-started by the publication of the European Union Global Strategy (EUGS) in 2016.

*Debates about increasing Europe’s capacity to act autonomously in security and defence policy have been around since at least the Balkan wars of the 1990s*

### 1.1. HISTORICAL CONTEXT

In the post-Cold War setting, the concept of a European “capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so” first came to prominence in the 1998 Franco-British St. Malo agreement.<sup>4</sup> Much of the substance of the St. Malo declaration was imported into the EU’s fledgling European Security and Defence Policy (ESDP, to become with the Lisbon Treaty the Common Security and Defence Policy (CSDP)), later giving rise to an EU-wide agreement to the robust military capability target of the 1999 Helsinki Headline Goal.<sup>5</sup> This was an important milestone for the EU’s defence ambitions since it contained a recognition that any aspiration for a credible EU foreign and security policy would need to be backed up by appropriate military capabilities.

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Alongside the Helsinki commitment to improve their military capabilities, the member states agreed to build the institutional arrangements necessary for the execution of the ESDP, including a Political and Security Committee, an

<sup>4</sup> Maartje Rutten (comp.), “From St-Malo to Nice. European Defence Core Documents,” *Chaillot Papers 47* (Paris: WEU Institute for Security Studies, 2001), 8.

<sup>5</sup> *Ibid.*, 82.

EU Military Committee and an EU Military Staff.<sup>6</sup> The EU also worked with NATO to establish the 2003 Berlin Plus arrangements that provide “the basis for NATO-EU cooperation in crisis management by allowing the European Union to have access to NATO’s collective assets and capabilities for EU-led operations, including command arrangements and assistance in operational planning”.<sup>7</sup>

A further step towards capability development came in 2004 with the EU Military Committee’s endorsement of the EU Battlegroup (EUBG) concept for rotational multinational EU military units, usually composed of about 1500 personnel for rapid response in crisis management scenarios.<sup>8</sup> While the EUBG concept supported the transformation of Europe’s militaries from heavy collective defence forces to more agile crisis management structures, the EUBG have so far been unable to meet operational expectations. A number of factors including, crucially, a lack of political will to act in a European context has meant that these forces have never deployed.<sup>9</sup> Discussions on improving the usability of the EUBG and finding more effective financing mechanisms for them continue today, but new, apparently more promising areas of EU defence cooperation have pushed the EUBG down the list of priorities.

The main scenario for which Europeans sought to prepare in the 1990s and early 2000s was crisis management. European states were responding to a key lesson of the Balkan wars – having formulated high political ambitions, they found themselves impotent and in need of US support to end the fighting. The European strategic ambition (expressed through the ‘Petersberg tasks’), the ESDP’s institutional structures and the capability requirements of

the Headline Goal thus all reflect European assumptions about their security and defence role in crisis management in this period.<sup>10</sup>

## 1.2. 2016: THE REBIRTH OF ESA

Four broad interconnected developments explain why the concept of strategic autonomy has gained such traction since the publication of the EUGS in 2016.

First, defence and power politics have re-emerged. In recent years, Europe’s immediate neighbourhood has been marked by increased instability and conflict. After roughly three decades of relative calm since the end of the Cold War, Russia’s illegal annexation of Crimea in 2014, the war Russia continues to support in Donbass, and Russia’s intervention in Syria have brought collective defence issues and military concerns generally back to Europe’s agenda.

*The central and eastern European states in particular feel threatened by a revanchist and aggressive Russia*

The central and eastern European states in particular feel threatened by a revanchist and aggressive Russia, which is now enabled by a broad range of improved military capabilities thanks to the ‘new look’ reforms it launched in 2008. Large-scale Russian military exercises at NATO’s borders, such as *Zapad 2017*, and active cyber and hybrid disinformation activities against its neighbours have added to the unease.

In parallel, the situation in the Middle East and North Africa on Europe’s southern border has deteriorated. The 2015 Paris terrorist attacks reminded Europeans that existential threats can come from various sources and regions and can take several forms.

Together, these developments have led to a resurgence of interest in defence issues in Europe, and an increased belief that Europe should be able to protect itself, including militarily.

<sup>6</sup> Ibid., 191-9.

<sup>7</sup> European Union, European External Action Service, “Shaping of a Common Security and Defence Policy,” EU, 8 July 2016, [https://eeas.europa.eu/topics/common-security-and-defence-policy-csdp/5388/shaping-of-a-common-security-and-defence-policy\\_-\\_en#The+Berlin+Plus+agreement](https://eeas.europa.eu/topics/common-security-and-defence-policy-csdp/5388/shaping-of-a-common-security-and-defence-policy_-_en#The+Berlin+Plus+agreement).

<sup>8</sup> Gustav Lindstrom, “Enter the EU Battlegroups,” *Chaillot Paper 97* (Paris: EU Institute for Security Studies, 2007), 13; Claudia Major and Christian Mölling, “EU Battlegroups: What Contribution to European Defence? Progress and Prospects of European Rapid Response Forces,” SWP Research Paper, 2011/RP 08, June 2011, 10-11.

<sup>9</sup> Ibid., 14-25; Yf Reykers, “EU Battlegroups: High costs, no benefits,” *Contemporary Security Policy* 38:3 (2017): 460-4.

<sup>10</sup> The Petersberg tasks: humanitarian and rescue tasks; peacekeeping tasks; tasks of combat forces in crisis management, including peacemaking. Western European Union, Council of Ministers, “Petersberg Declaration,” 19 June 1992, 6.

However, in the post-Cold War period, most European countries had prioritised soft – normative and commercial – power over military power to further their interests. Even in military terms, crisis management seemed the most likely scenario, with collective defence an old, if not obsolete, task. Consequently, they have relied heavily on the US and NATO for territorial defence, an arrangement that has increasingly come under pressure.

*After decades of transatlantic cooperation focused on the Soviet threat and later the fight against terrorism, the new leitmotif is great power competition, with China as its main focus*

The second development is the fundamental shift of US priorities in security and defence, notably to Asia, and the consequent change in the transatlantic relationship.<sup>11</sup> After decades of transatlantic cooperation focused on the Soviet threat and later the fight against terrorism, the new *leitmotif* is great power competition, with China as its main focus. In a period characterised by intensified strategic competition and a weakened norms-based international order, the number of military challenges to the US is likely to grow.<sup>12</sup> With world-wide commitments, domestic economic and political constraints, and increasingly capable peer adversaries, Washington is unlikely to be willing and able to maintain the same commitment to stability in Europe, the Middle East or Africa as today.<sup>13</sup>

Recent US decisions such as the withdrawal of troops from Syria's border with Turkey underline this drift.<sup>14</sup> Clearly, as the priorities of US security policy increasingly shift away from Europe and its broader geographical neighbourhood, pressure will grow on

<sup>11</sup> Linde Desmaele and Luis Simón, "East Asia First, Europe Second: Picking Regions in U.S. Grand Strategy," *War on the Rocks*, 7 August 2019, <https://warontherocks.com/2019/08/east-asia-first-europe-second-picking-regions-in-u-s-grand-strategy/>.

<sup>12</sup> Brustlein, "European Strategic Autonomy", 4.

<sup>13</sup> Ibid.

<sup>14</sup> Julian Borger and Bethan McKernan, "US to let Turkish forces move into Syria, dumping Kurdish allies," *The Guardian*, 7 October 2019, <https://www.theguardian.com/world/2019/oct/07/us-to-let-turkish-forces-move-into-syria-abandoning-kurdish-allies>.

Europeans to formulate their own political and economic priorities and to address security and defence issues on their own.

President Donald Trump's policies and behaviour have concentrated concerns in many European capitals about Washington's long-term strategic orientations and its level of continuing interest in Europe. Changes in the US approach certainly started before President

Trump took office in 2017 and are likely to continue afterwards. But Europe's doubts about the reliability of the US increased noticeably with the arrival of President Trump. His statements and policies have fuelled a debate about whether, how, and to what extent Europeans could and should take greater responsibility for their

own security. Even such a staunch atlanticist as the German Chancellor Angela Merkel has hinted that things have changed.<sup>15</sup>

*President Donald Trump's policies and behaviour have concentrated concerns in many European capitals about Washington's long-term strategic orientations*

President Trump's rejection of the central elements of not only the transatlantic order, but also the liberal international order deeply worries many Europeans. The US now questions premises such as the multilateral and rules-based international order that underlie how most Europeans see the world.<sup>16</sup> The US focus on sovereign states as key actors includes a willingness to engage in bilateralism with little coordination and potentially at the expense of multilateral frameworks; the recent US-Polish decision to station US troops

<sup>15</sup> Jon Henley, "Angela Merkel: EU cannot completely rely on US and Britain any more," *The Guardian*, 28 May 2017, <https://www.theguardian.com/world/2017/may/28/merkel-says-eu-cannot-completely-rely-on-us-and-britain-any-more-g7-talks>.

<sup>16</sup> See for example: Constanze Stelzenmüller, *Hostile ally: The Trump challenge and Europe's inadequate response* (Washington DC: Brookings, 2019); Claudia Major, "Schwieriges Selbstständigwerden. Zum Wandel der transatlantischen Sicherheitsbeziehungen und den Konsequenzen für Europa [Difficulties of becoming self-sufficient. On the transformation of transatlantic security relations and the consequences for Europe]," *Aus Politik und Zeitgeschichte* 36/37 (2018), <https://www.bpb.de/apuz/275102/schwieriges-selbststaendigwerden?p=all>.

in Poland is an example.<sup>17</sup> The US is also re-interpreting the value of international treaties and regulations, apparently seeing some of them – such as the Joint Comprehensive Plan of Action – as limiting, rather than helpful. American statements in the area of security and defence are a particular worry for Europeans. President Trump has publicly criticised NATO as “obsolete” and is said to have raised the idea of taking the US out of the Alliance altogether.<sup>18</sup>

Furthermore, President Trump has developed a transactional logic according to which US commitments would depend on financial contributions or the good behaviour of other countries, thereby questioning the core idea of NATO enshrined in Article 5 of the Washington Treaty.

*There is a general demise of the liberal order which most Europeans value so greatly, but no indication what may follow*

Third, and closely linked to transatlantic developments, there is a general demise of the liberal order which most Europeans value so greatly, but no indication what may follow. It is not only the US, but other key international actors like Russia and China in particular that are challenging the central components of this order. The list of countries that contest rather than defend the rules-based order is lengthening. In addition, actors with different normative ideas and interests seek to divide Europeans in the EU, and try to influence its inner workings. Greece’s veto of an EU condemnation of China’s human rights record is just one example.<sup>19</sup> Europeans find it increasingly difficult to play an effective part in shaping the global order when other major

powers pick and choose among international rules or throw them overboard altogether.<sup>20</sup> And the fact that a traditionally close partner like the US is increasingly part of this disruptive group is an especially harsh challenge.

The fourth development is that Europe is also challenged from within. In numerous countries, eurosceptic and nationalist governments threaten to substantially weaken Europe’s political cohesion and solidarity, thereby fragmenting the EU. In combination with the external crises, these internal developments put the normative, political and institutional structures of the EU under severe pressure.<sup>21</sup>

The most visible expression of this development was the 2016 Brexit referendum which took place shortly before the launch of the EUGS. Brexit proved wrong the traditional belief in many EU countries and institutions, particularly in the historical EU member states, that the ‘EU project’ knows only one direction – ever deeper integration in more and more areas. What had seemed unimaginable became a reality: the EU integration process turned out to be reversible.

The Brexit referendum placed France in a crucial position with regard to European security. France would soon become the most capable expeditionary European state that was a member of both NATO and the EU, as well as being a nuclear power and permanent member of the UN Security Council. France and Germany both deemed it necessary to show that the EU project was still alive and kicking after the Brexit referendum, but for France, pursuing an EU security and defence agenda also offered the long-sought prospect of aligning national and European goals. In a European security environment, characterised by a resurgent Russia and terrorism at Europe’s southern borders, security and defence policy seemed the natural choice, and strategic autonomy the most promising agenda, to

<sup>17</sup> Marcin Gocłowski, “Warsaw, Washington agree on locations for new U.S. troops in Poland,” *Reuters*, 30 August 2019, <https://www.reuters.com/article/us-poland-usa-military/warsaw-washington-agree-on-locations-for-new-u-s-troops-in-poland-idUSKCN1VK0TB>.

<sup>18</sup> Marc Santora, “Trump Derides NATO as ‘Obsolete.’ Baltic Nations See It Much Differently,” *The New York Times*, 16 January 2017, <https://www.nytimes.com/2018/07/10/world/europe/trump-nato-summit-latvia-baltics.html>; Julian E. Barnes and Helene Cooper, “Trump Discussed Pulling U.S. From NATO, Aides Say Amid New Concerns Over Russia,” *The New York Times*, 14 January 2019, <https://www.nytimes.com/2019/01/14/us/politics/nato-president-trump.html>.

<sup>19</sup> Helena Smith, “Greece blocks EU’s criticism at UN of China’s human rights record,” *The Guardian*, 18 June 2017, <https://www.theguardian.com/world/2017/jun/18/greece-eu-criticism-un-china-human-rights-record>.

<sup>20</sup> Lippert, von Ondarza and Perthes (eds.), *European Strategic Autonomy*, 7.

<sup>21</sup> *Ibid.*

provide a counter-Brexit narrative at the EU level.<sup>22</sup>

*Security and defence policy seemed the natural choice, and strategic autonomy the most promising agenda, to provide a counter-Brexit narrative at the EU level*

These four intertwined developments have challenged core European security policy beliefs, such as the centrality of NATO and transatlantic relations, the prevalence of a norms-based multilateral international order, the belief in a cooperative security order in Europe, and ever deepening European integration. For many Europeans, working towards ESA thus seems to be a matter of urgency and necessity, not choice, if Europe is to find a place in the emerging international order.

*For many Europeans, working towards ESA seems to be a matter of urgency and necessity, not choice*

### 1.3. THE EUGS AND ITS IMPLEMENTATION

The EUGS and the implementation plan subsequently agreed in 2016 by the European Council, is the EU's main security and defence policy response to the developments sketched above. It outlines several aspects of strategic autonomy. It calls "for Europe's ability to promote peace and security within and beyond its borders".<sup>23</sup> It identifies systematic defence cooperation as critical for Europe's autonomy of decision and action.<sup>24</sup> It also considers an appropriate level of ambition and strategic autonomy to be important for Europe's ability to foster peace and safeguard

<sup>22</sup> Claudia Major, "Credible EU Defense Means Rethinking Sovereignty," *Strategic Europe*, *Carnegie Europe*, 15 June 2017, <https://carnegieeurope.eu/strategieurope/71260>; Ronja Kempin and Barbara Kunz, "France, Germany and the Quest for European Strategic Autonomy. France-German Defence Cooperation in a New Era," *Notes de l'Ifri*, No.141/Notes du Cerfa, December 2017, 6.

<sup>23</sup> European Union, High Representative of the EU for Foreign Affairs and Security Policy, *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy* (Brussels: EU, 2016), 12.

<sup>24</sup> *Ibid.*, 46.

security within and beyond its borders.<sup>25</sup> In addition, it underlines the importance of EU-decision-making autonomy with regard to NATO, and points out that an "innovative and competitive European defence industry is essential for Europe's strategic autonomy and for a credible CSDP".<sup>26</sup>

The EUGS thus clearly focuses on Europe's neighbourhood, crisis management and industry. The Council's Implementation Plan for the EUGS expresses no ambition to cover the whole spectrum of defence and recognises (somewhat obliquely) NATO as the sole provider of territorial defence, noting that "NATO remains the foundation for the collective defence for those States which are members of it".<sup>27</sup>

The EU has since adopted several new mechanisms for defence cooperation aimed at producing the capabilities required to implement the EUGS. Permanent Structured Cooperation (PESCO), binds the 25 participating member states (Denmark, Malta and the UK do not take part) to a set of commitments to invest in, plan, develop, and operate defence capabilities. The treaty-based PESCO framework aims to create a "coherent full spectrum force package", jointly available to member states "with a view to addressing the most demanding missions and operations".<sup>28</sup> The participating states have so far launched, in two rounds between March and November 2018, 34 projects aimed at addressing the EU's

<sup>25</sup> *Ibid.*, 19.

<sup>26</sup> *Ibid.*, 20, 45.

<sup>27</sup> European Union, Council of the European Union, "Council Conclusions on implementing the EU Global Strategy in the area of Security and Defence," 14149/16, 14 November 2016, 10. This is an abbreviated form of the text used in article 42.7 of the Lisbon Treaty, which states, "Commitments and cooperation in this area shall be consistent with commitments under the North Atlantic Treaty Organisation, which, for those States which are members of it, remains the foundation of their collective defence and the forum for its implementation" ("Consolidated Versions of the Treaty on European Union and the Treaty on the Functioning of the European Union," *Official Journal of the European Union*, 326/01, 26 October 2012, Article 42).

<sup>28</sup> PESCO is, in fact, not a new tool. It was introduced in the Lisbon Treaty (agreed in 2007) but not activated by the EU member states until 2017. [PESCO] participating member states, "Notification on Permanent Structured Cooperation (PESCO) to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy," 2017, 3, 1.

capability shortfalls.<sup>29</sup> A third round, promising fewer but more substantive projects, is scheduled to be approved in November 2019.

The European Commission has also become active in the field of defence, with the introduction of a European Defence Fund (EDF) aimed at contributing to the development of the European defence industry and encouraging defence research and development (R&D). To support ESA by addressing shortcomings associated with the individual member states bearing primary responsibility for planning, equipment procurement, and R&D, the Commission has allocated €90 million for defence research and €500 million for capabilities for pilot projects in the years 2019 and 2020.<sup>30</sup> The research investment will fund projects dealing with 'system-on-a-chip' computer hardware, high-powered laser technology and unmanned systems for the naval environment.<sup>31</sup> The capabilities strand, consisting of development and acquisition, intends to better connect research with development and to avoid the so-called 'valley-of-death' problem in the late stages of R&D.<sup>32</sup> Development will be co-financed by the EU and the member states, while acquisition will remain the responsibility of the member states alone.

The Commission has further proposed to fully fund these activities through to 2027 with up to €13 billion. €4.1 billion will be spent on research projects and €8.9 billion on co-financing capabilities development alongside member states.<sup>33</sup> At roughly €1.9 billion per year, the Commission's investment

will be smaller than the annual defence R&D budgets of France (€4.7 billion in 2018) and the UK (€3.1 billion in 2017), but larger than Germany's (€1.1 billion in 2018).<sup>34</sup> In addition to R&D and capability funding, the Commission also proposes to spend €6.5 billion on military mobility projects and a further €3 billion on the Common Foreign and Security Policy in the 2021-2027 Multiannual Financial Framework.<sup>35</sup> The framework is still subject to agreement, hence the funding is not yet confirmed.

*Many member states, however, tend to prefer national suppliers, regarding defence industry as a special case*

In parallel, the Commission has made some efforts to extend the logic of the single market and open competition to the defence industry sector. Many member states, however, tend to prefer national suppliers, regarding defence industry as a special case linked to their national sovereignty in which open competition is not desirable. The inception of a new Directorate General for Defence Industry and Space announced by Commission President Ursula von der Leyen in September 2019 may be significant in this respect. This position, reporting to the Commissioner for the Internal Market, is tasked with implementing the EDF, ensuring an open and competitive European defence equipment market and enforcing EU procurement rules on defence, implementing the Action Plan on Military Mobility, fostering an innovative space industry, and implementing the future Space Programme.<sup>36</sup>

A third key mechanism, the Coordinated Annual Review on Defence (CARD) was launched in 2017. Building upon information provided on a voluntary basis by the member states, CARD aims to collect an overview of military capabilities in Europe, scrutinise the progress of defence cooperation, identify future cooperation opportunities and monitor

<sup>29</sup> A current list of PESCO projects may be found at European Union, European Defence Agency, "PESCO," <https://pesco.europa.eu/>.

<sup>30</sup> European Union, European Court of Auditors, *European Defence* (Luxembourg: European Court of Auditors, 2019), 55-6.

<sup>31</sup> European Union, European Commission. "Commission Decision on the adoption of the work programme for 2018 and on the financing of the 'Preparatory action on Defence research', and authorising the use of unit costs under the preparatory action," C(2018) 1383 final, 9 March 2018, 5-16.

<sup>32</sup> Daniel Fiott, *Funding EU defence cooperation*, Brussels: European Union Institute for Security Studies, 2017, 2; Thomas Marino, "Maintaining NATO's Technology Edge: Strategic Adaptation and Defence Research & Development," NATO Parliamentary Assembly 174STC 17Ebis, 8 October 2017, 13.

<sup>33</sup> European Union, European Commission. "EU budget: Stepping up the EU's role as a security and defence provider," press release, 13 June 2018, [https://europa.eu/rapid/press-release\\_IP-18-4121\\_en.htm](https://europa.eu/rapid/press-release_IP-18-4121_en.htm).

<sup>34</sup> "Chapter Four: Europe", in *The Military Balance* (London: International Institute for Strategic Studies, 2019), 66-165.

<sup>35</sup> European Court of Auditors, *European Defence*, 24.

<sup>36</sup> Ursula von der Leyen, "Mission letter. Sylvie Goulard, Commissioner-designate for Internal Market," Brussels, 10 September 2019, [https://ec.europa.eu/commission/sites/beta-political/files/mission-letter-sylvie-goulard\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/mission-letter-sylvie-goulard_en.pdf), 6. Commissioner-designate Sylvie Goulard was rejected by the European Parliament on 10 October 2019; a new candidate had not been announced as this report went to print.

trends in national defence spending. The first test CARD was implemented in 2018-19. CARD encourages member states to address capability shortfalls through greater transparency and political visibility. It is closely associated with the EU's Capability Development Plan (CDP), which identifies future capability needs, sets priorities for joint action and produces recommendations for national planning. The CDP is comparable to the NATO Defence Planning Process and coordination between these two efforts is one of the priorities of EU-NATO cooperation.

## 2. WHY ESA?

In this chapter, we review some of the arguments made in favour of and against the concept, and describe the views of selected member states.

### 2.1. ARGUMENTS FOR

The arguments that have been put forward for enhancing ESA fall into three broad, but not necessarily exclusive, areas that correspond to three visions for ESA categorised by one analyst as responsibility, hedging, and emancipation.<sup>37</sup>

*The proponents of ESA as responsibility argue that ESA is necessary because Europeans should take a greater share of the burden of European security*

The proponents of ESA as responsibility argue that ESA is necessary because Europeans should take a greater share (from the US) of the burden of European security; and that both their publics and the US want this.<sup>38</sup> This conception values the enormous contribution that the US makes to European security and calls for the continuation of the arrangements that make it possible. But it also argues that Europe, as a community of wealthy, mature democracies, has a duty to bolster its own contribution. If necessary, Europe should be willing and

able to act without US material support – it should have the autonomy to conduct military operations. Hedging, meanwhile, refers to the need to be prepared to shoulder a larger share of military tasks in case the US decides to withdraw from European security.<sup>39</sup> This may occur temporarily, if the bulk of US resources are for the moment engaged somewhere else, for example in the Pacific with China, or if the US simply chooses not to be involved in a crisis that threatens Europe's interests; or it may be a more permanent condition in which the US has decided to leave Europe and NATO to their own devices. Emancipation, the most radical vision, sees ESA as a means of freeing Europe from its dependency on the US to provide security.

*For most policy makers and analysts, the core rationale for ESA is enhancing Europe's capacity to act*

For most policy makers and analysts, the core rationale for ESA is enhancing Europe's capacity to act. ESA provides a framework that describes and delivers what Europeans would need if they would like to act strategically. This includes more robust tools for EU foreign policy when European and US interests do not align, including in military operations where the US does not wish to be fully engaged, such as Libya and Mali. But this is not just to Europe's benefit: commentators insist that NATO and the transatlantic relationship would also gain from an overall strengthening of European capabilities.<sup>40</sup> States will, after all, maintain just one single set of forces that might be made available for European or NATO purposes. Hence, ESA would deliver what the US has long been calling for: fairer burden sharing.

For almost all ESA proponents, then, ESA is a practical proposition. It does not mean emancipation, autarchy, or the rejection of alliances. It explicitly includes partners, but aims for the freedom to choose these partners

<sup>37</sup> Daniel Fiott, *Strategic Autonomy: Towards 'European Sovereignty' in Defence?* (Brussels: European Union Institute for Security Studies, 2018), 2.

<sup>38</sup> For example: Sven Biscop, "All or nothing? The EU Global Strategy and defence policy after the Brexit," *Contemporary Security Policy* 37:3 (2016), 431.

<sup>39</sup> For example: Anne Applebaum, "Europe Needs to Start Planning for a Future with No US," *The Washington Post*, 13 July 2018, [https://www.washingtonpost.com/opinions/global-opinions/europe-needs-to-start-planning-for-a-future-without-the-us/2018/07/12/33a7cb7e-8601-11e8-8f6c-46cb43e3f306\\_story.html](https://www.washingtonpost.com/opinions/global-opinions/europe-needs-to-start-planning-for-a-future-without-the-us/2018/07/12/33a7cb7e-8601-11e8-8f6c-46cb43e3f306_story.html).

<sup>40</sup> For example: Brustlein, "European Strategic Autonomy," 5-6.

according to its own rules. The goal of ESA is not to conduct a security policy in total political and military isolation (mainly from the US), but to have the ability to decide upon, and to at least in part control, outcomes.

In this understanding, ESA is clearly more than a defensive or reactive conception. It is not just about defending Europe's way of doing things, but also includes a pro-active shaping dimension – an ability to set, modify and enforce international rules, as opposed to being forced to follow rules set by others, such as the US or China; it is about being a rule maker rather than a rule taker, a subject rather than an object of international relations.<sup>41</sup> If Europeans want to participate in shaping the international environment on the basis of their values and interests, both in their immediate neighbourhood and at the global level, a shift towards greater ESA is thus necessary. It is a precondition for playing an effective role in shaping the political order.<sup>42</sup>

## 2.2. ARGUMENTS AGAINST

Of course, there are also several criticisms with regard to ESA. One set of criticisms targets the lack of clarity regarding what the concept encompasses.<sup>43</sup> This includes questions such as: how high the level of ambition for ESA is, and what policy fields it covers; to which, if any, institutional framework it belongs; and how it relates to existing commitments? There are also questions as to how realistic the concept is: will Europeans be ready to sustain ESA in the longer-term, and commit the necessary, and likely substantial, finances to build the military capabilities required to underpin it; and can they resolve the differences between their strategic cultures and agree on a meaningful and coherent concept of autonomy?

*One set of criticisms targets the lack of clarity regarding what the concept encompasses*

Many ESA critics, including many in the US, also warn that too great a focus on strategic autonomy risks unnecessarily offending the US, undermining NATO and deepening transatlantic rifts.<sup>44</sup> It could be considered irresponsible, if Europe calls too strongly for something which it is not yet ready to provide, in particular if Europe finds itself forced to act on its own sooner than it thought it would need to. Such calls might also reinforce the US drift away from Europe by allowing Americans who support US disengagement from European security to portray Europe as somehow unappreciative of the US role, while at the same time making it harder for transatlanticists in Washington to make their case.

*Many ESA critics warn that too great a focus on strategic autonomy risks unnecessarily offending the US*

Some European states, in particular in central and eastern Europe, are suspicious of the French flavour of ESA. While the notion of ESA has been French policy since the era of de Gaulle, it was not until the 1994 French White Paper that the concept was formalised, and not until the 2008 White Paper that the idea of “strategic autonomy” of the European Union was introduced.<sup>45</sup> This historical French background explains the inherent reluctance of some countries to embrace the concept: it is feared as a French plot, driven by French anti-Americanism. French interests are imagined to be lurking beneath a European cover. France also has a clear vision and a determination with regard to the topic and the consequent ease with which it approaches debates in Europe only increase the suspicions of the sceptical.

Finally, there are several criticisms related to the impact of ESA in the defence industrial realm.

The US has, for example, recently warned that greater military cooperation between the EU countries would be a “dramatic reversal” of three decades of transatlantic defence

<sup>41</sup> Lippert, von Ondarza and Perthes (eds.), *European Strategic Autonomy*, 5.

<sup>42</sup> Ibid.

<sup>43</sup> For example: Justyna Gotkowska, “The Trouble with PESCO: The Mirages of European Defence,” *OSW Point of View* 69 (2018), 16.

<sup>44</sup> For example: Luke Coffey, “EU Defense Integration: Undermining NATO, Transatlantic Relations, and Europe's Security,” *The Heritage Foundation Backgrounder* 2806 (2013), 2-3.

<sup>45</sup> Frédéric Mauro, *Strategic Autonomy under the Spotlight: The New Holy Grail of European Defence* (Brussels: GRIPS, 2018), 4, 9.

integration, and expressed “deep concern” that the approval of the rules for the EDF and PESCO, would “produce duplication, non-interoperable military systems, diversion of scarce defence resources and unnecessary competition between NATO and the EU”.<sup>46</sup> These objections are not new – one observer has aptly named them the “St. Malo reflexes” – and they appear to be largely groundless.<sup>47</sup>

## 2.3. THE VIEWS OF MEMBER STATES

In this section, we characterise, on the basis of our discussions in national capitals, the views of some member states with regards to ESA.<sup>48</sup>

### 2.3.1. FRANCE

France has different schools of thought regarding ESA. While there are those who see it in terms of ever deepening European integration, and legacy Gaullists who view it as an instrument to balance the US, it is an influential minority of atlanticists that is today driving policy. For them, ESA is mostly a pragmatic proposition with two main dimensions: the development of capabilities, and the boosting of the will of European states to participate in operations, especially in Africa where France does not want NATO to be involved. This corresponds to a large extent to the vision outlined at St. Malo in 1998. Such a conception should also be underpinned, from a French point of view, by European defence R&D and European production of defence materiel.

*An influential minority of atlanticists is today driving policy*

*It is not autonomy from something, but autonomy to do something*

French officials are keen to stress that ESA does not, for them, mean any kind of independence: it is not autonomy from something, but autonomy to do something. Neither is it an absolute. For example, US military assistance to European operations in Mali is not seen as contradicting ESA. France also stresses that it has no interest in reducing US commitment to European security – by contrast, ESA is intended to encourage continued US presence – nor does Paris wish to see duplication. French officials want to see more defence spending and more capabilities for both the EU and NATO, and in general a greater awareness of defence issues (beyond collective defence).

France believes that progress towards ESA will result in better burden sharing and also in a common European strategic culture, which can be built from the bottom up, as outlined in President Macron’s 2017 Sorbonne speech.<sup>49</sup>

There are two exceptions to these principles. First, in the nuclear domain France insists on 100% autonomy. France questions the credibility of US extended deterrence and some policy makers even support the Europeanisation of the French nuclear deterrent and appropriate cost-sharing of this very expensive (around one third of France’s defence budget) capability. Second, Paris believes that building a European command structure is necessary and would be an acceptable level of duplication; it anticipates that Brexit will make it easier to pursue this goal.

France views PESCO as a key instrument for building European capabilities and believes that this initiative, alongside the EDF and CARD, have been important contributions to this effort. However, it has been somewhat disappointed in the lack of ambition in PESCO so far and more broadly in the less than full use of existing EU defence instruments, which it explains as being due to German caution. Thus France is

<sup>46</sup> Guy Chazan and Michael Peel, “U.S. Warns against European joint military project,” *Financial Times*, 15 May 2019, <https://www.ft.com/content/ad16ce08-763b-11e9-bbad-7c18c0ea0201>.

<sup>47</sup> Margriet Drent, *European strategic autonomy: Going it alone?* (The Hague: Netherlands Institute of International Relations Clingendael, 2018), 1; Daniel Fiott, *The Poison Pill. EU defence on US terms?* (Brussels: European Union Institute for Security Studies, 2019), 1; Sophia Besch and Martin Quencez, “The importance of being protectionist: a long view of the European Defense Fund,” *War on the Rocks*, 13 June 2019, <https://warontherocks.com/2019/06/the-importance-of-being-protectionist-a-long-view-of-the-european-defense-fund/>.

<sup>48</sup> Useful surveys of the views of member states may also be found in, for example: Hans-Peter Bartels, Anna-Maria Kellner and Uwe Optenhögel (eds.), *Strategic Autonomy and the Defence of Europe: On the Road to a European Army?* (Bonn: Dietz Verlag, 2017); and Ulrike Franke and Tara Varma, *Independence play: Europe’s pursuit of strategic autonomy* (Brussels: European Council on Foreign Relations, 2019).

<sup>49</sup> Available at: Élysée, “President Macron gives speech on new initiative for Europe,” <https://www.elysee.fr/emmanuel-macron/2017/09/26/president-macron-gives-speech-on-new-initiative-for-europe.en>.

also pursuing its aims of operational readiness, increased participation in operations, and the generation of a common European strategic culture through its European Intervention Initiative (EI2).<sup>50</sup> Thirteen European countries so far cooperate in this framework.

France recognises the UK as a fellow traveller in its capability-building and intervention agenda and believes that it is important that the UK should be included in EU security and defence structures after Brexit. President Macron's proposal for a European Security Council is intended, in part, to achieve this.<sup>51</sup>

### 2.3.2. GERMANY

Maintaining and strengthening the EU as a central political framework is the main objective behind Germany's support for ESA, and for its implementation in the EU through initiatives such as PESCO.<sup>52</sup> Berlin regards PESCO as a moderate success, but recognises that more (peer) pressure is required if it is to live up to its promise.

*Berlin is more cautious than Paris in choosing ESA as a policy response to these developments*

Berlin recognises that Russia has increasingly become an opponent of the West. It also views the election of Donald Trump, whom it sees as trying to undermine EU efforts on the world stage, and the results of the Brexit referendum as game-changing for Europe's place in the world. Nonetheless, it is more cautious than Paris in choosing ESA as a policy response to these developments. Where France has an ambition and a vision, Germany prefers to proceed incrementally and to stress the importance of the non-defence (e.g. trade and hybrid) aspects

<sup>50</sup> For overviews of EI2, see: Claudia Major and Christian Mölling, "France Moves From EU Defense to European Defense," *Strategic Europe, Carnegie Europe*, 7 December 2017, <https://carnegieeurope.eu/strategieurope/74944>; Olivier-Rémy Bel, "Can Macron's European Intervention Initiative Make the Europeans Battle-Ready?" *War on the Rocks*, 2 October 2019, <https://warontherocks.com/2019/10/can-macrons-european-intervention-initiative-make-the-europeans-battle-ready/>.

<sup>51</sup> Emmanuel Macron, "Dear Europe, Brexit is a lesson for all of us: it's time for renewal," *The Guardian*, 4 March 2019, <https://www.theguardian.com/commentisfree/2019/mar/04/europe-brexit-uk>.

<sup>52</sup> See also: Claudia Major and Christian Mölling, *PeSCo: The German Perspective* (Paris: Ares, 2019), 3.

of ESA. It also prefers, in terms of wording, to talk of European sovereignty, rather than autonomy. Furthermore, Berlin is reluctant to fund ESA, not only because of an absence of threat perception among the German public, but also because of the difficult domestic political situation created by a complicated coalition government and a certain slowness due to Chancellor Merkel's last term in office.

Generally speaking, for Germany, NATO remains the central framework within which to organise defence, as underlined in the 2016 White Paper and subsequent implementation documents (Conception of the Bundeswehr, Profile of Capabilities).<sup>53</sup> France and Germany thus find common ground in stressing the centrality of NATO and the US to Europe's security, and also on the need to keep the UK involved in European security and defence after Brexit.

### 2.3.3. POLAND

Poland is suspicious that (despite French and German insistence to the contrary) ESA is about autonomy from US and sees this a threat to its defence needs. It was thus very hesitant to take part in initiatives aimed at promoting ESA and remains sceptical that anything will come of this grand vision. Poland only joined PESCO at the last moment in the expectation that it could guide it in the 'right' direction.

Nonetheless, Warsaw sees some merit in ESA as a vehicle for encouraging more defence spending and thus providing more defence and deterrence against Russia. In particular it hopes that ESA can be used to persuade low spenders such as Germany to spend more, and that, even if the outcome of this initiative is not certain, PESCO will add value by drawing together small and medium-sized states. At the same time, Warsaw is concerned that money spent on expensive enablers will mean less available for building deterrence (which they equate to traditional warfighting capabilities) on the eastern flank.

<sup>53</sup> Federal Ministry of Defence (Germany), *White Paper 2016 on German Security Policy and the Future of the Bundeswehr* (Berlin: Federal Ministry of Defence, 2016), 64; Federal Ministry of Defence (Germany), *Konzeption der Bundeswehr (Bundeswehr Concept)* (Berlin: Federal Ministry of Defence, 2018).

Unsurprisingly, then, Poland insists that there should be no duplication with NATO and that EU and NATO planning must be complementary. It also supports third party access to the EDF which, unlike PESCO and CARD, Poland sees as a game changer.

### 2.3.4. THE BALTIC STATES

Although there are small differences in the views of the three Baltic states regarding ESA, their positions are broadly similar and might generally be characterised as sceptical. While issues related to NATO are frequently discussed by Baltic policy makers and media outlets, European defence is covered much more rarely and often treated with suspicion or even hostility. When Estonian, Latvian and Lithuanian Baltic policy makers have supported European defence cooperation, their remarks have usually been framed in terms of the contribution it can make to building military capability.

Nonetheless, all three states take part in European defence initiatives. For example, Estonia leads one PESCO project and participates in two more; Latvia participates in three projects; and Lithuania leads one project and participates in one more. All three states have taken part in CSDP missions and EUBG rotations, and Estonia is a member of E12.

*The three Baltic states might generally be characterised as sceptical*

Ultimately though, Russia looms large in Baltic security thinking and the three states thus place high value on collective defence through NATO, and US commitment to European security. The CSDP has often been seen as, at best, a distraction from these efforts and ESA regarded negatively. Estonia's role in steering the member states towards the launch of PESCO during its Presidency of the Council of the EU in the second half of 2017 produced a certain amount of support for this (capability building) initiative, but the idea of a 'European army' has generally not been well received. Baltic enthusiasm for EU defence initiatives has thinned noticeably since Russia's 2014 annexation of Crimea and aggression in Donbass.

Baltic objections to ESA are based on questions of credibility and practicality, on concerns about distracting from or undermining NATO, and on fears of alienating the US. The Baltic states would thus support arrangements that allowed the UK to participate in EU defence initiatives and would wish to avoid a protectionist defence market.

## 3. OPERATIONALISING ESA

So far, ESA has remained to a large extent on the rhetorical level. To move towards implementation, we propose to explain ESA in security and defence as the capacity to act in four dimensions: political, institutional,

*We propose to explain ESA in security and defence as the capacity to act in four dimensions: political, institutional, capabilities and industrial*

capabilities and industrial. This breakdown of what is perhaps otherwise a somewhat nebulous concept may be used as a tool for analysis, and as a vehicle for operationalising the concept and advancing its implementation.

### 3.1. A FOUR-DIMENSION MODEL

The first dimension, political autonomy, concerns questions such as to whom the 'E' in ESA refers, who is able to lead the development of ESA, and what is the level of ambition for this endeavour. Institutional autonomy refers to the availability of the governance structures required to prepare and administer these priorities, while capabilities autonomy refers to the availability of the military, civilian, financial, operational, and other capabilities to credibly implement priorities and decisions. Finally, industrial autonomy refers to the availability of the industrial and technological base necessary to develop and deliver the required capabilities.

From this model, it is evident that ESA is a gradual, not an absolute, condition; it is a journey, rather than a destination. Europe can work towards progressively increasing its autonomy, and is likely to reach a greater

degree in some dimensions than in others. In the following sections of our report, we draw upon the literature and the views of our interlocutors in European capitals to explore where ESA might be situated institutionally, and to assess progress in each of these dimensions.

### 3.2. POLITICAL AUTONOMY

For Europeans to have political autonomy in security and defence, they must have the capacity to define priorities and establish a vision for their activities in this field. There are at least three key aspects to this. First, who is the 'Europe' in ESA? The answer may differ according to policy area, but in defence, the choice boils down to the EU, the European members of NATO, or smaller, more or less formal groups of nations (such as the informal French-German-UK 'motor' of European defence, or more formal structures such as NATO's framework nations groups, the UK-led Northern Group or the French-led E12).

*For Europeans to have political autonomy in security and defence, they must have the capacity to define priorities and establish a vision for their activities in this field*

A second aspect is the question of who can provide leadership, formally or informally, for the process of developing ESA? A third aspect is the question of what Europeans want to achieve with ESA – what is their level of ambition?

*In the longer term, it is desirable for the EU to be the framework within which political autonomy is constructed*

#### 3.2.1. WHO IS EUROPE?

There is a difference between European defence and EU defence. EU defence is defined by EU membership and EU goals, whereas Europe is a geographical entity and European defence is what European states decide to do in defence in various frameworks, independent of their membership of the EU. Non-EU countries such as Norway, (soon probably)

the UK, and to a certain extent Turkey are all substantial contributors to Europe's defence. From this perspective, European defence may not only be represented by the EU – which is the focus of the present debate – but also by a European pillar of NATO or by a group of willing and capable European states.

While European defence does not equal EU defence, the EU can nonetheless enhance European defence by creating initiatives to improve the military capabilities of its member states, for example by fostering cooperation, co-funding innovation or supporting the consolidation of the defence industry. The EU's present defence package of PESCO, the EDF, CARD and its agenda to cooperate with NATO all fall under this umbrella. Furthermore, the EU is a political actor, with its member states more deeply integrated than they are in NATO. It is able to connect the many dimensions of security, both internal and external, and to deploy a wide range of instruments to act in security and defence policy, including diplomatic, military, informational, economic and financial ones. This broader toolbox ought to allow the EU to be able to address security and defence issues more comprehensively and in the longer term, it is thus desirable for the EU to play a larger, if not the central role in European defence and to be the framework within which political autonomy is constructed. However, the fact that many EU member states, particularly those in central and eastern Europe, consider the EU's potential to act in defence to be low, and may not be interested in advancing defence cooperation in the Union, is likely to remain a significant obstacle.

At the same time, operationalising political autonomy through a more independent European identity or pillar inside NATO is an unlikely prospect. NATO Europe would also not be able to speak for all of Europe: a number of geographically European, Western-oriented states are not NATO members. Finland and Sweden are two examples, yet these states would have a key role in defending Europe's north-eastern flank. Besides this objection, the US and like-minded states, fearing a European caucus, have held longstanding concerns about a more tangible European identity

within the Alliance. Furthermore, building a fundamental European construct within the very embodiment of the transatlantic security relationship is unlikely to be acceptable to France or others.

Beyond the EU and NATO, there are at present no groups of nations that could make a credible claim to represent a politically autonomous Europe in defence; nor are such options likely to emerge.

*It has proved problematic for the EU to define and defend joint positions, let alone to pursue actions on the international stage*

### 3.2.2. LEADERSHIP OF ESA

Without leadership in defence, Europeans will struggle to define their political priorities for ESA. The EU is currently in a poor position to exercise leadership in security and defence, due to its complex inter-governmental and consensus-based procedures, and – crucially – the lack of support and recognition from its members. It is too slow and too indecisive, and member states can easily block foreign, security and defence policy decisions.<sup>54</sup> To date, it has proved problematic for the EU to define and defend joint positions, let alone to pursue actions on the international stage. This situation is further aggravated by the fact that many member states have apparently little interest in EU policies. Meanwhile the larger EU states can and do act in alternative fora, such as the French-led E12 or the Normandy Format in which both France and Germany participate. The EU is culturally inclined towards inclusivity and legitimacy, but it is clear that these laudable aims stand in the way of leadership, efficiency and action. The EU thus struggles to define and implement priorities, a situation that the creation of a High Representative of the Union for Foreign Affairs and Security Policy has been unable to fundamentally change.

If the EU is too clumsy a format, effective European leadership in security and defence

might be possible in smaller formal or informal groups that could later drive decisions in bigger formats such as the EU and NATO. While it is rarely acknowledged, this is, in effect, the situation that exists today. In practice, though, European views are often lost in the face of the dominant leadership of the US. It is clear that no single European state has the standing and power to lead a European format alone. The most likely scenario would thus be a European leadership group mirroring the present-day informal France-Germany-UK relationship – the ‘big three’. At least since the publication of the EUGS, France and Germany have shown themselves ready to take on political leadership in European security and defence, despite a somewhat difficult bilateral defence relationship marred by disagreements over issues such as arms export and industrial cooperation.<sup>55</sup> They have mostly avoided the loose talk about strategic autonomy that tends to irritate the US, and have tried to frame recent policy moves such as PESCO, as supporting NATO and transatlantic burden sharing rather than undermining it.

On the whole, though, France is more forward-leaning and Germany more cautious when it comes to defence issues, while the UK, despite its co-sponsorship of the EU’s defence agenda during a brief period following the St. Malo agreement, has since reverted to its traditional deep scepticism about defence in the EU and ESA more generally. In view of the different priorities and strategic cultures of these states, reaching agreement and defining accepted and shared priorities will continue to be difficult.

*It is somewhat ironic that without the US playing this unifying role, Europeans may struggle to be sufficiently united on their own*

In security and defence, the US has always been essential for creating political cohesion in Europe. It is somewhat ironic that without the US playing this unifying role, Europeans may struggle to be sufficiently united on their own. Creating and sustaining the necessary arrangements between the big three would

<sup>54</sup> Lippert, von Ondarza and Perthes (eds.), *European Strategic Autonomy*, 9.

<sup>55</sup> Claudia Major and Christian Mölling, “Franco-German Differences Over Defense Make Europe Vulnerable,” *Strategic Europe, Carnegie Europe*, 29 March 2018, <https://carnegieeurope.eu/strategieurope/75937>.

clearly be a major challenge, but winning support from the other Europeans would be no less problematic.<sup>56</sup> The leadership of one or more European states will only be acceptable to the remaining Europeans if the alternatives are worse. The big three are unlikely to develop the same leadership strength and to be accepted as readily as the US, making it extremely difficult to keep others on board on contentious issues. France's role is especially controversial: many allies, such as Poland and the Baltic states, interpret the French push for strategic autonomy as an agenda to compete with NATO and the US.

Furthermore, Brexit seriously complicates the question of where – institutionally – the policy positions formed by such a group would find legitimacy among a larger number of European states. It is difficult to see how the big three could operate inside the EU if the UK was no longer a member state, and equally difficult to see how any EU security and defence policy elaborated without the UK would have sufficient credibility and weight – both because the UK has robust defence capabilities and because, politically, it is more ready to intervene militarily than other member states.

President Macron has suggested the creation of a European Security Council to include the UK, while Germany seems to favour such a Council as an EU format (which would inevitably exclude the UK). This Franco-German difference has negative repercussions beyond the bilateral level, as Franco-German agreement is essential to driving forward defence initiatives in the EU.

A compromise arrangement might see a Council outside but closely associated with the EU, leaving Germany and France to drive reforms inside the EU and the UK playing a key role outside, for example in NATO. But such an arrangement seems dauntingly complex and a likely cause of friction. Perhaps more manageable would be to locate European political autonomy in the EU, but to ensure

close cooperative arrangements on a near-member state basis with the UK and others – an 'EU + x' framework. Such an arrangement would address the wishes of many member states that solutions must be found to ensure the UK's continued participation in EU defence matters, and the UK's own expressed wish for a "deep and special partnership with the EU [in foreign policy, defence and security, and development] that goes beyond existing third country arrangements".<sup>57</sup>

*More manageable would be to locate European political autonomy in the EU, but to ensure close cooperative arrangements on a near-member state basis with the UK and others*

Alongside the EU and group of states solutions, a third option might be the deliberate strengthening of European leadership in NATO, and the more explicit support of a European pillar inside the Alliance. The likely tensions resulting from what may well be interpreted as a challenge to American leadership could lead to an increase in internal conflicts. In such circumstances, some central and eastern European allies, such as Poland, may be tempted to seek to guarantee their security through increased bilateralism, as they would most likely trust the US more than they would a NATO with a disinterested US and weak European leadership.

*In the long run, uncoordinated bilateralism and fragmentation can only weaken European unity, NATO and ultimately collective security in Europe*

While this might offer short-term satisfaction to these states, in the long run, uncoordinated bilateralism and fragmentation can only weaken European unity, NATO and ultimately collective security in Europe.

### 3.2.3. LEVEL OF AMBITION

The political dimension also includes a fundamental strategic question: what security

<sup>56</sup> See for example the outcome of a policy game conducted in 2019: Körber-Stiftung International Dialogue and IISS, *European Security in Crisis. What to expect when the US withdraws from NATO* (Berlin: Körber Stiftung and IISS, 2019).

<sup>57</sup> Department for Exiting the European Union (UK), *Foreign policy, defence and development: a future partnership paper* (London: DExEU, 2017), 2.

and defence aims do the European states intend to achieve with their capabilities? In the EU context, the EUGS identifies crisis management and stabilisation in Europe's neighbourhood as core tasks, and states that an "appropriate level of ambition and strategic autonomy" is necessary for the EU to carry out these tasks.<sup>58</sup> In their deliberations on the EUGS in 2016, the European Council set out what is probably the most useful definition of these tasks, including a list of types of civilian and military operations that the EUGS implied (although in theory the Helsinki Headline Goal and its successor the Headline Goal 2010 are still also valid).<sup>59</sup> Collective defence is notably left for NATO, and the EUGS underlines the complementarity of the two organisations.

### *What security and defence aims do the European states intend to achieve with their capabilities?*

However, although the EU currently refrains from collective defence, it has in theory a mandate for it. The Lisbon Treaty includes a mutual defence clause that provides that if an EU member state is the victim of an armed aggression on its territory, the other EU states have an obligation to aid and assist.<sup>60</sup> This obligation is binding, but it does not affect the neutrality of certain EU members or the NATO commitments of those 22 EU member states who are also NATO members. France activated article 42.7 for the first time after the 2015 terrorist

attacks in Paris, and has since pushed for reflections on how this clause should be applied in the future to strengthen the EU's role. In addition, in the Treaty on the Functioning of the European Union, the EU adopted a solidarity clause that obliges EU member states to act jointly in the case that an EU state is the victim of a terrorist attack or a natural or man-made disaster.<sup>61</sup> Thus while the EU's present level of ambition is bold, but contained, there is a basis for a larger EU defence role. Some EU (but not NATO) member states such as Finland have regularly reminded the other EU members of that duty.

### 3.3. INSTITUTIONAL AUTONOMY

For Europeans to have institutional autonomy in security and defence, they must be able to call upon the governance and executive structures necessary to implement and manage the priorities they have agreed. Today, they have only limited capacity in this area compared to the procedures and structures established over decades within NATO. As with political autonomy, institutional autonomy could be pursued through the EU, through NATO,

*For Europeans to have institutional autonomy in security and defence, they must be able to call upon the governance and executive structures necessary to implement and manage the priorities they have agreed*

<sup>58</sup> High Representative of the EU, *Shared Vision, Common Action*, 7, 9.

<sup>59</sup> Namely: joint crisis management operations in situations of high security risk in the regions surrounding the EU; joint stabilisation operations, including air and special operations; civilian and military rapid response, including military rapid response operations inter alia using the EU Battlegroups as a whole or within a mission-tailored Force package; substitution/executive civilian missions; air security operations including close air support and air surveillance; maritime security or surveillance operations, including longer term in the vicinity of Europe); civilian capacity building and security sector reform missions (monitoring, mentoring and advising, training) inter alia on police, rule of law, border management, counter-terrorism, resilience, response to hybrid threats, and civil administration as well as civilian monitoring missions; military capacity building through advisory, training, and mentoring missions, including robust force protection if necessary, as well as military monitoring/observation missions. Council of the European Union, "Council Conclusions on implementing the EU Global Strategy", 15.

<sup>60</sup> "Consolidated Versions of the Treaty on European Union," Article 42.

or through smaller groups of states. In each case, there will be different implications in terms of costs, participating states and implementation timelines.

The EU would need to be provided with political and military decision-making and command structures, presumably building upon the existing Political and Security Committee, EU Military Committee and Military Staff, Military Planning and Conduct Capability and so on. The prospects for building such structures are greater with the UK leaving the EU – the

<sup>61</sup> "Consolidated Versions of the Treaty on European Union", Article 222.

UK has long blocked the development of defence institutions in the Union and there is an expectation among some member states that, post-Brexit, these objections will disappear. However, the UK has not been alone in its arguing against further institutional development within the EU.<sup>62</sup> A particular bone of contention has been the call for operational-level command and control structures, which many member states regard as an unnecessary duplication of capability that exists in NATO and is theoretically available to the EU through the Berlin-plus arrangements. Meanwhile, personnel shortages and priorities already make it difficult enough for NATO member states to meet the peacetime manning requirements of NATO's command and force structures. EU military operations have so far been run from one of the five operation headquarters (four after Brexit) that member states have made available.<sup>63</sup> Of course, such arrangements could continue, but this would most likely be regarded as less a level of institutional autonomy than a situation in which the EU has its own operation headquarters and other necessary structures.

*For the foreseeable future, it is clear that Europeans will only be able to organise credible defence beyond crisis management, i.e. collective defence, within the framework of NATO*

Even if the EU were to have the capacity for political and political/military decision-making, operations need not necessarily take place within the EU framework. In recent years, most operations that have involved European states have started in ad hoc coalitions – for example, the anti-Islamic State coalition. In this regard, NATO and the EU are primarily instruments to support and enable these coalitions by ensuring interoperability, providing training and exercising, coordinating procurement, or providing communications and information infrastructure. The clear exception to this tendency is collective deterrence and defence, which remains strongly anchored in NATO.

<sup>62</sup> Claudia Major and Alice von Voss, "European Defence in View of Brexit," SWP Comment 2017/C 10, April 2017, 2.

<sup>63</sup> Centocelle (Italy), Larissa (Greece), Mont Valérien (France), Northwood (UK), Potsdam (Germany).

Indeed, for the foreseeable future, it is clear that Europeans will only be able to organise credible defence beyond crisis management, i.e. collective defence, within the framework of NATO; and they have expressed no ambition to do otherwise. NATO, which ensures that Canada, Denmark (which opts out of defence in the EU), Norway, Turkey, the US and soon the UK remain involved in Europe's defence, might also be used as a framework for European institutional autonomy. This would require a massive strengthening of the Alliance's European pillar in terms of political decision-making capacity, leadership and contribution to capabilities. The advantage of working within NATO, rather than the EU or a group of states, would be the opportunity to build upon established procedures and structures (including the command and force structures, common defence planning processes, exercises and well-established procedures such as nuclear sharing) and the political trust that central and eastern European countries in particular already have in NATO.

Notably, the nuclear deterrence provided to Europe mainly by the US cannot be easily replaced, in terms of either the sophisticated procedures developed in NATO, or the weapons themselves. In any case, Europeans are at odds over nuclear issues, as illustrated by the controversial debates about an EU position for the Non-Proliferation Treaty and the Nuclear Ban Treaty – the member states are thus unlikely to find a consensus on an EU role in nuclear deterrence. Furthermore, the European nuclear powers, France and the UK, are unlikely to be ready to transfer their national nuclear roles to the EU.

*The nuclear deterrence provided to Europe mainly by the US cannot be easily replaced*

Nonetheless, the concerns that a prospective European institutional autonomy within NATO would be either too, or insufficiently, European are likely to make this option a non-starter. Despite the divergence of views as to just how institutionally autonomous the EU should be, the EU is probably the more natural contender for the location of Europe's institutional autonomy.

As noted, it seems likely that smaller less formal formats will play a bigger role in decision shaping regarding European defence, with UK, France and Germany playing a particular role. Paris, and to a certain extent the UK, advocate progress in smaller, selected groups, in order to assure a real capacity to act; Germany rather focuses on inclusivity, cohesion and legitimacy.

*It seems likely that smaller less formal formats will play a bigger role in decision shaping regarding European defence, with UK, France and Germany playing a particular role*

It is even possible to imagine that a group of states framework might be extended to encompass a more explicit French and/or UK nuclear security pledge for other European states.<sup>64</sup> At the moment, France does not believe in the kind of extended deterrence that the US practices in NATO, but it is not inconceivable that France could redefine its national approach, including associating European partners in the nuclear planning processes. However, such a decision, and the uncertainty that would follow, would most likely degrade the stability of nuclear deterrence in Europe.

### 3.4. CAPABILITIES AUTONOMY

The most widely shared understanding of ESA is that European states should be able to undertake military and civilian operations on their own, when necessary. In the EU context, this has also been an aim of the E/CSDP since the late 1990s, but member states have been unable to meet the targets set out in, for example, the Helsinki Headline Goal. In fact, Europeans still lack many of the key military capabilities needed for autonomous action,

*Europeans still lack many of the key military capabilities needed for autonomous action*

such as strategic and tactical lift, and shared intelligence and situational awareness assets,

<sup>64</sup> Bruno Tertrais, *The European Dimension of Nuclear Deterrence: French and British policies and future scenarios* (Helsinki: Finnish Institute of International Affairs, 2018), 9-10.

which would both support ESA and also allow them to make a more substantial contribution to NATO. There are two related questions as regards capabilities autonomy. First, is it realistic to expect Europeans to develop in the foreseeable future the capabilities they will need in order to meet the military level of ambition that they choose for their interpretation of ESA? Second, will the ambitions of European states for ESA be sufficient to motivate them to develop such capabilities, for their own and for NATO purposes?

While political and institutional autonomy may be pursued collectively through the EU, NATO or a group of states, military capabilities have, in spite of many initiatives encouraging greater international cooperation in defence, mostly been developed on a national basis; this situation seems unlikely to change significantly. The role of the EU, NATO or a group of states in capabilities autonomy would thus largely be confined to coordination of capability development (e.g. through the EU CDP or NATO Defence Planning Process) and encouragement or peer pressure for individual states to step up to the plate.

Whether it is feasible for Europeans to develop the capabilities they need depends on the level of ambition they have for ESA. A 2019 study from the International Institute for Strategic Studies (IISS) demonstrates that Europe would face substantial capability shortfalls in taking on high-end military tasks such as the protection of global sea lines of communication or the conduct of collective defence. It calculates that European NATO members would have to invest between \$288 billion and \$357 billion to fill the capability gaps generated by a collective defence scenario (the analysis does not include nuclear capabilities).<sup>65</sup> These investments would likely allow Europe to prevail in a limited regional war against a peer adversary, but would not cover the cost of a full-scale continental war in Europe. The study also emphasises that even if enough funding to meet shortfalls were available, it would take up to 20 years to fill the gaps.

<sup>65</sup> Douglas Barrie, Ben Barry, Lucie Béraud-Sudreau, Henry Boyd, Nick Childs, and Bastian Giegerich, *Defending Europe: Scenario-based Capability Requirements for NATO's European Members* (London: International Institute for Strategic Studies, 2019), 38.

As already noted, tasks at this high level are (at present) excluded from levels of ambition for ESA, although they may become relevant if the US disengages from European security. However, Europeans would also be challenged in carrying out alone some of the more demanding tasks that the European Council has endorsed, i.e. EU countries would struggle to live up to their own EU level of ambition.<sup>66</sup>

### *EU countries would struggle to live up to their own EU level of ambition*

A 2018 study from the IISS and the German Council on Foreign Relations, for example, concludes that:

As of 2018, EU strategic autonomy is limited to the lower end of the operational spectrum. The prospects for significant change are slim over the coming decade based on current government plans. Brexit will make it even more necessary to find a constructive combination of European partnerships and transatlantic engagement.<sup>67</sup>

Recent operational experience provides further evidence. The 2011 European-led intervention in Libya, for example, exposed dependencies on the US in vital areas such as air-to-air refuelling and intelligence, surveillance and reconnaissance. Shortages of ammunition also appeared at an early stage of the Libya mission. Furthermore, Europeans made use of the NATO command structure, which may be a difficult pill for ESA purists to swallow.<sup>68</sup>

The discourse about ESA, at least in defence, appears to be divorced from the reality of what Europe is actually able and willing to achieve.

Nonetheless, the EUGS level of ambition is a planning aspiration not a reflection of the situation today. It is impossible to predict whether Europe can redress its capability shortfalls, but indications may be found in the defence spending record, and in the progress

that has been made so far in the EU framework through PESCO, and in smaller formats.

NATO members committed at their 2014 Wales Summit to, by the year 2024, increase their defence spending to 2% of their GDP (or to maintain it at the level if they already met this guideline), and to allocate 20% of that total to investment projects.<sup>69</sup> Although Europe's defence spending has turned a corner in recent years and begun to rise, only seven of 29 Allies are expected to meet the 2% goal in 2019, compared to three in 2014.<sup>70</sup> The average percentage of

GDP spent by NATO's European members has risen by only 0.11 percentage points (1.47% to 1.58%) from 2014 to 2019.<sup>71</sup> It is likely that around one third of the Allies will not meet the NATO Defence Investment Pledge in 2024. As a result, Europe has far less to spend on defence than it should – see Figure 1, which indicates that sums of around an additional \$100bn, approximately equivalent to an extra two French, German or UK defence budgets, would be available for European defence were Europeans to all meet the NATO defence investment pledge. By some assessments, even meeting the 2% pledge would be insufficient to deliver capabilities autonomy – officials we interviewed in Brussels, for example, estimated that an additional €200bn would be required on top of current (EU) defence spending to build autonomy.

*Although Europe's defence spending has turned a corner in recent years and begun to rise, only seven of 29 Allies are expected to meet the 2% goal in 2019*

<sup>66</sup> Douglas Barrie, Ben Barry, Henry Boyd, Marie-Louise Chagnaud, Nick Childs, Bastian Giegerich, Christian Mölling, and Torben Schütz, *Protecting Europe: meeting the EU's military level of ambition in the context of Brexit* (London: International Institute for Strategic Studies and German Council on Foreign Relations, 2018), 35.

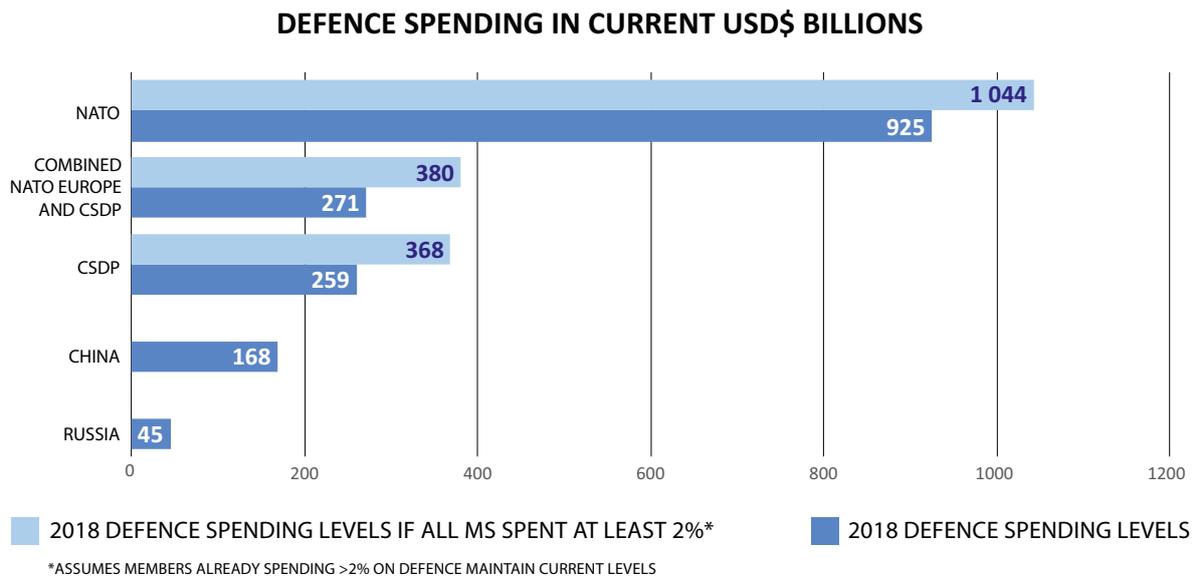
<sup>67</sup> Ibid., 3.

<sup>68</sup> Clara M. O'Donnell and Justin Vaïsse, "Is Libya NATO's Final Bow?" Brookings, 2 December 2011, <https://www.brookings.edu/opinions/is-libya-natos-final-bow/>.

<sup>69</sup> NATO, "Wales Summit Declaration," Press Release (2014) 120, 5 September 2014, [https://www.nato.int/cps/en/natohq/official\\_texts\\_112964.htm](https://www.nato.int/cps/en/natohq/official_texts_112964.htm), para 14.

<sup>70</sup> NATO, "Defence Expenditure of NATO Countries (2012-2019)," Communiqué PR/CP(2019)069, 25 June 2019, 3.

<sup>71</sup> Ibid., 8.



**Figure 1. European defence spending in context.** Data: IISS Military Balance 2019

This problem is compounded by the fact that European defence spending, which is mostly conducted on a national basis, is inherently inefficient when it comes to generating capabilities. A study by the European Parliamentary Research Service, for example, has estimated the annual costs that arise from the lack of integration of the military structures of the EU member states and the lack of a truly integrated defence market to be at least €26 billion (2011 prices).<sup>72</sup>

*European defence spending, which is mostly conducted on a national basis, is inherently inefficient when it comes to generating capabilities*

As to capability development initiatives, the launch of 34 capability projects under the PESCO framework in 2018 was hailed by some as a breakthrough for European defence, and met by others with scepticism. Critics observe that while the PESCO projects broadly correspond to priority shortfalls across all domains (there are, for example, promising projects in the fields of intelligence, surveillance and reconnaissance, enhanced logistics, ground combat capabilities, and cybersecurity) they lack ambition; they are not big-ticket items, but low-hanging fruit, and the vast majority of the capability shortfall

areas are not covered by PESCO projects.<sup>73</sup> Projects to address, for example, strategic and tactical air transport or ballistic missile defence have not so far found their way into PESCO, and yet such capabilities constitute some of the most important European shortfall areas.<sup>74</sup> It is no wonder, then, that smaller EU member countries, in central and eastern Europe in particular, have a hard time taking PESCO seriously. This is symptomatic of a wider scepticism in these states about the value of the EU as a defence actor – they fail to imagine the EU coming to their help and defending them, PESCO or no PESCO.

Success in implementation has also been mixed. Some of the projects are off to a strong start, others are still very much on the starting blocks.<sup>75</sup> Furthermore, of the projects that have made progress, most existed before the initiative was launched.<sup>76</sup> A tentative conclusion might be that PESCO has the participating member states moving in the right direction and has the potential to become a useful framework for European defence

<sup>72</sup> Blanca Ballester, *The Cost of Non-Europe in Common Security and Defence Policy*, (Brussels: European Parliamentary Research Service, 2013), 78.

<sup>73</sup> Alice Billion-Gallard and Yvonne-Stefania Efstathiou, *Are PESCO projects fit for purpose?* (London: ELN/IISS, 2019), 9.

<sup>74</sup> *Ibid.*, 6.

<sup>75</sup> Dick Zandee, *PESCO implementation: the next challenge* (The Hague: Netherlands Institute of International Relations Clingendael, 2018), 8.

<sup>76</sup> Lucie Béraud-Sudreau, Yvonne-Stefania Efstathiou, and Conor Hannigan, *Keeping the momentum in European defence collaboration: an early assessment of PESCO implementation* (London: International Institute for Strategic Studies, 2019), 5.

capability building, but the member states will need to overcome several political and industrial hurdles if they are to cooperate in delivering the capabilities that the EU needs.<sup>77</sup> After less than two years, it is too early to judge whether PESCO will be game-changing in allowing Europe to claim capabilities autonomy, but there is little so far to suggest that it will.

*It is too early to judge whether PESCO will be game-changing in allowing Europe to claim capabilities autonomy, but there is little so far to suggest that it will*

If PESCO is not a game changer, can the drive for ESA motivate, as some of its advocates claim, Europeans to improve their defence capabilities? Again it is not possible to be definitive, but it is clear that ESA can only motivate capabilities development if there is a broad consensus about the need for, and direction of, ESA. This does not, at present, exist. Even if it did, there is scant evidence that previous EU appeals for capability improvement to support European ambitions – the Helsinki Headline Goal, the Headline Goal 2000, Pooling and Sharing – have been successful. It is, however, equally true that efforts within NATO to persuade Europeans to up their game – the Defence Capabilities Initiative, the Prague Capabilities Commitment, Smart Defence – have also been unsuccessful. Similarly, where the leadership of groups of states have expressed ambitions to motivate capability development among other members of their groups (for example, Germany sees the Framework Nations Concept as a driver of capability development) success has been limited.

*Through Brexit, the EU could lose 20 per cent of its overall military capability and large portions of its key enabling capabilities*

There is also a Brexit dimension to capabilities autonomy – which also has implications regarding the most suitable framework for pursuing ESA. The UK is one of only two (alongside France) member states with full-spectrum military capabilities. Through Brexit, the EU could lose

<sup>77</sup> Billion-Gallard and Efstathiou, *Are PESCO projects fit for purpose*, 1.

20 per cent of its overall military capability and large portions of its key enabling capabilities – for example 50% of combat intelligence, surveillance and reconnaissance unmanned aerial vehicles and 50% of all heavy transport aircraft – and thus much of its influence and credibility as a defence and security actor.<sup>78</sup> Looking from another angle, after Brexit, less than twenty per cent of NATO’s defence spending will come from the budgets of the EU members of the Alliance.<sup>79</sup>

Finally, it is worth noting that while better military capabilities are essential for capabilities autonomy, and that developing such capabilities is

Europe’s most pressing challenge in delivering ESA, capabilities autonomy will also require access to a range of civilian and civilian-military capabilities. The EU is a better framework than NATO to make progress in this area, as it has access to a far wider range of capabilities, experience in their use in civilian CSDP missions, and an agreed set of commitments for further developing such capabilities (the civilian CSDP Compact).<sup>80</sup> Moreover, organisations such as the European Centre of Excellence for Countering Hybrid Threats may also have a role in encouraging the development of civilian and hybrid capabilities, with the additional advantage of working under the auspices of NATO and the EU.

### 3.5. AUTONOMY IN DEFENCE INDUSTRY

Assured access to a defence industrial base is necessary for capabilities autonomy. The ability of European states to maintain expertise in strategic technologies and to secure a supply of defence materiel thus also requires a level of autonomy in the European defence industry. This is, at present, some way from being achieved. The unusual nature of

<sup>78</sup> Bastian Giegerich and Christian Mölling, *The United Kingdom’s contribution to European security and defence* (London: International Institute for Strategic Studies and German Council on Foreign Relations, 2018), 8, 6-7.

<sup>79</sup> NATO, “Defence Expenditure of NATO Countries”, 7.

<sup>80</sup> European Union, Council of the European Union, “Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the establishment of a Civilian CSDP Compact,” COPS 431, CIVCOM 231, POLMIL 207, CFSP/PESC 1046, CSDP/PSDC 656, RELEX 960, JAI 1135, 19 November 2018.

the defence industry is a major complicating factor. On the one hand, some states insist on retaining and supporting national defence industries as guarantees of their sovereignty and independence. On the other hand, defence procurement often involves a political dimension: buying defence products from the US, for example, may be a means of signalling commitment in the expectation of receiving security guarantees.

*To maintain expertise in strategic technologies and to secure a supply of defence materiel requires a level of autonomy in the European defence industry*

The problems of the European defence market are well known and documented.<sup>81</sup> The defence market is fragmented on both the supply side and, due to the wide-ranging reluctance of states to cooperate in defence acquisition, also on the demand side. On the supply side, with some exceptions such as the aerospace and electronics sectors, it is highly fragmented. Substantial inefficiencies arise from the preferences of European governments to procure defence equipment on a national basis, leading to duplication, poor economies of scale, and reduced competitiveness. Furthermore, the European defence market is distorted by protectionism and the lack of a true single market in defence, and by the frequent insistence by states on economic compensation in the form of offsets when procuring on a non-national basis.

As with capabilities autonomy, progress in building industrial autonomy lies largely in the hands of individual member states, in particular with the six 'Letter of Intent' states – France, Germany, Italy, Spain, Sweden, and the UK – in which the defence industry is largely concentrated. However, there is potentially a role for formal and informal groups, for NATO, and especially for the EU in encouraging and facilitating defence industrial autonomy.

While NATO can influence the defence market, for example through the harmonisation of defence requirements, through common

<sup>81</sup> See, for example, Ballester, *The Cost on non-Europe*, 49-62; European Court of Auditors, *European Defence*, 92-113.

defence planning and by urging the Allies to cooperate more closely in defence acquisition, it has little competence in defence industrial matters and no direct leverage over defence markets. Competition between US and European companies for European and export markets would make defence industrial concerns a sensitive, and potentially damaging issue for the Alliance to tackle. A strengthened European pillar of NATO is thus unlikely to be an effective framework for the pursuit of European defence industrial autonomy.

State groups, similarly, may encourage greater defence cooperation on the demand side, but also have little leverage on the supply side. While

defence industry provisions may be included in bilateral agreements, such as the UK-French Lancaster House Treaties, the most obvious small multilateral framework for addressing these matters is the Letter of Intent group. However, the work of the July 2000 Letter of Intent Framework Agreement Treaty, aimed at facilitating "industrial restructuring in order to promote a more competitive and robust European Defence Technological and Industrial Base (EDTIB) in the global defence market" appears to be mostly either dormant, or to have been subsumed into more comprehensive activities that take place in an EU framework.<sup>82</sup> Small informal groups collaborating on common projects may also influence the EDTIB. The ambitious Franco-German-Spanish Future Combat Air System, for example, through which Airbus, Dassault, MBDA and Thales aim to integrate manned and unmanned aircraft into a next generation system of systems, will likely define the shape of the European defence aerospace industry for decades.<sup>83</sup>

The EU can, like NATO, attempt to foster demand side defence cooperation through initiatives such as PESCO. However, the EU also seeks direct leverage over the defence industry through the European Commission's

<sup>82</sup> Ministry of Defence (UK), "Letter of Intent: restructuring the European defence industry," Gov.UK, 4 August 2015, <https://www.gov.uk/guidance/letter-of-intent-restructuring-the-european-defence-industry>.

<sup>83</sup> Murielle Delaporte, "Future Combat Air System: Inside The Franco-German Program," *Breaking Defense*, 24 June 2019, <https://breakingdefense.com/2019/06/future-combat-air-system-inside-the-franco-german-program/>

role in administering the single market. The Commission has stepped up its role in defence in the wake of the EUGS, including through new initiatives such as the EDF, which is specifically intended to “foster an innovative and competitive defence industrial base and contribute to the EU’s strategic autonomy”.<sup>84</sup> The measures adopted by the Commission to achieve this include selection criteria for EDF co-financing that are designed to incentivise the collaborative development of defence products and technologies.

It is too early to assess the impact of the carrots offered by the EDF, but it is apparent that member states have resisted the sticks wielded by the Commission as guardian of the single market. Despite measures such as the ‘Defence Package’, including Directive 2009/81/EC that requires member states to use transparent and fair competitive tendering procedures in defence acquisition, the Commission reported in 2016 that “a very significant share of defence procurement expenditure is still made outside the Directive,” and further estimated that of contracts awarded under the Directive, only 10% by value had been won by companies located outside the procuring state.<sup>85</sup>

*European defence industrial autonomy will remain an illusion unless the member states develop the will to address the deficiencies of the defence market and compel their defence companies to become more competitive*

Ultimately though, European defence industrial autonomy will remain an illusion unless the member states develop the will to address the deficiencies of the defence market and compel their defence companies to become more competitive. Even the relatively small steps being taken by the Commission require careful handling internationally. Against the backdrop of tense trade relations between the Trump administration and the EU, the US

<sup>84</sup> European Union, European Commission, “European Defence Fund,” European Commission, 19 March 2019, [https://ec.europa.eu/commission/news/european-defence-fund-2019-mar-19\\_en](https://ec.europa.eu/commission/news/european-defence-fund-2019-mar-19_en).

<sup>85</sup> European Union, European Commission, “Report from the Commission to the European Parliament and the Council on the implementation of Directive 2009/81/EC on public procurement in the fields of defence and security, to comply with Article 73(2) of that Directive,” COM(2016) 762, 30 November 2016, 4-5.

has reportedly complained strongly about the possibility of European states preventing US companies from competing for European defence contracts and “pursuing an industrial policy under the veneer of a security policy”.<sup>86</sup>

Furthermore, Brexit imposes an additional complication in this dimension too. The UK is home to around 40 per cent of Europe’s defence-industrial capacity, and suggestions that UK companies might be shut out of the EDF post-Brexit, amplified by a quarrel over the participation of UK firms in the Galileo satellite project, have already been a source of some friction between the UK and the rest of the EU.<sup>87</sup>

## CONCLUSIONS AND RECOMMENDATIONS

The present debate about European defence has undoubtedly stirred up strong views; the use of ‘European Strategic Autonomy’ as a buzzword without a clear definition has only added fuel to the fire. Fundamentally, though, it should not be a controversial view that European states have both a need and a duty to ensure that they can act collectively in their own interests, including in security and defence. The development of a stronger European capability to act in defence without leaning on the US is both the right thing for European states to aim for, and a wise hedging strategy in uncertain times. Furthermore, such a strategy, since it makes Europeans more attractive and credible partners to the US, ought to be a welcome component in strengthening the transatlantic security and defence relationship.

However, the lack of clarity about what ESA means has allowed the debate to be

<sup>86</sup> Steven Erlanger, “Europe Vows to Spend More on Defense, but U.S. Still Isn’t Happy,” *The New York Times*, 6 June 2019, <https://www.nytimes.com/2019/06/06/world/europe/us-defense-spending-nato.html>.

<sup>87</sup> Giegerich and Mölling, *The United Kingdom’s contribution*, 9; Sophia Besch, “Moving on after Galileo – lessons (to be) learnt,” Centre for European Reform, 28 June 2018, <https://www.cer.eu/insights/moving-after-galileo-%E2%80%93-lessons-be-learnt>; Deborah Haynes, “Brussels may bar British firms from defence fund after Brexit,” *The Times*, 30 May 2018, <https://www.thetimes.co.uk/article/british-firms-may-be-shut-out-of-eu-defence-fund-725262cdq>.

overshadowed by unrealistic expectations for and fears of, ESA. ESA has become a buzzword – a shorthand whose meaning is known to everyone and to no one. There is already some evidence that the US (and other partners such as Turkey) might not consider European ambitions to act more autonomously in the military, political and industrial realm positively. What European states see as a contribution to burden sharing and the expression of Europe finally taking up responsibility for itself could also be interpreted as a rejection of transatlantic cooperation, speeding up the US disengagement from European defence. This could happen faster than Europeans are able to improve their own political, military and industrial capabilities. Being able to act alone will benefit both Europe and the transatlantic relationship, but pursuit of this goal is not without risks.

- European states should continue to pursue strategic autonomy in security and defence, for the purposes of responsibility and hedging.
- They should aim for greater clarity of terminology and concepts, formally if necessary through discussion and agreement at the European Council and other fora. Imprecision risks fragmentation of security relations, and more generally political relations in Europe, and unintended frictions with the US.
- As ESA is too large and nebulous a concept to consider as a whole, they should consider – as we do in the report – using a model that identifies the various dimensions of autonomy as a basis for analysis and implementation.
- Europeans should concentrate on and measure themselves by progress in implementation, rather than rhetoric.
- They should be measured in their ambition for ESA and avoid unrealistic and controversial ideas that confuse the debate. In particular, the idea of a ‘European Army’ should be shelved.
- They should make particular efforts to explain their (agreed) concept of ESA to others, in particular the US. They should emphasise that ESA is a practical proposition;

it is intended to ensure that Europeans have the freedom to act, not that they should have freedom from others.

- Europeans should take care not to lose sight of the central importance of the US and NATO in European defence. Equally, they should continue to make efforts to strengthen the relationship between the EU and NATO.
- Those European states who are more sceptical of ESA should accept ESA for what it is, not for what they fear it might become. They should engage and shape, not abstain and complain. Even the most vocal proponents of the concept do not wish to damage transatlantic relations; on the contrary, they see a greater European contribution to sharing the security and defence burden as a means of strengthening the transatlantic link.

The development of Europe’s ability to act alone requires enhancements in the political, institutional, capabilities and industrial dimensions. An additional challenge is how to link and coordinate these various dimensions of autonomy – there is no obvious single framework to do so. While political autonomy and, in the longer term, institutional autonomy might be achieved in the EU, the Union can, at best, only encourage and facilitate capabilities and industrial autonomy; responsibility for implementing these dimensions lies largely with the member states. Informal groups of states, such as a French-German-UK group (provided that the Brexit conundrum can be solved), might be an efficient framework for coordinating the various dimensions, but such formats lack legitimacy and inclusivity, and may be compromised by a lack of shared vision.

While the EU cannot speak for Europe as a whole and is a complex organisation in which to develop leadership in security and defence, it is nevertheless the most logical framework for pursuing European political autonomy. One particular challenge will be the need to accommodate the UK after Brexit. The further development of the EU’s defence dimension might have been difficult with the UK as a member state, but it is hard to see how the EU can fulfil any serious ambitions for autonomy without UK decision-shaping, military capabilities, and defence-industrial capacity.

- European states should agree to build political autonomy within the EU.
- They should make arrangements to allow the fullest permissible inclusion of the UK after Brexit. These arrangements, or variations on them, should be extended to other European states as appropriate – political autonomy should be constructed on an ‘EU + x’ basis.

ESA will need to call on an appropriate set of institutions for decision making, planning and implementation. Although NATO’s planning and command structures are considerably more mature than the EU’s, French and US sensitivities make a strengthened European pillar of the Alliance a non-starter as far as institutional autonomy is concerned.

- European states should agree to build institutional autonomy within the EU, on the basis of existing structures such as the Political and Security Committee, EU Military Committee and Military Staff, and Military Planning and Conduct Capability.
- They should agree modifications to these structures, and to initiatives such as PESCO and the EDF, to allow the UK after Brexit and other third parties as appropriate to be included as closely as permissible.
- If the number and intensity of EU operations increases so as to make planning, command and control unmanageable, they should consider constructing a real European operational headquarters under the EU. In the shorter term, because the need for such a headquarters is low and because building institutions rather than capabilities sends an unhelpful message, they should continue to rely on the present ad hoc arrangements.

A strengthened capacity to act will be the key test of any drive towards ESA. Without serious military (and non-military) capabilities to underpin political ambitions, everything else is merely symbolic. The responsibility for capabilities autonomy lies, predominantly, with the European states themselves.

- European states should honour the various commitments they have made to increase defence investment. NATO European states should strive to fulfil the commitments they

have made under the Defence Investment Pledge. EU member states should live up to the defence investment commitments agreed under PESCO.

- European states must also take seriously the need for defence cooperation to deliver capabilities more efficiently, and to address redundancy in the defence industrial base. They should work together within existing frameworks, be they NATO, EU, or formal and informal groups of states to address long-recognised capability shortfalls and be ready to hold each other to account for their performance in this dimension.

The responsibility for industrial autonomy also lies primarily with the European states, since it is they who must accept the need for defence industrial consolidation and take action to implement this.

- European states should ensure that the principles of the single market are also extended to the defence sector.
- They should avoid protectionism and allow third parties access to their markets on a quid pro quo basis.

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