WINDS OF CHANGE AND THE FUTURE OF EUROPEAN DEFENCE¹

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Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity.

Robert Schuman, 9 May 1950

Introduction

This paper sets out to answer two research questions: why are the European Union (EU) forceful soft powers insufficient and how can this be changed? The European Union is a sui generis international organization which originated from a limited supra-national association of states. That is precisely its biggest advantage and at the same time its prime disadvantage in the field of security and defence. On the one hand, the permanent concerns of the 27 sovereign states have granted a long period of peace in Europe, with remarkable achievements in terms of development and quality of life³. The 2016 human development index (HDI) places almost all the EU member states in the category of very high human development. Carl Bilt (2010)⁴ stated that the “European Union is neither a problem nor a partner in terms of global security”. Robert Dover (2010, page 242) went further, asserting that “the European Union has a very well established reputation as a ‘civilian superpower’... to

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¹ This paper was presented at Institute of European Studies (IEEM – Macau, China), Seminar on the Future of Europe, Macau Special Administrative Region of People’s Republic of China, 19-20 March 2018 (Session Six). This Seminar was organized in cooperation with the Faculty of Law, University of Lisbon, Portugal.
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⁴ Nils Daniel Carl Bildt (Prime Minister of Sweden from 1991 to 1994) address at the European University Institute, Fiesole in Italy, May 28, 2010.
emphasise the non-military EU core strength”. Münevver Cebeci (2011, page 309) criticized the essential character of such an international organization, and argued that the “European Union suffers from being a non-unitary actor in its foreign policy... as its member states may prefer to act according to their national interests sometimes”. Robert Kagan (2003) observed that “European integration has proved to be the enemy of European military power and, indeed, of an important European global role”. The EU reputation as a “civilian power” has gained momentum especially because of the EU’s domestic quality of life and because the EU and its member states have consolidated their place as the world’s leading aid donors in 2016. However this does not apply to the EU’s position in the field of security and defence.

On the other hand, the core interests of EU member states prevent the EU from fully integrating its defence capacities and from pushing its members to engage in a deeper defence cooperation. Bearing in mind that security and defence deal with sovereign issues that lie at the core of any political system (and perception of self-identity), looking back at EU security and defence development, we see a continuous effort to create a balance between producing military might and maintaining the essential elements of sovereignty of EU member states. The lessons drawn from modern crises and armed conflicts, namely the Middle East (1970), former Yugoslavia (1992), Kosovo (1999), Iraq (2003), Libya (2011), Ukraine (2013) and the ongoing refugee crisis of 2015-2018, have pushed the EU to improve its ability to take action on behalf of its members. The EU’s security and defence responses appear to be built on the lessons from international crises, from the Western European Union (1954), through the TREVI initiative (1975), the European Political Cooperation (1987), the creation of the Common Security and Defence Policy (CSDP) (Lisbon Treaty 2009) and the establishment of the Common Foreign and Security Policy (CFSP) (Maastricht, 1993). The EU CSDP has launched 34 missions, 16 of them still ongoing (10 civilian and 6 military). Most of these were deployed in Africa and its neighbourhood. Only in 2003, the European Security Defence Policy (ESDP) deployed its first mission in the Eu-

European Commission - Press release (Brussels, 11 April 2017) - EU Official Development Assistance reaches highest level ever. New figures confirm that the European Union and its Member States have consolidated their place as the world’s leading aid donor in 2016. Preliminary OECD figures show that Official Development Assistance (ODA) provided by the EU and its member states reached 75.5 billion in 2016. This constitutes an 11% increase compared to 2015 levels. The EU’s assistance has increased for the fourth year in a row and reached its highest level to date. In 2016, EU collective ODA represented 0.51% of EU Gross National Income (GNI), having increased from 0.47% in 2015. This is significantly above the 0.21% average of non-EU countries that are members of the Development Assistance Committee (DAC). The European Union and its member states have hence again consolidated their place as the world’s leading aid donor in 2016.
European Continent (EUPM BH) and in Democratic Republic of Congo (Operation Artemis). Only after the creation of the European External Action Service (EEAS) in 2011 did the EU first integrate the civilian and military components and an institutional decision-making process to respond to an expanded set of missions (Articles 42 and 43 (Treaty of European Union (TEU))).

Consequently, and because the EU is a sui generis international organization which originated from a limited supra-national association of states, steps towards any form of defence integration must be driven by a set of common principles as enshrined in the European Union Common Foreign and Security Policy. These common principles must be capable of promoting trust, freedom, justice and development, under the rationale of the equality of EU members’ states and driven by the conferral of competences. The European Union is an unique actor, but it is by no means entrusted with a comprehensive sovereign unity. Development of security and defence can only be successful if they directly contribute to the raison d’être of the European ideal, which is the construction of a space of freedom and peace. According to Anand Menon (2009, pages 227-246) the significance EU defence developments lies in its “new-found ability ... to intervene using military tools [an ability which] represents an important and useful addition to the West’s security policy armory, particularly in those instances where other multilateral
organizations are unwilling or unable to do so”.

**EU as a leading soft power actor**

The biggest challenges to European defence are within the EU and do not arise from the present-day international situation. Apart from asymmetric threats and Russian military activism, the EU has no major direct conventional threats. The EU has long been recognised as a leading “soft power” association of states. “Soft power” measures the ability to advance foreign policy goals by disseminating and manipulating ideas, information and institutions that help persuade other countries to act in particular ways. Soft power, as Joseph Nye sees it, is a seduction (2004, page 8), a cultural appealing, a force of attraction and agenda setting ability (2004, page 31), and does not depend on hard power (2004, page 9). However, soft power is not a stand-alone category of power. If one allows for the interplay between soft and hard power, then one also has to accept that soft power and hard power sometimes reinforce and sometimes interfere with each other (2004, page 25). Economic strength is also remarkable because it can be converted into both soft and hard power. Soft power employs various means, and the EU stands among the world’s most effective exploiters of many of them. The EU’s strongest sources of soft power are its commitment to multilateralism, its standards of culture and education (languages), its normative instruments, its development agenda.

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7 “Today, Europeans are the world’s leading supporters of global and regional institutions. Their commitment begins with the EU itself and its ring of agreements with regional neighbors, but Europe also has a decisive influence in managing economic interdependence, human rights, the environment, development, and health at a global level ... Imposing conditionality in exchange for membership or collectively rewarding compliance, other governments become committed to institutional rules Europe has designed, thereby influencing the policies of individual states.” Source: http://foreignpolicy.com/2017/04/13/europe-is-still-a-superpower/

8 Twenty-seven of the world’s top 100 universities are in Europe, compared with 55 in the United States, one in Russia, and none in China. Europe exceeds the United States in educating foreign students, hosting almost twice as many students from outside the EU as non-Americans at U.S. universities, and over 10 times more students than non-Chinese studying in China. Source: http://foreignpolicy.com/2017/04/13/europe-is-still-a-superpower/

9 “In understanding normative power, Ian Manners’ 2002 article on the subject is cited almost universally. The first aspect of Manners’ argument pertains to the kind of actor which the EU is. Manners argues that the EU represents a new and distinct kind of actor within the international system, and transcends the anarchic and self-interested behaviour of states (Manners 2002, page 240). The EU’s constitution as an “elite-driven, treaty based, legal order” means that its identity and behaviour are fundamentally based upon a set of common values.
and quality of life (HDI), and a good part of its political values\textsuperscript{10}. Given the effectiveness of soft power, the Europeans are unlikely to deviate from their belief in the various contributors to EU soft power, and therefore the EU seeks to continue to be a global soft power actor. This is why, when we discuss the future of European defence, we are not seeking to build up a military establishment to compete with the leading global hard power actors. Rather, the

\textsuperscript{10} “Beyond purely political values, Europe garners broad global admiration for its social, cultural, and lifestyle values. Among the top two dozen global tourist destinations, more than half are European. More profound is European dominance of almost all polls on global respect. Last year, for example, Forbes magazine asked 40,000 people worldwide which countries were the most “reputable”: a composite measure of happiness, cleanliness, lack of corruption, tolerance, and other qualities. Of the top 20 countries, 15 are European. By contrast, the United States ranks 28th and China 57th.” Retrieved in February 2018, from http://foreignpolicy.com/2017/04/13/europe-is-still-a-superpower/
aim is to deepen cooperation to develop joint military capacities, which the
EU can use as a basic protective shield and which will reinforce the EU’s
ability to shape the preferences of others. Restrictive measures (sanctions),
foreign affairs, external diplomatic representation and public diplomacy are
important assets for shaping others’ preferences, but they depend on an ap-
propriate operational capacity. The EU will remain a civilian power with soft
power at the centre of its foreign policy, because that is the surest way to
promote legitimacy and to maintain global influence. In addition, only when
the process of deepening defence cooperation is sufficiently advanced will it
be the right time to talk about defence integration. Ultimately, the purpose of
developing a capable and commensurate hard power within the EU is to bal-
ance the tools capable of strengthening common foreign policy, and to help
the EU remain a global civilian power. The President of the European Com-
mission told the German newspaper Welt am Sonntag: “Such an army would
also help us to form common foreign and security policies and allow Europe
to take on responsibility in the world.” With a weak or non-credible capacity
to run military operations and international affairs, the EU will compromise
the perception of its image as a strong soft power and therefore the credibility
of its foreign policies will be damaged.

Since the European Council in Cologne (June 1999), the European
Union Military Staff (EUMS) has repeatedly reaffirmed the EU’s willingness
to develop capabilities for autonomous action, backed up by credible military
forces. A key development was the “Berlin Plus Agreement” (2003), giving
the EU, under certain conditions, access to NATO assets and capabilities. In
his political guidelines of June 2014, President Juncker stated, “I believe that
we need to work on a stronger Europe when it comes to security and defence
matters. Yes, Europe is chiefly a ‘soft power’. But even the strongest soft pow-
ers cannot make do in the long run without at least some integrated defence
capacities.”

The Current Strategic Environment

In 2003, former High Representative Javier Solana was tasked by the
EU member states to develop a security strategy for Europe. The document,
entitled “A Secure Europe in a Better World”, analysed the EU’s security en-
vIRONMENT for the first time and identified key security challenges and subse-
quent political implications for the EU. The implementation of the document

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was subsequently revised in 2008 and 2016. Four years after the adoption of the European Security Strategy (ESS) in 2003, the EU member states tasked the High Representative at the December 2007 European Council “to examine the implementation of the Strategy with a view to proposing elements on how to improve the implementation and, as appropriate, elements to complement it”. The resulting document, the 2008 “Report of the Implementation of the European Security Strategy: Providing Security in a Changing World”, effectively confirmed the enduring validity of the 2003 ESS and the need to be “more capable, more coherent and more active” in order for the EU to reach its full potential. The 2016 revision, the EU Global Strategy for Foreign and Security Policy (EUGS), was presented to EU heads of state and government on 28 June 2016 by Federica Mogherini. The document, entitled ‘Shared Vision, Common Action: A Stronger Europe’, replaced the ambitious language of its 2003 predecessor with a more measured call for ‘principled pragmatism’ as the guideline for the EU’s external engagement. Within this framework, the strategy defined five priorities: the security of European citizens, resilience, integrated conflict management, cooperative regional order and progress on global governance. In the forward, Frederica Mogherini wrote: “This document is aimed at adapting the priorities of the previous strategies (2003, 2008) to the current times ... and the ultimate objective is to advance the prosperity of its people. The principled pragmatism will guide our external action in the years ahead”, and “For Europe, soft and hard power go hand in hand”. At the same time, the adoption of “common strategies” clarified the terms for common action. The EUGS suggested that defence cooperation among EU members has the potential to improve “interoperability, effectiveness, efficiency and trust: it increases the output of defence spending”. It made a case for harmonized defence-planning cycles among member states and suggested that defence cooperation must become the default mode in Europe. The document introduced notions of deterrence, full-spectrum defence and the protection of the Union into the EU vocabulary but, while it did not elaborate on precisely what these terms mean in an EU context, they have the potential to significantly expand the security and defence role currently defined in the CSDP.

The current strategic security and defence environment is characterized by FIVE key drivers: (1) – Transatlantic relations - Not all EU MS are NATO members, but NATO is important to EU collective defence as a whole. Twenty-two of the twenty-eight member states are NATO members (although one of them, the UK, is leaving the EU). Ireland, Finland, Austria, Cyprus, 12 Retrieved in March 2018, from https://www.express.co.uk/news/politics/816597/European-Union-German-defence-minister-EU-army-intervene-Africa-Brexit
Sweden and Malta are not NATO states, but some of these countries have a sort of “special relation to NATO”. Neither NATO nor the EEAS/CSDP have resources of their own, since they rely on the resources of their member states. NATO and the CSDP are not competitors, rather they are partners with different but complementary means, doctrines and capacities. In terms of defence developments in the EU, there are two major points to be considered. The first is the urgent need to invest in defence in a way that each member state’s contribution to common defence is credible. The second is the amplification of NATO-CSDP synergies, for which the “Berlin plus” arrangements fall short in terms of unnecessary duplications. We must clarify that the CSDP has access to military assets but not to military power. In times of financial constraints, the only way to modernise defence is to rationalise it in the context of partners and allies. Parallel strategic planning is required. In addition, there is an urgent need to resolve the Cyprus affair and to create decision making processes that allow both organisations to be autonomous partners. This will require more cooperation between the North Atlantic Council (NAC) and the Political Security Committee (PSC). The EU needs a credible military capacity to exercise its autonomy in relation to NATO and therefore to be able to take action when NATO is unwilling or incapable. This is a major political argument, especially for those non-EU NATO member states. In 2017, the German Minister of Defence declared, “the EU needs its own army so that European countries can intervene more regularly in areas of the world where NATO is not present ... That’s why I see different theatres where NATO might be required and other areas where the EU has got broader instruments and can perhaps be more effective”. A current example is the Sahel region, where NATO is not engaged and where the EU has vested interests from a security point of view. Finally, the current narrative of Trump’s administration leaves the EU-NATO member states suffering from a sort of political anxiety. As Carlos Gaspar (2017, page 147) put it, the “new American nationalism” is pushing the EU towards new partnerships, among them China. The effects of the American narrative might trigger concerns and higher investment in EU defence. For the first time since WWII, the issue of ‘trust’ is on the table. This narrative is harming US interests in the global perspective, though this narrative is likely to change with the next administration. (2) – BREXIT – Britain’s approaching withdrawal from the EU is expected to result in considerable diminution of the EU’s security and defence capabilities, because the UK is the strongest military power in the Union. The UK joined the EU in 1973 during the first expansion of the Union, which means that for more than 45 years it has shaped the EU. Its absence will undoubtedly diminish the EU’s symbolic external power. The absence of British intelligence capacities, the lack of interoperability between headquarters, the number and quality of
British assets and the value of its military doctrine will deeply affect EU operational options. Deployability is another area of critical impact. In fact, 25% of the EU’s aircraft carrier capacity will be lost (France (1) and Italy (2) are the other two member states with similar capacity). According to Ian Bond (2014, page 2) “The UK is one of the six EU member-states with a large-scale defence industry (the others are France, Germany, Italy, Spain and Sweden)”. The future of the 2010 Lancaster House Treaty and the Franco-British expeditionary force (CJTF) is yet to be seen. Furthermore, the EU will see its access to the UNSC limited, because this will be possible only through a single member state (France – Article 34 TEU). However, while the UK is preparing to leave the EU, it is not leaving NATO, so institutional cooperation arrangements are still possible and the UK’s technological and industrial defence sector will be open to cooperative projects even after BREXIT. (3) – Immigration and Terrorism – According to the Reflection Paper on the Future of European Defence (European Commission, 2017, page 8), the EU’s public perception of threat from immigration and terrorism increased significantly between 2012 and 2016. Whatever the future holds, Europeans expect theirs armed forces to be capable of taking decisive action in these two areas. (4) – The Russian Federation – afak O uz (Daily News, 201713) asserted recently that all the “calls from EU foreign policy chief Federica Mogherini and European Commission President Jean-Claude Juncker for a common policy and a European military did not garner support, but rather opposition, from Eastern Europeans, who feel under imminent Russian threat and rely on the presence of NATO in their territories – especially on U.S. troops”. Indeed, the involvement of Russia in the Ukraine and Syria conflicts, the frequent violations of territorial EU sovereignty, the dormant NATO-Russia Council14, the proliferation of Russian drones, warheads and laser weapons announced by President Putin15, and the recent case of poisoning of the Russian spy Sergei Skripal are raising security concerns within the EU, positioning Russia as a sort of persistent disturber. Such serious incidents worry many Europeans. According to Military Balance (2017, page 65), a new element in NATOs approach, formalised at the Warsaw Summit, was the ‘enhanced forward presence’ – the deployment of one

14 Following Russia’s illegal military intervention in Ukraine and its violation of Ukraine’s sovereignty and territorial integrity, in April 2014 the Alliance suspended all practical cooperation between NATO and Russia including in the NRC. However, the Alliance agreed to keep channels of communication open in the NRC and the Euro-Atlantic Partnership Council at the Ambassadorial level and above, to allow the exchange of views, first and foremost on this crisis. Source: https://www.nato.int/cps/ic/natohq/topics_50091.htm
multinational battlegroup each to Estonia, Latvia, Lithuania and Poland (all of which are EU member states) by 2017. This is another significant point pushing for the further development of the relationship between NATO and the CSDP. The Russian threat is keeping NATO alive, and therefore moving CSDP closer to NATO. (5) – People’s Republic of China – The main political link between China and the EU is the fact that the EU recognises and commits to the “One China policy”, but it strongly opposes the use of force to achieve unification. The assumption of China as a global power makes the defence cooperation unavoidable from both perspectives. China and the EU have cooperated before. The EU and China have operated jointly on humanitarian assistance, peacekeeping, the fight against piracy, and joint customs operations. The EU and Chinese military navies have jointly fought against piracy and cooperated in peacekeeping missions in South Sudan and Mali (Cottey and Duggan 2016). According to Han Dorussen et al (2017), “The EU and China have become major trade partners as well as significant investors in each other’s economies. Apart from direct economic ties, the EU and China share an interest in an open, stable and properly functioning world economy. The spillover of shared economic interests into the security realm has commonly been cited as the main reason for security cooperation between the EU and China (Smith and Xie 2010)” The EU needs China to strengthen its role in the UN, to amplify commitment to international law and multilateralism, and to enhance cooperation on non-proliferation. China provides all of this. China’s sees the EU as an important trading partner, with whom it “will maintain high-level military-to-military exchanges, develop and improve, step by step, a strategic security consultation mechanism, exchange more missions of military experts, and expand exchanges in respect of military officers’ training and defence studies” (China’s EU policy paper, October 2003).

Another component of the current strategic environment is the priority areas of interest and engagement. At the moment, there are four areas of EU interest, prioritized as follows: (1) The EU neighbourhood and periphery – Foremost the countries of Eastern Europe (Ukraine, Moldova, and Belarus), the Southern Caucasus (Georgia, Armenia, and Azerbaijan), and those of Central Asia (Iran, Turkmenistan, and Kazakhstan). (2) The Gulf of Guinea, the Sahel and the Middle East and North Africa (MENA) – The Southern Mediterranean (Maghreb and Middle East) has been subject to great change over the past years, in the wake of the “Arab Spring”, along with Nigeria, Libya and Syria. The EU is particularly concerned with Nigeria, Guinea-Bissau, South Sudan and the Sahel. The EU Strategy for the Sahel (2016) states\textsuperscript{16}:

“The Sahel is one of the poorest regions of the world. It faces simultaneously the challenges of extreme poverty, the effects of climate change, frequent food crises, rapid population growth, fragile governance, corruption, unresolved internal tensions, the risk of violent extremism and radicalisation, illicit trafficking and terrorist-linked security threats. The states of the region have to face these challenges directly. The three core Sahelian states, and the focus of this Strategy, are Mauritania, Mali and Niger, though the geographical conditions – and therefore challenges – also affect parts of Burkina Faso and Chad. Many of the challenges impact on neighbouring countries, including Algeria, Libya, Morocco and even Nigeria, whose engagement is necessary to help resolve them. The current political developments in the Maghreb have consequences for the situation in the Sahel, taking into account the close relations between the countries of the two regions, a significant presence of citizens of Sahel countries in the Maghreb and the risks that arise from the proliferation of arms in the region. The problems facing the Sahel not only affect the local populations but increasingly impact directly on the interests of European citizens.” In brief, poor governance, extremism, human trafficking, immigration and organized crime are the main concerns for this region. (3) The Arctic – At the 2013 Ministerial Meeting in Kiruna, Sweden, the EU requested full observer status in the Arctic Council. This was not granted, mostly because the members did not agree with the EU ban on hunting seals. However, in 2016 a new integrated EU policy for the Arctic was adopted. It focuses on strengthening international cooperation, tackling climate change, enhancing environmental protection and promoting sustainable development in this region of enormous environmental and economic importance. The EU, with three Arctic Council states among its members (Finland, Sweden and Denmark), is a major destination for resources and goods from the Arctic region. Thus, many EU policies and laws have implications for the Arctic and its people. In recent years, several EU member states have issued national Arctic policy documents. This makes an integrated EU strategy for the region even more important to ensure coherence with national policies and to bring the greatest added value from EU action17. (4) The Indo-Pacific Region – The Indo-Pacific region is growing in importance for the EU as it represents immense economic potential and therefore the new centre of global economic flows. Saroj Bishoyi (2016, page 91) considers “the Indo-Pacific region... an emerging geostrategic and geo-economic concept that has been gaining significance in the field of defence and security studies... the Indo-Pacific envisages new frame-

works that feature competitive and convergence security interests which are evident in the light of global power shift to the region. Importantly, the maritime powers, such as Australia, China, Japan, India and the US, determine the pivot of the Indo-Pacific region, while they seek to dominate and influence each other to achieve their national goals”.

Therefore, building an open ESDP will require the EU to rethink the terms of the EU’s contribution to transatlantic relationships and to invest in advancing the following strategic security partnerships in the light of Article 21 (TEU): EU-OSCE, EU-AU, EU-ASEAN, EU-China, EU-SCO, EU-India, EU-Israel, EU-Japan, EU-Gulf Cooperation Council, EU-Arctic Council, EU-Russian Federation. Other vital partners include Turkey, Iran, Qatar and Saudi Arabia.

**Critical Capabilities and Key Tasks for EU Security and Defence**

Considering the current strategic environment, the priority areas of interest, and the assumption that the CSDP exercises a complementary and European perspective on the role of NATO, strengthened cooperation among the 27 member states can only be achieved by having a clear ambition in terms of future operational missions. The existence of a Capacity Development Plan (CDP) based on a close cooperation with the European Defence Agency (EDA) is already a good sign. Furthermore, it is absolutely necessary to maximise the potential of combined “civilian” and “military” capacities. It would not be feasible to list all the operational capacities that the EU will need in the near future here. However, we note a growing call for an effective common intelligence, surveillance and reconnaissance (ISR) capacity, despite all the drawbacks imposed by national interests. Other decisive capacities currently lacking include joint training, operational legal restrictions, strategic sea-air lift and helicopters. The “Future Transport Helicopter” initiative (2020+), the European Air Transport Fleet (EATF), the remotely piloted aircraft systems (RPAS), the “Single Sky” initiative (2000), the European Council call for a common approach to EU cyber security (2017)\(^\text{18}\), and the Memorandum of Understanding (MoU, 2018) between the European Defence Agency and the European Investment Bank (EIB) to strengthen cooperation between the two institutions\(^\text{19}\), are good examples of EU initiatives. The Declaration on

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\(^{19}\) The Cooperative Financial Mechanism (CFM) will play an important role in easing the launch phase of cooperative projects. Designed to support any type of collaborative efforts, in the R&T, R&D or acquisition phase, its support will include access to funding, a well-known...
strengthening capacities (2008), the implementation of the requirements catalogue (2005), the force catalogue (2006) and the progress catalogue (2007) should also be mentioned. The EU must develop organizational and financial mechanisms to develop critical capacities in order to enhance its political and material ability to carry out the following types of missions in accordance with Article 31 (TEU) - “Union actions”:

- TYPE 1 – Article 42 (TEU) (Primary EU responsibility with national support) - To conduct limited “Crisis Management” and “Stabilization Operations” – This includes police monitoring operations, elections monitoring, conflict prevention, peacekeeping, operations to reinforce justice capacities, sector security reform (SSR), disarmament, demobilization and reintegration (DDR), humanitarian operations, development aid and protection of sea lines of communication against piracy;

- TYPE 2 - Article 42 (TEU) (Primary EU responsibility with national support) - To execute “Shield” operations – This includes all military activities to ensure the integrity of EU borders, to fight against illegal immigration and human trafficking, and to benefit from synergies with national capacities in these areas;

- TYPE 3 – Solidarity Clause - Article 222 (Treaty Functioning of European Union (TFEU) (National responsibility with EU support) - To promote domestic protection and legitimacy – prevent, protect and assist. This includes the fight against terrorism, disaster response, search and rescue (SAR), ecological protection (water and other resources), protection of flows such as technology, and cyber threats;

- TYPE 4 – Mutual Assistance Clause - Article 42§7 (TEU) (National responsibility with EU support) - To stand ready with the capacities that ensure national self-defence - a minimal and credible support to hard power politics by strengthening self-defence capacities as a reasonable nominal contribution to collective self-defence.

shortfall of which hampers cooperative efforts, as well as the reduction of bureaucracy. It will result in increased quality of public expenditure. The Mechanism, developed as an EDA ad hoc Category A programme, is voluntary. Member states decide if they wish to participate, contribute and support projects. Once negotiations on the Programme Arrangement are finalised, the CFM is likely to be based on two pillars. In the first, intergovernmental, member states will have the opportunity to mutually support via a system of reimbursable advances and deferred payments. In the second, the European Investment Bank will act as the sole lender, supporting dual-use projects in line with its policies. This will enable an increased support from EIB for the security and defence agenda, an objective underlined several times by the European Council. Retrieved on March 9, 2018, from https://www.eda.europa.eu/info-hub/press-centre/latest-news/2018/02/28/european-defence-agency-and-european-investment-bank-sign-cooperation-agreement
Significant steps have been made in the right direction i.e. to be able to deliver all types of missions. According to official sources, on 11 December 2017, the Council adopted a decision establishing Permanent Structured Cooperation (PESCO - Article 46§2 TEU), less than a month after receiving a joint notification from member states of their intention to participate. The 25 member states participating in PESCO are: Austria, Belgium, Bulgaria, Czech Republic, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Spain and Sweden (the UK, Denmark and Malta are not participating). On 13 November 2017, ministers from 23 members’ states signed a joint notification on PESCO and handed it to the High Representative and the Council. On 7 December 2017, Ireland and Portugal also communicated their decision to join PESCO. PESCO’s governance mechanism will foster binding common commitments undertaken by the participating member state, including “regularly increasing defence budgets in real terms in order to reach agreed objectives”, and maintaining an overarching level of coherence, complemented by specific governance procedures at projects level. One of the major PESCO challenges will certainly be the deployability of forces. The European Defence Action Plan - Towards a European Defence Fund is expected to foster investment in small and medium enterprises (SME), start-ups, mid-caps and other suppliers to the defence industry, and strengthen the single market for defence. Hopefully, PESCO’s advancements will induce future treaty solutions for security and defence. The mutual defence clause in Article 42§7 (TEU) is a common obligation that resembles NATO’s Article 5 in light of Article 51 of the UN Charter, requiring

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21 The European Structural and Investment Funds and European Investment Bank (EIB) group already provide financial support for the development of a number of dual-use activities. The Commission will support EIB efforts to improve access to funding by the defence supply chains. It will promote EU co-financing of productive investment projects and the modernisation of the defence supply chains. Under the “Blueprint for Sectoral Co-operation on Skills” the Commission will support cooperation in the defence sector to ensure people have the right skills and technological ability to generate innovation. Retrieved on March 8, 2018, from http://europa.eu/rapid/press-release_IP-16-4088_en.htm

22 The Commission will strengthen the conditions for an open and competitive defence market in Europe to help companies operate across borders and help member states get best value for money in their defence procurement. To do so, the Commission will push ahead with the effective application of the two Directives on defence and security procurement and on EU transfers, facilitate the cross-border participation in defence procurement, support the development of industry standards, and promote the contribution of sectoral policies, such as EU space programmes, to common security and defence priorities. Retrieved on March 8, 2018, from http://europa.eu/rapid/press-release_IP-16-4088_en.htm
assistance in case of an armed attack, by all means, including military. The solidarity clause of Article 222 (TFEU) can be exercised at the request of national authorities by informing the European Parliament. These are two very important legal provisions in light of type 3 and 4 operations. Both require common strategic planning, investment in R&D, cooperative procurement, and operational and logistic interoperability.

Structural and Organizational Challenges

In light of deepening defence cooperation among the 27 member states, this section identifies the challenges that constrain the process following the Lisbon Treaty. Article 4 (TFEU) established 14 areas of “shared competence”, but the common foreign, security and defence policies are not among them. The CFSP/CSDP is neither an exclusive nor a shared responsibility as it is entirely governmental. In fact, and despite the advances enabled by a set of new legal provisions, “security and defence remain the most ‘national’ (and therefore intergovernmental) of all policy areas, in the sense that EU MS are very reluctant to give up sovereignty to international organizations” (Keohane, 2012, page 84). This is why the CFSP/CSDP is addressed mainly in the TEU, with institutional references in the TFEU. The European Commission Reflection Paper on the Future of European Defence (2017, page 11) states that there have “historically been differences in threat perceptions and strategic cultures. The nature of threats has also changed over time. We now face hybrid and transnational threats, as well as the significant impact of conflicts in surrounding regions. A security and defence union should encourage a stronger alignment of strategic cultures, as well as a common understanding of threats and appropriate responses. It will require joint decision-making and action, as well as greater financial solidarity at European level.” This is what motivates us to argue that structural and organizational developments must increase EU institutionalism vis-a-vis its intergovernmentalism, and encourage a higher level of burden sharing with a common defence budget in a manner that supersedes national concerns. Sustainable development also requires proportional security and defence capacities, which can be maximised by common and cooperative R&D, joint procurement, and a regulated and competitive defence market.

a) The need to increase EU institutionalism vis-a-vis its intergovernmentalism – Taking into consideration the principle of conferral and the need to deepen EU defence before integrating it, EU institutions should be more involved in the defence matters addressed in Article 36 (TEU) and Article 222§3 (TFEU). The solution established by the Lisbon Treaty, to entrust the
EEAS with the High Representative for Foreign Affairs and Security Policy and at the same time to serve as Vice President of the European Commission, linked different institutional security perspectives. However, this is not enough. We see the extension of the European Parliament’s competences in the area of security and defence (Article 223 TFEU), the establishment of a European Defence Fund, and greater involvement of the EU Commission and the European Central Bank (Article 282 TFEU) in the area of the defence market as absolutely fundamental. In regard to the European Commission, the monitoring of Article 346 (TFEU) (essential information in the interests of security) is particularly important, because it has the potential to destabilise the market and offset policy in the defence sector in light of its potential to “extinguish” small and medium enterprises and therefore the heart of innovation. According to the CSDP handbook (2012, page 87), another topic involving the European Commission appeared to be export licencing for defence transfers. The Commission proposed to replace the system of individual licences with a system of general licences covering several different transactions for those intra-community transfers where the risks of undesired re-exportation to third countries were firmly controlled. Member states agreed to this directive because, although it aimed to harmonise the rules and procedures for intra-community transfers, it left governments room for manoeuvre. Governments would still have the responsibility to allocate licences, and it would not give the Commission the power to regulate defence exports to countries outside the EU. The EU has to replicate on a larger scale defence clusters which facilitate defence investments and transfers, such as the Franco-British, Benelux and Nordic Defence Cooperation. Why not a “negative list” licencing system? Why not a common market for defence equipment? Ian Bond (2014, page 1) asserts the following: “…Member-states have resisted consolidation and the creation of an effective single market in defence for a variety of reasons. First, despite the fact that most EU member-states are also NATO allies, there is a lack of trust between them: nations continue to procure nationally because they are concerned about security of supply in a crisis... second, governments are often keen to protect jobs in their national defence industries, both to preserve skills and to avoid increasing unemployment…” In 2009 two directives were passed: the Defence and Security Procurement Directive (2009/81/EC) and the 2009/43/EC). In 2016, the European Commission proposed a European Defence Fund and other actions to support more efficient spending by

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23 Ian Bond (2014, page 1) - UK MOD stated in evidence to the House of Commons Select Committee on Defence in May 2012 that “we must be able to operate, maintain and refresh certain capacities effectively, without being dependent on others”.

member states in joint defence capabilities, strengthen the security of European citizens and foster a competitive and innovative industrial base. This sort of defence activism is well regarded despite the criticism of the UK. Currently, CFSP/CSDP decisions are non-legislative instruments and so are not subject to the jurisdiction of the Court of Justice of the European Union (Article 24 TEU), with the exceptions of Articles 40 (TEU) and 275 (TFEU) – restrictive measures against legal persons. This solution was put forward as a facilitation mechanism to avoid sovereign constraints and to work for political facilitation. The future of EU defence requires that some structural defence issues be legislative in nature. The constructive abstention mechanism (Article 31 TEU) and enhanced cooperation in non-exclusive competences mechanism (Article 20 TEU) were created by the Treaty of Lisbon, but so far they have only been used in a limited manner. Provision 173 (TFEU) has no especial reference to the defence industry, and neither does Article 179 (TFEU) have any reference to research and technological development and space from a defence perspective. The future of EU security and defence will require the expansion of areas of exclusive competence to domains such as illegal immigration and human trafficking. Furthermore, it will be necessary to simplify the interactions between the EEAS Crisis Management Planning Directorate (CMPD), the Civil Planning Conducting Capability (CPCC) and the European Union Military Staff (EUMS) to achieve a high level of integration.

b) Need for a higher level of burden sharing and common defence budgeting – EU defence budgeting suffers from TWELVE major problems:

1. The number of member states spending less than 2% of their GDP on defence. On average, member states spend 1.4% of their GDP on security and defence, but 21 of them spend less than that average. In 2045 it is expected that the whole EU will spend less than a quarter of China’s declared defence budget. In 2013, only the UK, Greece and Estonia spent 2% or more on defence. According to EUROSAT, in 2015, the EU’s 28 member states earmarked 200 billion of public expenditure for ‘defence’, equivalent to 1.4% of their GDP. This is much less than the amount spent on social protection (expenditure equivalent to 19.2% of GDP in 2015), health (7.2%) or education (4.9%), but significantly higher than public spending on recreation, culture and religion (1.0%), environmental protection (0.8%), and housing and community amenities (0.6%). In the same year, only the UK and Greece spent 2% or more on defence. In absolute terms, the UK spent by far the most on defence (55 billion in 2015). This is equivalent to more than a quarter (27%) of the total EU public expenditure on defence. The UK was followed by France

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Francisco José Leandro

(€38 billion, or 19% of the EU total), Germany (€30 billion, or 15%) and Italy (€20 billion, or 10%). Together, these four member states accounted for 72% of the total defence expenditure in the EU. (2) Excessive allocation of financial resources to personnel spending and to the maintenance of non-operational facilities. (3) Triple allocation of military assets by the majority of member states (NATO, UN and EU), resulting in a triple fragmentation of means, poor operational management and high pressure on national defence budgets. (4) Under-allocation of resources to equipment procurement and R&D, resulting in poor procurement synergies. According to the EDA, the collaborative defence equipment procurement expenditure in 2014 only had a tangible relevant expression for Belgium, the UK, France, Germany, Italy, Spain and Sweden. (5) Diversification of equipment imposing an excessive budgetary burden and preventing interoperability and synergies from by joint logistics. (6) Defence spending in operational activities decided by the EU as “Union Actions” remains a voluntary national contribution, in which the vast majority of the cost is borne by national authorities. It is urgent to alleviate this pressure on national defence budgets, at least for all type 2 operations as well as for some type 1 operations. (7) The undeveloped single European defence market. (8) The fact that the “Athena mechanism” covers less than 10% of military operational expenses. (9) Weak civilian-military capacity synergies applied to force generation. (10) Weak exercise of the possibilities offered by pooling and sharing. (11) The reduced number of deployable and sustainable forces. (12)

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27 According to Source: Stockholm International Peace Research Institute (2016 data), International institute for Strategic Studies (Military Balance 2017), European Political Strategy Centre, Munich Security Report 2017 quoted by the European Commission (2017, page 9), EU navies use 29 types of vessel, compared with the 4 types used by the US Navy. EU armies use 178 types of main battle tanks or armoured vehicles, compared with 30 types used by the US Army. EU air forces use 20 types of aircraft, compared with 6 types used by the US Air force. According to different sources, there are currently (2016) 7,451 main battle tanks, 2,013 combat aircraft, 518 warships, 128 patrol vessels, 3+1 aircraft carriers, 55 submarines (21 nuclear), and 1,423,097 active personnel in the EU.

28 The mechanism only covers the following expenses: HQ implementation and running costs, including travel, computer information systems, administration, public information, locally hired personnel, force headquarters (FHQ) deployment and lodging; for forces as a whole, infrastructure, medical services (in theatre), medical evacuation, identification, acquisition of information (satellite images); reimbursements to/from NATO or other organizations (e.g. UN); barracks and lodging/infrastructure, essential additional equipment, medical services, acquisition of information (theatre level intelligence, reconnaissance and surveillance, including air to ground surveillance and reconnaissance, human intelligence); Other critical theatre-level capabilities (demining, chemical, biological, radiological, and nuclear (CBRN) protection, storage and destruction of weapons).

29 Based on a German-Swedish food for thought paper on intensifying European military
The general reduction in military personnel.

c) Defence cooperation must be deepened in terms of R&D, industry support, national and international joint procurement and the defence market – The heart of defence cooperation rests with the ability to construct cooperation in 2010 (the “Ghent Initiative”), EDA together with its member states developed the pooling and sharing initiative. The concept refers to initiatives and projects to pool and share more military capabilities among EU member states. In November 2011, the EDA proposed and Defence Ministers adopted an initial list of eleven pooling and sharing priorities. Among these were Air-to-Air Refuelling, the Helicopter Training Programme, maritime surveillance, and the EU Satcom Market procurement cell. In its efforts to promote a systematic approach towards pooling and sharing, the EDA proposed and Ministers adopted the “Code of Conduct on Pooling & Sharing” on 19 November 2012. The Code comprises a series of actions to support cooperative efforts of EU member states to develop defence capabilities. The actions therein were aimed at mainstreaming pooling and sharing in member states’ planning and decision-making processes. They were to be implemented on a national and voluntary basis, in line with defence policies of member states. In December 2013, the European Council made a clear case for increased defence cooperation and welcomed the progress achieved by the Agency’s Code of Conduct on Pooling & Sharing. Additionally, during the November 2014 Steering Board, Defence Ministers adopted a Policy Framework to foster more systematic and long-term defence cooperation, as mandated by the December 2013 European Council.
a profitable and dynamic defence market. The Western defence market is shrinking while its production is becoming more significant. In contrast, China’s defence industry is growing and in 2016 it was ranked 8th in the world context due to the growing investment in defence in Asia. The EU already has good strategies in place, such as European Defence Research & Technology (EDRT), the European Armaments Cooperation (EAC) and the European Defence Technological and Industrial Base (EDTIB). The EDA launched the Intergovernmental Regime to Increase Competition in the European Defence Equipment Market, the Code of Conduct on Defence Procurement, the Code of Best Practices in the Supply Chain, and the Code of Conduct on Offsets. The EU needs more partnerships with industry and Joint Investment Programmes (JIP), such as the CBRN Joint Investment Programme and Force Protection Joint Investment Programme. The EU also needs to take very seriously the Coordinated Annual Review of Defence (CARD), which should stand for mutually beneficial projects. An area with immense potential is dual-use technology, which has commercially competitive advantages. Armida van Rij identified the bottom line (The first edition of the European Defence Industry Summit, 2017), when she highlighted the role of the defence industry and the EDA, calling them ‘strategic partners’ and stating the importance of engagement through structured dialogue. This engagement has to be integrated into wider EDA activities to be efficient, and will be key for developing Europe’s strategic autonomy. Hence, there must be greater support for industries, by building partnerships across borders and improving information sharing activities to strengthen SMEs and facilitate their access to the market. The future of EU defence will be very much dependent on the willingness to invest jointly in the defence market, to foster forward-looking innovation, and to invest in research and development. A well-developed defence industry and a dynamic defence market will not only hold the potential to give the EU strategic autonomy but will also be in the best interests of the CSDP and NATO.

30 Jane’s newly launched Market Potential Index ranks the industrial proficiencies of almost 100 defence markets worldwide. Using a unique methodology, it assesses the technological sophistication and scale of defence industrial competencies in the land, sea, air and electronics domains to produce a global ranking. The Jane’s Market Potential Index assesses the status and appeal of 93 world defence markets based on factors that include defence investment, defence industrial capabilities, procurement procedures and protocols, trade mechanisms, embargo status and political, economic and security considerations. Each market is ranked against 36 ratings, with scores of 0 (low) to 5 (high) a positive or negative appeal. China score was 3.8 in 2017, Japan’s 3.7 and Australia’s 3.6. Retrieved on March 8, 2018 from http://www.janes.com/article/76191/china-s-defense-industry-is-fastest-growing-in-asia-according-to-new-market-potential-index-from-jane-s-by-ihs-markit

d) EU External Representation – One of the components of the EU security and defence arrangements is its external representation. Since the use of hard power is an instrument of politics, the proximity and permanent contact of political representatives is relevant to our discussion. Thus, according to Article 221 (TFEU), EU delegations to third countries and international organizations shall represent the EU. However, the active representation of the EU does not necessarily mean a single representational entity. In reality, member states are merely bound to coordinate their action in international organizations (Article 34 TEU), and to cooperate closely with the EU (Article 221§2 TFEU). Furthermore, member states are entitled to exercise external representation and to establish diplomatic and consular missions on their own (Article 35 TEU). EU external representation has historically been fragmented, mirroring the pillar structure. The EEC and later on the EC made no explicit reference to the external representation of the Community. However, Article 116 of the Treaty of Rome (EEC) has made provisions for member states within the framework of international organizations of an economic character to proceed only by common action. In Article 211 TEU, the treaty establishing the EC made clear that the Commission is the guardian of Community law, whereas article 282 TEU empowered the Commission to represent the Community in its member states (domestic dimension). Over the course of time, the Commission has developed its network of Commission delegations abroad, which represent it in third countries and international organizations – a network which the Lisbon Treaty turned into EU Delegations. Prior to the Lisbon Treaty, in CFSP matters the rotating presidency was also responsible for representing the European Union (Kuijper et al., 2013, page 23-25). This had already been the case with the European Political Cooperation, as mentioned before. Until the Treaty of Amsterdam came into effect, external representation was centred on the Commission and in the Presidency, in light of the principle of separation between CFSP- and non-CFSP-related matters. The Treaty of Amsterdam introduced the High Representative for the CFSP but did not change this state of affairs. Likewise, and despite the fact that a set of innovations were included in the Treaty of Lisbon, the principle of separation between CFSP- and non-CFSP-related matters was kept, and so the CFSP emerged as an intergovernmental representation, specifically through the President of the European Council and the High Representative for Foreign Affairs and Security Policy/Vice-President of the Commission. The HR/VP of the Commission was one of the major innovations of the Treaty of Lisbon, merging the previous position of the High Representative for CFSP with the Commissioner for external relations, and getting more closely involved in the Commission by acting as Vice-President at the same time. In addition, the HR/VP has proposal power before the Council to appoint Spe-
cial Representatives, as in the case of EU representation at the UN (Kuijper et al., 2013, page 28-29). Consequently, non-CFSP-related matters are represented by the European Commission, as before. But who actually represents the European Union externally? The President of the European Council has EU power of representation before Heads of State and Governments in CFSP-related matters; the HR/VP holds EU power of representation at ministerial level and for day-to-day administration of CFSP-related matters; the Commission dominates EU external representation in all non-CFSP-related matters; the Special Representatives\(^ {32}\) have power of representation according to their mandates; EU Delegations represent the EU abroad in its entirety and not just the Commission; and, finally, the Commission has the power to represent the EU in judicial proceedings\(^ {33}\). EU powers of representation are depicted in the following table (next page):

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\(^{33}\) These delegations are under the authority of the HR/VP according to Article 221 §2 TFEU and represent the Union abroad in its entirety and not just the Commission, as used to be the case (Article 221§1 TFEU; Article 5§3 EEAS decision – Council Decision 2010/427/EU of 26 July 2010 establishing the organization and functioning of the EEAS, 3.8.2010, Official Journal of the European Union L 201/30). It is for this reason that they receive instructions from either the Human Rights Commission for matters relating to the CFSP, or from the Commission on non-CFSP policies. Kuijper, Pieter Jan; Wouters, Jan; et al. (2013, page 31).
### Who Represents Externally the European Union?[^34]

<table>
<thead>
<tr>
<th>Level/Matter</th>
<th>CFSP-related matters</th>
<th>Non-CFSP-related matters</th>
<th>Judicial proceedings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of State and Government</td>
<td>President of the Council (15§5 TEU)</td>
<td>President of the European Commission (17 TEU)</td>
<td>There is no explicit reference in the EU treaties to the capacity of the EU to subject itself to binding international disputes, nor to who is responsible for representing the EU in such disputes. However, agreements concluded with third states provide dispute settlement mechanisms by court, tribunal or through third-party arbitration. This has become the prerogative of the Commission[^35]. In relation to the International Court of Justice (ICJ), only states have standing before the Court. However, the ICJ Statute Articles 34§2 and 66 §2 grant international organizations, under certain conditions, the right to intervene[^36].</td>
</tr>
<tr>
<td>Ministerial</td>
<td>High Representative Vice-President[^37] (27§2 TEU)</td>
<td>Commissioners and HR/VP acting as European Commission VP</td>
<td></td>
</tr>
<tr>
<td>In third countries, international organizations, and multilateral fora</td>
<td>Special Representatives (33 TEU)</td>
<td>EU Delegations &amp; Rotating Presidency Council of the European Union[^38]</td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>EEAS (27§3 TEU)</td>
<td>Commission EEAS services HQ services</td>
<td></td>
</tr>
</tbody>
</table>

In sum, EU external representation is not unified, and it is the quality of the matter (CFSP or non-CFSP) that drives the allocation of the power of

[^34]: Adapted from Kuijper, Pieter Jan; Wouters, Jan; et al. (2013, pages 46 and 62).
[^37]: “abandoning some of the constitutional terminology, such as the office of the Minister of Foreign Affairs – instead we continue to have a “mere” High Representative … might suggest to those unfamiliar with EU that its foreign affairs policy is still in its infancy”, Piet Eeckhout (2011, page 3).
[^38]: The presidency of the Council rotates among the EU MS every six months. During this six-month period, the presidency chairs meetings at every level in the Council, helping to ensure the continuity of the EU’s work in the Council. Member states holding the presidency work together closely in groups of three, called ‘trios’. This system was introduced by the Treaty of Lisbon in 2009. The trio sets long-term goals and prepares a common agenda determining the topics and major issues that will be addressed by the Council over an 18-month period. On the basis of this programme, each of the three countries prepares its own more detailed six-month programme. Retrieved on March 2018, from http://www.consilium.europa.eu/council/what-is-the-presidency?lang=en
representation to the appropriate position within the EU structure. This situation is expected to persist as long as the CFSP and CSDP remain mainly intergovernmental.

Conclusions and Policy Recommendations

If Europe does not take care of its own security, nobody else will do it for us. A strong, competitive and innovative defence industrial base is what will give us strategic autonomy.

The Head of the European Commission, Jean-Claude Juncker

To invest in security and defence is to secure strategic autonomy for the EU. The purpose of security and defence improvements is not to transform the EU into a military power. Rather, the EU will continue to be a civilian power, exercising soft power, but with a proportionate military capacity to reinforce its ability to contribute to the security of all member states and globally. Furthermore, each and every member state must deliver a reasonable contribution to collective self-defence. At the Bratislava Summit in September 2016, the leaders of 27 member states stated: “We need the EU not only to guarantee peace and democracy but also the security of our people.”

In view of geopolitical and geo-economic challenges, they agreed on the need to strengthen EU cooperation on external security and defence. The December 2016 European Council should “decide on a concrete implementation plan on security and defence and on how to make better use of the options in the Treaties, especially as regards capabilities.” The European Council reaffirmed its commitment to the European Union Internal Security Strategy 2015-2020. It also addressed the strengthening of EU cooperation on external security and defence. In particular, the heads of state or government focused on three priorities: the EU Global Strategy in the area of security and defence; the European Defence Action Plan; and the implementation of the common set of proposals following the EU-NATO Joint Declaration signed in Warsaw in July 2016. In a joint op-ed issued ahead of the European Council, President Donald Tusk, President Jean Claude-Juncker and NATO Secretary General Jens Stoltenberg highlighted the importance of cooperation between the two organisations: “More than ever in a changing world, soft power alone is not enough. Security begins at home and that is why the EU is committed to doing more to protect and defend its citizens, and to help those member states who are Allies to play their full part in NATO,”39.

Indeed, security and defence capacities are at the centre of the problem. They depend on four vital factors: areas of strategic interest, types of missions, member state synergies to create economies of scale and a competitive defence market. The Lisbon Treaty introduced new viable provisions to obtain cooperation gains. Among other institutions, the European Commission and the European Defence Agency would seem to have fundamental roles in terms of R&D and joint procurement. But this is not enough. EU member states are simply not spending enough on defence and therefore funds are scarce, money is often badly spent, and inefficiencies accumulate due to operational and procurement weaknesses. In addition, sovereign fears, especially in relation to mutual trust, security of supply, unemployment and private sector competitiveness, result in the fragmentation of the European defence market. The general reduction of defence budgets (at least after 2008), the raising costs of equipment and personnel, the existence of monopolies or oligopolies at national level and the inability to explore economies of scale at EU level are the root cause of procurement inefficiencies. The EU needs integrated defence-planning cycles among member states, and harmonised between the CSDP and NATO. Defence cooperation must become the default mode in the EU. However this does not mean that there is no room for exclusive national interest projects; to the contrary, member states must have the assurance to carry out such projects. Investing in the defence industry and setting the right policies to leverage the EU defence market will work as a shortcut to overcoming the strategic disparities between the EU member states. Investing in security and defence is a win-win strategy for all.

European universities ought to invest in security education and to construct a positive narrative promoting research and publication. They should be given incentives to develop dual-use technologies. The European Defence Agency, the Institute for Strategic Studies and the EEAS will continue to have a central role in strengthening defence, but EU institutions must have more competences in security and defence matters. A minimal number of CFSP and CSDP issues should be legislative in nature and therefore part of their shared competences. It is time to consider a single external European border and a united Coast Guard force. It is time to strengthen EUROPOL’s European Counter-terrorism Agency. The creation of the EU satellite centre was a major step forward in terms of constructing credible EU intelligence expertise. It is time to seek greater integration of intelligence assets of EU member states, especially in type 1 and 2 operations. Security and defence requires a good level of representation and the continuous development of strategic partnerships.
The EU has a natural ability for multilateralism, but this fact can neither diminish excessive fragmentation of assets, nor decrease expenses without operational output. The EU must have a certain degree of strategic autonomy in relation to NATO, exercising complementary and concurrent but harmonized strategic planning and task division. Finally, the only way for the EU to be well prepared to face the next crisis is to act now. The development of security and defence cooperation is an ongoing process, but it cannot slow down. It has to be made the cornerstone of future EU developments.

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ABSTRACT
This paper poses questions about EU soft power, why it is insufficient and how that can be changed. This is done in an attempt to shed light on the current status of the European Union defence sector. The paper specifically addresses political, strategic, structural and organizational challenges. It further proposes development paths for the enhancement of common defence capacities, vis-a-vis the current stage of major threats and the parity of strategic contenders such as the USA, the People’s Republic of China and the Russian Federation. Finally, this paper identifies concrete policy recommendations for a sustainable long-term defence cooperation-integration process, compatible with the exercise of the EU’s 27 national sovereignties. The research methods are undergirded by qualitative research and supported by semi-structured interviews. Seminar discussions and key points were also incorporated into the final version.

KEY WORDS
European Union, Security, Defence, Future, NATO, CFSP, CSDP

Received on December 17, 2018
Approved on March 22, 2018