



European Defense Cooperation

European countries spent almost 190 billion euros on defense in the last reporting year, which was 2012.¹ This represents around third of US military expenditure, but the capabilities generated by this investment are not in proportion to the outlay. With spending in real terms set to drop further over the next few years, there is the risk that is already being realized that Europe (as a whole) will become less and less able to act and to deter. This risk has once again prompted mounting calls for a more co-operative approach between European countries in defense matters. But efforts to bolster the EU's Common Security and Defense Policy (CSDP) are not new: European countries have striven to empower the Union in the field of defense since the end of the Cold War. Despite these efforts, defense co-operation has not taken off either within the CSDP or in other European frameworks. This brief is divided in three parts. Part I assesses the evolution and operational record of European defense co-operation within the CSDP. Part II analyses the issues which have plagued European defense co-operation in the past, and which continue to do so. Part III argues that current trends point to a strengthening of co-operation in some areas, not only under the auspices of the EU.

Part I: A brief contextual history of European Defense cooperation

The ambition to expand co-operation in security and defense matters went hand in hand with the setting up of monetary union in the 1990s. It was both an integral part of the process of European integration, and a reaction to developments in the EU's neighborhood. In particular, Europe's inability to act during the Balkan crisis of the early 1990s – and the discovery that its major military powers, the UK and France cooperated well together - prompted a major push to endow the Union with the institutional framework and the military capabilities to act. In 1992, the Maastricht treaty set up the Common Foreign and Security Policy, and the 1997 Treaty of Amsterdam led to the creation of the post of High Representative for the Common Foreign and Security Policy to enhance Europe's voice in foreign affairs. The war in Kosovo underlined the continuing instability in Europe's neighborhood, while also highlighting Europe's continuing dependence on the US for military support and the ineffectiveness of the EU's existing political and military capabilities. The war was at the root of the European Council's June 1999 decision to set up a Security and Defense Policy. The Council agreed the EU should have the ability to carry out operations independently of NATO; to that end it published the Helsinki Headline goals, stating that by 2010 the Union should be able to deploy 60,000 troops for humanitarian intervention on short notice.² Momentum towards a common European defense policy seemed to be building up in the early years of the new millennium: in 2003 the EU endorsed the European Security Strategy, providing a conceptual framework for European defense firmly based around the notions of prevention, stabilization and humanitarian intervention. In 2004 the European Defense Agency was set up to promote the acquisition of joint capabilities and to pump-prime research endeavor. In the same year, the concept of Battle Groups was endorsed to provide high

readiness forces for the EU and in 2007 these forces were deemed operational. On paper the EU now had the capacity to rapidly respond to crisis situations. The entry into force of the Lisbon Treaty in 2009 marked the birth of the CSDP in what was now a more polished institutional framework. The EU seemed to be taking on a more and more assertive role in security and defense. However, the CSDP had not yet been thoroughly tested, and at the moment seems destined to be surpassed by coalitions of the willing formed in the face of unpredicted crises, such as in response to Libya in 2011.

Since the launch of the first mission in 2003, the EU has launched over thirty operations. These include military operations, training and support missions, and observation missions. Geographically, the majority of operations have taken place in the Western Balkans and in Africa. With the exception of EUNAVFOR Somalia, a naval mission to actively contrast piracy, the emphasis has been on peacekeeping and support operations, even in those missions that had a primarily military character. For instance a EU mission has overseen the implementation of the Dayton Agreement in Bosnia since 2004. On the whole, the scope of CSDP operations has not matched its initial ambitions: the EU has never carried out a heavy footprint intervention of the kind the Battle Groups had been set up for. Indeed to understand the CSDP's failings it is not enough to look at its operational history, one also has to take into account those operations that were discussed but never launched. In February/March 2011, Europeans were faced with the Libyan crisis. Several states, such as Britain and France, pressed for intervention while Germany was opposed. EU involvement to enforce UNSCR 1973 was initially given little thought, but on April 1st the EU approved a humanitarian assistance mission, known as EUFOR Libya.³ However, this mission never became operationalized due to the condition that the UN had to issue a specific request for support, which never materialized. The EU's response to the crisis was seen as a blow to the EU's common foreign and defense policies: not only was there no consensus between member states, but it was also apparent that the Union would not have the instruments to orchestrate a military response even if it had wanted to. The next blow for the CSDP's ambitions came in early 2013, as Islamic extremists gained ground in Northern Mali. As early as September 2012, the Malian President had requested the EU's help. The EU had been following the situation with deepening concern and there was discussion of sending troops to bolster the government's position, but no action was taken until January 2013. By then, the Islamists threatened to overwhelm the government's troops and the French launched their own operation. After the successful French intervention, the EU managed to piece together an operation to train the Malian army, but the mission did not actually start until late February.⁴ It was too little to dispel the impression that the Union had failed a key test. In fact, the operation in Mali seemed to be tailor made for the CSDP: it was a low risk operation, it was fully endorsed by the Malian government and the UN, and two Battle Groups stood ready to intervene. Most recently, the EU has also proven to be slow in responding to the emerging crisis in the Central African Republic. A stabilizing mission was authorized in February 2014, but did not get off the ground until April.⁵ As in many previous cases, it proved difficult to obtain troops and equipment for the mission, with many member states unwilling to contribute at all. Battle Groups were not deployed, again casting serious doubts on their usability.

On the whole, the CSDP has proven to be an imperfect instrument in dealing with crisis situations, and it has also not led to a full convergence in the strategic cultures of European member states. However, through the use of mixed civilian and military tools it has proven to be

highly useful in crisis prevention and in post-crisis stabilization. It has also led to some limited improvements in European capabilities, though the 'Pooling and Sharing' initiative aimed at optimizing the use of military equipment such as air tankers and heavy lift capability. The EU's initiatives have only been partly successful in fostering the integration of the European defense industry. Europe's defense industry remains fragmented, mostly because of barriers to competition that have persisted despite the Commission's efforts to open up the market. In general, governments have been highly protective of their own defense industrial base, unwilling to open up the defense market and many companies remain prized national assets which adopt acutely competitive behaviors in collaborative environments. Perhaps the best example of this is the German government's 2012 decision to veto the planned merger between BAE-EADS, which would have created the equivalent of a European primary contractor. Government preferences for national defense companies means that procurement still overwhelmingly takes place on national lines, leading to large varieties of weaponry in European armies, duplication of research and development and a loss of the potential for economies of scale. For instance there are currently seventeen production lines of land vehicles in the EU, as opposed to only two in the US.⁶ This reduces interoperability between European forces (in addition to the loss of interoperability with the US) and leads to high maintenance costs over the equipment lifecycle.

Crucially, European defense co-operation does not only take place within the EU's CSDP: NATO and other frameworks are also important. However, these alternative frameworks tend to have many of the same problems as the CSDP. Through its Smart Defense initiative, NATO tries to foster joint acquisition and maintenance of equipment, as well as joint training. But, like the EU's Pooling and Sharing, the initiative has only had a limited impact in reducing the impact of cuts in national defense spending. Other multilateral initiatives have been more successful: in particular the European Air Transport Command, which pools and allocates assets from five European countries. Some multinational procurement programs, for instance the A400M transport aircraft, have also been hailed as important contributors in defense co-operation. A degree of bilateral co-operation also takes place, in particular between France and Britain, and also between Belgium and the Netherlands, as localized exemplars. However, regional and bilateral forms of co-operation have evolved in an unstructured manner, increasing individual capabilities, but not necessarily contributing to those of Europe as a whole.

PART II, The issues

The mixed record of European defense co-operation is due to a series of factors, some of which are specific to the CSDP, while others are of a structural nature. Perhaps the main issue specific to the CSDP is its decision making structure, which effectively gives each member government a veto. This lies at the root of the CSDP's poor record when speed is an important factor: the need to build consensus has so far been a barrier to rapid deployments. The structure of the Battlegroups is also an issue: they are forces based on contributions from groups of member states, with two on standby at any given moment. This means that when deciding on deployments, the willingness of those member states that are contributors to the Battlegroups on standby is a crucial factor. In the build- recent intervention in the Central African Republic, a Greek Battle Group was on standby: but again the government was not keen on deployment.⁷ Crucially, member states are faced with a series of disincentives to participate, mainly stemming

from the CSDP's financing structure. In fact, the CSDP follows the principle according to which costs lie where they fall. Only 10% of mission costs are shared across the whole EU according to the so-called Athena mechanism, based on a GDP formula.⁸ This system means that states who want to carry out missions not only have to pay to have deployable forces in the first place, but also for the great part of their operational costs. This explains the difficulties CSDP operations often have in gathering up the necessary forces. The whole system creates a disincentive to deploy, unless a member state has an overwhelming interest in carrying out a specific mission. A further issue with the CSDP is its lack of permanent planning facilities, inhibiting the preparation of contingency plans and contributing to its sluggishness. In theory, the CSDP can use NATO's facilities once the Alliance has refused to take up a particular mission. However, this is purely theoretical: Turkey has so far blocked the EU's use of NATO's planning facilities in response to the dispute with Cyprus.

The CSDP's ambiguous relationship with NATO is perhaps one of its biggest limitations: there has always been a level of ambiguity in Europe's attempts to endow itself with serious military capabilities. Some European states, in particular France, have at times tended to see the CSDP as a counterweight to NATO and to perceived US unilateralism. Other member states, in particular the UK, remain opposed to any significant European duplication of NATO's functions and structures, viewing CSDP and NATO as complementary organizations. There are essentially two visions of European defense co-operation within the CSDP: as a full military alliance designed to promote a more independent and assertive role for the EU in the world, or a 'soft' organization complementing NATO's work. In practice, these visions have not really clashed as the CSDP has gradually become less ambitious: France has moved closer to NATO since re-joining its Military Command in 2009, 43 years after leaving it. Its latest white paper clearly places equal importance both on European defense integration and on the Atlantic Alliance.⁹ Despite its opposition to European duplication of NATO, the UK has been a major contributor to some CSDP missions, in particular to those aimed at reducing piracy in Somalia.

Some of the major difficulties behind European Defense Co-operation do not depend on the CSDP per se, but are structural. The main obstacles to a common defense policy lie in the enduring differences between strategic cultures of member states. Britain and France retain a decreasing number of highly capable military forces, with a global reach and a culture of intervention. Other member states look purely to their neighborhood, or emphasize specific geographic areas. For instance Eastern European states have tended to emphasize the threat from Russia, whereas countries such as Italy are very sensitive to instability across the Mediterranean. Germany has a broad geographic outlook, stretching towards Central Asia, but is characterized by a historically driven unwillingness to use military force. Differences in strategic outlook and priorities make it difficult to agree on specific actions, while also influencing the makeup of forces. In fact, states like Britain and France tend to emphasize forces capable of projection, while Eastern European forces are still geared towards territorial defense. Differences in strategic culture have endured despite a degree of convergence in opinion amongst European publics, which are skeptical of the effectiveness of interventions abroad.

The lack of a common strategic vision not only hinders decision making, but it also aggravates the issue of national sovereignty, the second major structural reason behind limited co-operation. From the perspective of member states, military co-operation poses a series of risks to

sovereignty, in particular concerning shared equipment. Shared capabilities might lead to some savings, but there is always the risk that a partner nation may deny access when it is needed. Given that the need to maintain a degree of certainty of access, pooling and sharing is often limited to training and maintenance. Moreover, multinational procurement programs are not without problems: they offer less customization and like national programs can also incur in cost overruns. These factors account for the limited success up to now of the EU's Pooling and Sharing scheme and of NATO's Smart Defense: these frameworks only work when the need for co-operation is perceived as relatively risk-free, or when it is overwhelming. Concerns over national sovereignty also explain the limited degree of integration of Europe's defense industry. In the long run a consolidated defense industry would probably be more efficient for Europe as a whole, leading to a standardization of equipment and lower overall costs. However, in the immediate term consolidation would mean some companies would be forced to close due to competition, jobs would be lost, and individual national economies would suffer. Advocates of further defense co-operation argue that concerns over national sovereignty are misplaced: by not engaging in deeper co-operation states are losing their ability to act and therefore indirectly also losing sovereignty. Despite this, the choice is not simple from the perspective of individual states. The ability to exercise a degree of limited sovereignty independently seems preferable to pooling sovereignty but potentially losing the ability to act independently. This problem is likely to persist until it becomes clear that the loss of the ability to act independently may be unsustainably constrained by not engaging in cooperation, leading states to accept some of the perceived risks inherent in cooperation.

PART III, Future Prospects

Three factors are likely to drive developments in European defense cooperation over the next years: the US pivot to Asia, increasing instability in Europe's neighborhood, and Europe's probable economic recovery. The Ukrainian crisis and continuing instability in the Middle East have called into question the feasibility of the US pivot to Asia, especially as the Europeans do not seem ready to fill in the gap. However, short-term shifts in emphasis are unlikely to change the underlying reality of the US shifting an increasing share of its diplomatic attention and military resources to Asia. In the long run, this does not mean the US will disengage from Europe, but it means that it will only actively intervene in a narrowing range of scenarios. Gradual US disengagement, combined with the instability in Europe's neighborhood, provides an external pressure on Europeans to co-operate more closely in defense. However, the effects of such pressure will depend on Europe's economic situation. By mid-2014, a gradual recovery seems to have taken hold, but there is already evidence of pricing bubbles in several important sectors that reintroduce vulnerabilities into the European economy. If the recovery continues, pressure to engage in extensive co-operation will lessen, especially in Britain and France. These states possess the most extensive capabilities and have most to lose in terms of flexibility from deeper integration. If the economic recovery does not take hold, then further cuts in defense spending are likely to take place and pressure will gradually increase even in Britain and France to engage in further co-operation. Smaller European states, as well as Germany, are a different matter: they stand to lose less from co-operation and the economic situation is likely to have a more limited impact on their stance. On the whole, the international context means that a deepening of co-operation at the European level is likely to take place whatever the economic circumstances.

In the near future, European defense co-operation is likely to be increasingly multi-centric. The EU will become more important in some respects, but its prominence in other fields is likely to decrease. In operational terms, the EU will continue to carry out the training, assistance and stabilization operations the CSDP has become synonymous with, implementing the vaunted 'Comprehensive Approach'. The December 2013 summit paradoxically strengthened this approach: by failing to set forth a grand vision of European defense policy, the summit effectively endorsed the existing approach. This means that the CSDP will move closer to its British and American conception as a tool complementary to NATO, rather than as potential alternative to it.

While the CSDP's ambitions may be somewhat reduced, its role will increase in other ways. In particular, the EU pledged to foster a more coordinated approach to defense planning, in a bid to avoid a repeat of the uncoordinated cuts in defense spending of the past years. At the same time, the EU will continue deepening its involvement in the defense market and will also enter the field of capability development. The Commission is already attempting to implement Directives 2009/43 and 2009/81, effectively extending the single market to the field of defense, and making it harder for states to invoke clause 346 of the Treaty on the Functioning of the European Union.¹⁰ To sweeten the deal for those member states likely to be heavily affected, the Commission is also proposing to use EU structural funds and other forms of direct support to aid the transition towards a more closely integrated industrial base, which would help high-risk technologically advanced projects. At the same time, the EU will enter the field of procurement, especially through the EDA. In the December summit, member states agreed that the EU would coordinate the development of new capabilities such as drones, air-to-air refueling and satellite communications.¹¹ These steps into fields in which European countries have limited individual involvement are set to be the first towards a new generation of jointly developed and operated capabilities. The EU is also scheduled to step up indirect investment in the defense sector, especially through support of dual use technology. Taken as a whole, these steps amount to a deepening of the Union's role in European defense co-operation, despite the downgrading of the CSDP's ambitions. Co-operation within bilateral and multilateral frameworks external to the Union's structures is also likely to increase in the coming years. Franco-British co-operation is set to deepen in view of providing greater overall interoperability,¹² and smaller countries are likely to cooperate more closely with their immediate neighbors in the fields of training and maintenance. Dutch-Belgian naval integration will probably serve as a model for this type of integration: the two navies are pooled yet separate. As the EU moves further away from the ambition to be a direct provider of hard security, Europeans are likely to cooperate more closely within the framework of NATO, turning to its tried and tested planning and command structures.

European defense cooperation is slowly deepening, both within the EU and other frameworks. In the long run, fully integrated European forces are a possibility. However, this will require either a more complete convergence in strategic outlook or the creation of a federal Europe. Both of these scenarios would solve states' dilemmas relating to the risks inherent in cooperation. Both are difficult to envisage at the moment: strategic convergence cannot be artificially created, while federalization would require further treaty change. For now, the challenge is that of finding politically practicable ways of co-operating. This will require extensive co-ordination between states and between the emerging poles of defense cooperation.

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¹ Data from the European Defence Agency, <http://www.eda.europa.eu/docs/default-source/eda-publications/defence-data-booklet-2012-web>

² Helsinki Headline Goal

<http://www.consilium.europa.eu/uedocs/cmsUpload/Helsinki%20Headline%20Goal.pdf>

³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:089:0017:0020:en:PDF>

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:014:0019:0021:EN:PDF>;

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:046:0027:0027:EN:PDF>

⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:040:0059:0062:EN:PDF>

⁶ V. Briani, Armaments Duplication in Europe: A Quantitative Assessment, CEPS 16 July 2013

<http://www.ceps.eu/book/armaments-duplication-europe-quantitative-assessment>

⁷ Deputy Prime Minister and Foreign Minister Venizelos' statements to Greek correspondents in

Brussels, 21 January 2014, [http://www.mfa.gr/en/current-affairs/statements-speeches/deputy-](http://www.mfa.gr/en/current-affairs/statements-speeches/deputy-prime-minister-and-foreign-minister-venizelos-statements-to-greek-correspondents-in-brussels.html)

[prime-minister-and-foreign-minister-venizelos-statements-to-greek-correspondents-in-](http://www.mfa.gr/en/current-affairs/statements-speeches/deputy-prime-minister-and-foreign-minister-venizelos-statements-to-greek-correspondents-in-brussels.html)

[brussels.html](http://www.mfa.gr/en/current-affairs/statements-speeches/deputy-prime-minister-and-foreign-minister-venizelos-statements-to-greek-correspondents-in-brussels.html)

⁸ <http://www.consilium.europa.eu/policies/fac/financing-security-and-defence-military-operations-%28athena%29>

⁹ French White Paper, 2013 http://www.rpfrance-otan.org/IMG/pdf/White_paper_on_defense_2013.pdf

¹⁰ Article 346b TFEU states that: (b) any Member State may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the

production of or trade in arms, munitions and war material; such measures shall not adversely

affect the conditions of competition in the internal market regarding products which are not

intended for specifically military purposes.' [http://eur-lex.europa.eu/legal-](http://eur-lex.europa.eu/legal-content/EN/ALL/;jsessionid=8yZVTsqW8jmyvLxGSNV0G2D7bjjM3f2Jp81DFpkCQvLnFQVfvstJ!1041618649?uri=CELEX:12008E346)

[content/EN/ALL/;jsessionid=8yZVTsqW8jmyvLxGSNV0G2D7bjjM3f2Jp81DFpkCQvLnFQVfvstJ!1041618649?uri=CELEX:12008E346](http://eur-lex.europa.eu/legal-content/EN/ALL/;jsessionid=8yZVTsqW8jmyvLxGSNV0G2D7bjjM3f2Jp81DFpkCQvLnFQVfvstJ!1041618649?uri=CELEX:12008E346)

¹¹ European Council Conclusions, 19 December 2013,

https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/140214.pdf

¹² <https://www.gov.uk/government/news/uk-and-france-agree-closer-defence-co-operation>