Years of uncoordinated cuts in defence spending have eroded the EU’s role as a security actor in what is now a multipolar world. In the face of numerous emergencies in the EU’s strategic neighbourhood and ever-present security threats, this CEPS Task Force report aims to provide member states and the EU institutions with the narrative to strengthen defence cooperation in the EU. The Treaty of Lisbon demands and permits a great deal more in terms of our common security and defence activities. And member states could achieve much more value for money than the €190 billion that they spend to keep up 28 national armies, comprising roughly 1.5 million service personnel.

This Task Force report is a record of the deliberations over several months between high-level experts in the field of European security and defence. The report suggests policy actions to further the EU’s strategic, institutional, capabilities, and resources cooperation in the field of defence. Ultimately, in the view of this Task Force, further integration should amount to a European Defence Union.
MORE UNION
IN EUROPEAN DEFENCE

REPORT OF A CEPS TASK FORCE

FEBRUARY 2015

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The Centre for European Policy Studies (CEPS) is an independent think tank based in Brussels. Its mission is to produce sound policy research leading to constructive solutions to the challenges facing Europe today.

This report is based on the discussions in the CEPS Task Force on European security and defence, which met on four separate occasions between June 2014 and January 2015. The policy recommendations offered in this report reflect a general consensus reached by Task Force members, although not every member agrees with every aspect of each recommendation. The members were given the opportunity to comment on the draft final report, but its contents may only be attributed to the rapporteurs.

Cover image: The sea defences of Cramond Island Causeway, Scotland, by Jason Baxter. The image depicts the row of concrete structures on one side of the causeway that were built as a submarine defence during World War II.

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EXECUTIVE SUMMARY

Numerous emergencies in the European Union’s strategic neighbourhood, hybrid security threats, years of uncoordinated cuts in defence spending and rapidly evolving global trends have all eroded the EU’s role as a security actor in a multipolar world. The Common Security and Defence Policy (CSDP) needs to be more efficient and more effective if it is to meet today’s security challenges and promote the EU’s own values and interests. It also needs to fire the imagination of its citizens.

The CEPS Task Force aims to provide the incumbents at the helm of the EU institutions, in particular the High Representative for Foreign Affairs and Security Policy / Vice-President of the Commission (HR/VP), with the narrative and the proposals to strengthen defence cooperation in the EU. Ultimately, the necessary defence integration should amount to a ‘European Defence Union’ (EDU). This report defines the shape of such a Union as the cornerstone of a comprehensive, civil-military security architecture in Europe. Having examined the current and potential conditions in the relevant sectors, the CEPS Task Force recommends an array of policy actions for further cooperation and integration as the natural steps to join all the dots of the defence debate – strategic, institutional, capabilities, and resources.

Main recommendations

Strategic upgrade:

- Drawing on the High Representative’s work on a new European foreign policy strategy, define common interests that take account of the fluidity of threats and opportunities in the EU’s rapidly changing neighbourhood, in a multipolar world.
- Use the military as a catalyst for an integral approach to the performance of the treaty tasks geared at conflict prevention, crisis management and peacebuilding.
- Focus on a contribution to territorial defence complementary to NATO and a political and military ability to autonomously conduct intervention operations beyond the EU’s borders.
REPORT OF A CEPS TASK FORCE
Reform of institutions, procedures and financing:

- Use the treaty basis for permanent structured cooperation (PESCO) to move European defence integration forward with a group of like-minded states.
- Improve high-level decision-making by i) introducing a biennial regularity in the defence debate by the European Council; ii) establishing a ministerial forum for consultation and decision-making, leading to the formation of a dedicated Council of Defence Ministers; and iii) upgrading the EP Subcommittee on Security and Defence to a fully fledged Committee.
- Establish permanent EU military headquarters in Brussels.
- Substantially increase levels of common funding for EU operations and elaborate alternative funding options for EDU member states (joint financing, trust funds).

Capabilities and industrial harmonisation:

- Introduce a ‘European Semester’ for member states’ defence budgets and capability development plans to enhance mutual transparency and accountability.
- Call for an industry/government/institutions summit to try and re-galvanise the EU’s industrial and technological agenda.

The European Council should appoint an independent committee, supported by the European External Action Service (EEAS) and the relevant branches of the European Commission acting under the authority of the HR/VP, to propose a roadmap of practical and realistic steps for the implementation of these recommendations in stages, involving the attainment of harmonisation criteria and mandatory milestones for upgrades in each basket of reform.
MORE UNION IN EUROPEAN DEFENCE

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FEBRUARY 2015

If not now, when?

The Common Security and Defence Policy (CSDP) is the weakest link in the European integration project. Longstanding obstacles block further integration, such as differences between member states in threat perceptions and strategic cultures, divergences in intentions and preferences and, in some cases, lack of mutual trust and solidarity. Yet the Lisbon Treaty demands and permits a great deal more in terms of our common security and defence activities.

Jean Monnet has taught us that “Europe will be forged in crises, and will be the sum of the solutions adopted for those crises”. Multiple emergencies and rapidly evolving global trends have undermined the European Union’s role as a security actor in recent years. The implications have been threefold.

Firstly, rather than being surrounded by a ring of friends, the EU is now faced with an arc of instability stretching from the Sahel to the Horn of Africa, through the Middle East and the Caucasus up to the new frontlines in eastern Europe. Moreover, the evolution in the multipolar security environment has led to a diversification of security threats that spread across political, social and economic dimensions and are increasingly interconnected. These threats are not purely military in nature but range from the proliferation of weapons of mass destruction (WMD) to cyber-attacks, piracy, the actions of ethno-nationalist groups with subversive intentions, and threats to energy and environmental security. Spurred by the effects of globalisation they easily transcend state borders and are no longer unique to certain geographical regions. Radicalisation in the EU and extremism in the neighbourhood act as ‘communicating vessels’ and blur the difference between what is internal or external to the EU. And just as terrorist threats and cyber-attacks affect all member states, hybrid warfare is neither new nor exclusive to Russia.

Russia’s infiltrations in Ukraine and provocations to member states’ territorial water and air defences have, however, delivered a blow to
Europe’s post-Cold War security order and have revived awareness in the EU about the possibility of military attack and occupation in Europe. Policy reactions have differed, however, with some member states defending their neutrality and others deepening their military cooperation with NATO allies in Central and Eastern Europe. Russia’s shock to the system has also exposed the fragility of gas supplies and, as a consequence, propelled EU policy action towards the creation of an Energy Union. At the same time, however, some member states have struck up new arrangements for cooperation with Russia in the field of nuclear energy. While the clichéd perception that France only looks to the south and Germany to the east is certainly not true with respect to the threats posed by the jihadi totalitarianism of terrorist groups like al-Qaeda and the ‘Islamic State’ in Iraq and Syria, it is nevertheless clear that, in the age of globalisation, geography still matters. Whereas Central and Eastern Europe is exercised by Russia’s aggressive foreign policy, EU member states in the south worry more about the violent implosion of Libya and the challenges posed by waves of illegal migrants crossing the Mediterranean. Thus, the divergent threat perceptions and security interests of member states have prevented the emergence of a common strategic culture and hampered the creation of joint structures, procedures and assets at the EU level. By national navel-gazing, member states’ political leaders are not only in denial of threats faced throughout the EU, they also underestimate the degree of expectation among the European public, which for the past ten years has consistently polled over 70% in favour of a broad European project in the area of defence.

Secondly, the financial crisis and ensuing austerity measures have considerably weakened military capabilities and resources in EU member states. In the absence of an external threat after the fall of the Iron Curtain, and in the face of rising costs of modern weapons platforms and public scepticism about the role of the military, governments have found it more difficult to maintain previous levels of defence spending or to contribute to operations abroad. Defence budgets have been slashed in an uncoordinated and uneven manner in recent years. That said, EU member states still spend more than €190bn combined to keep up 28 national armies comprising roughly 1.5 million service personnel. Sadly, there are huge inefficiencies, due to duplication of capacities, platforms and systems, with low levels of interoperability. As a result, governments have become less capable of deploying military force in conflict theatres.

Austerity has affected the CSDP as well. Although the policy has been on a steep learning curve since its inception in the early 2000s, the
CSDP ‘brand’ has hit a glass ceiling: held back by a lack of political leadership, institutional complexities, insufficient coordination at the planning and operational levels, and member states’ reluctance to provide troops and kit, the EU appears unable to move beyond missions that are limited in scope, size and time. The EU is falling short of expectations in acting as an effective security provider in larger, more complex and longer-term missions in higher-risk theatres (e.g. EUPOL Afghanistan, EULEX Kosovo), and it was absent when robust and rapid reaction to crises was needed (e.g. in Libya and Mali). There are, of course, exceptions to the rule, notably the ongoing efforts to counter piracy in the Horn of Africa through maritime security – EUNAVFOR Atalanta, and regional capacity-building to combat security threats, terrorism, organised crime and illegal migration (e.g. EUCAP Sahel Niger). But in spite of more than ten years of learning by doing, the EU is currently not able to enhance the security of its citizens or to contribute effectively to countering threats and breaches of peace and stability in its strategic neighbourhood, or indeed in the wider world. Without a strong military arm, the EU cannot live up to its self-imposed duty to project security and development, or meet the expectations of its citizens and international partners like the United Nations to provide added value by operationalising its comprehensive approach to conflict prevention, crisis management and peace-building. While in recent years the EU has made great progress in its civilian contribution to such multidimensional missions, these advances alone remain insufficient.

Thirdly, new economic and demographic forces in Asia have pulled the world’s economic centre of gravity away from Europe. The global landscape of defence spending is changing accordingly. The US remains the world’s only military superpower in terms of defence spending (almost five times that of the runner-up, China); sophistication of hard- and software; battle-tested experience and global reach. Whereas Washington’s European allies still rank highly in defence spending and manpower, the trend is unmistakable: the emerging economies are closing the gap and replacing developed countries in the top tier. The newly gained confidence of emerging powers to protect and assert their interests regionally and globally will naturally lead to more tension and insecurity. The US administration’s Asia ‘rebalancing’ may also have a negative impact on European security. Individually and collectively, EU member state governments have long been in denial about their gradual loss of influence on the world stage and the dangers this poses to the security of their countries and citizens. The British drift towards an exit from the EU is a pronounced example of such a perilous denial.
Increased cooperation between member states and the development of a strong, integrated defence industry are prerequisites to enhancing the EU’s strategic autonomy and its ability to act as a security provider on the international stage. A rationalisation of EU defence cooperation is likely to spill over to NATO too. Whereas the United States opposed the development of distinct defence structures within the EU a decade ago, their establishment has since become a matter of course. Of the 28 EU member states, 22 are NATO allies. Action to improve the EU’s own defences would simultaneously strengthen Europe’s influence within NATO and enhance the credibility of the Transatlantic Alliance, thus preventing it from descending into what former US Secretary of Defence Robert Gates famously described as “collective military irrelevance”.

In sum, the EU (institutions and member states alike) faces an endogenous and exogenous-driven demand for a thorough re-arrangement of its security and defence cooperation. The existential crisis in which the CSDP finds itself provides a unique opportunity to achieve greater rationalisation and deeper integration in the EU’s security and defence sectors. If now is not the moment for bold steps in European defence integration, then when?

**Modest progress**

Answering this historic call for change, the December 2013 Summit marked the European Council’s first thematic debate on CSDP since the entry into force of the Lisbon Treaty. Under the rallying cry “Defence Matters”, the Heads of State and Government insisted on the political relevance of cooperation in this domain. They implicitly acknowledged the ineffectiveness of EU policy by highlighting the rapidly evolving strategic and geopolitical environment, member states’ limited ability to deploy and sustain forces due to constrained defence budgets, and the fact that fragmented defence markets jeopardise the competitiveness of the EU’s defence industry.

In an effort to turn the tide, the European Council “invite[d] the High Representative, in close cooperation with the Commission, to assess the impact of changes in the global environment, and to report [back] in the course of 2015 on the challenges and opportunities arising for the Union, following consultations with the Member States”. High Representative Federica Mogherini has since responded to this invitation by announcing, on her 100th day in office, a process of strategic reflection to guide the EU’s foreign and security policy.
The European Council also encouraged member states to strive for more systematic and longer-term cooperation in the development, maintenance and operation of military capabilities. Military ‘pooling and sharing’ (P&S) has gained ground as the only formula against a dangerous retreat from security provision. The initiatives launched by the European Defence Agency (EDA), and spurred by NATO’s 2012 Chicago Summit and its launch of a ‘Smart Defence’ agenda, have further mainstreamed P&S. Pooling and sharing now has widespread support across the EU, in ways thought unrealistic a few years ago. The European Council identified four critical domains for the development of joint projects: air-to-air refuelling, the development of the next generation of surveillance drones, satellite communications and cyber defence. In order to maintain and further develop member states’ capabilities, leaders also backed efforts to strengthen the EU’s internal market for defence and to promote a more integrated, sustainable, innovative and competitive European defence technological and industrial base.

Since December 2013, member states have adopted an EU Strategy for Security at Sea, an EU Cyber Defence Policy Framework, and a Policy Framework for Systematic and Long-Term Defence Cooperation that will guide member states when developing defence capabilities – “in full coherence with existing NATO planning processes”. Meanwhile, the European Commission is exploring the possibility of fostering synergies between civil and military research by using the general budget to fund dual-use projects, as part of its industrial action plan released in July 2013 under the fitting title ‘A New Deal for European Defence’. As tasked by the December 2013 European Council, the Commission and the EDA have initiated a debate on research related to the CSDP and the ‘Preparatory Action’ in this field, which is expected to be launched in 2017.

While these decisions and initiatives hint at promising developments for the future of European security and defence, they are still in the experimental phase and, in and of themselves, fail to provide the CSDP with a sound vision to effectively meet current and future challenges. Progress in the four areas mentioned above will be evaluated by the European Council in June 2015 and will be a real credibility test. Assurances that ‘work is in hand’ must not suffice. EU leaders should seize the opportunity to go beyond the modest agenda set out so far, agree on a higher level of ambition to create a more integrated framework for their defence cooperation, and be more specific and demanding in its reporting requirements (e.g. by asking for costed plans to achieve these ambitions within strict timeframes).
Towards a more Integrated Framework: A European Defence Union

The CEPS Task Force believes that the heightened challenges call for unprecedented steps in the realm of European security and defence integration, which will contribute positively to the political fate of the European Union. A new integrative process is needed to overcome the cleavages we observe across several lines, ranging from the differing sizes, strategic interests, and willingness to use force demonstrated by EU countries. Add to this their varying degrees of participation in the CSDP and levels of trust and solidarity with one another. Advances in the field of defence cooperation are possible only if greater strategic convergence is achieved, and the model of governance evolves from the current CSDP set-up to a more suitable architecture to manage these internal divisions. Externally, the challenge is to send clear signals to neighbours and partners about the EU’s global ambitions in the coming decades and, most importantly, its ability to live up to its declared ambitions.

Sixty-five years after the Plan Pleven to create a European Defence Community, member states need to formulate and elaborate a bold vision for EU defence integration consistent with current concerns about security environment and austerity. This vision takes into account calls for a recalibration of EU defence efforts and, consequently, the Union’s resilience and reputation as an autonomous security provider in its neighbourhood and beyond. We brand this new framework the ‘European Defence Union’ (EDU). In much the same way as the Economic and Monetary Union (EMU) and the proposed Energy Union are the end goals of full European integration in their respective fields, the EDU proclaims the finalité of EU integration in the area of defence. It calls for a unified strategic process, more effective institutions, an array of more integrated and interoperable armed forces, a common budget, and a single and competitive defence market.

The process leading to the creation of the EDU begins with a vision that translates into concrete policy actions that European leaders should discuss and agree upon to move defence integration forward. Both are outlined in this report. In order to move from the blueprint to the launch of the EDU, the European Council, acting upon the proposal of an independent committee appointed by it and supported by the European EEAS and the relevant branches of the European Commission under the authority of the HR/VP, should define a roadmap with practical and
realistic steps and implement the plan in stages, similar to the approach to the creation of the EMU.

The following pages lay the foundations of the EDU, structured in six sections: 1) the shape of defence cooperation; 2) learning by doing; 3) key strategic trends; 4) crisis scenarios for EU interventions; 5) military capabilities; and 6) budget and market. The Task Force’s recommendations for an EDU framework follow on from the analysis below.

1. **The shape of defence cooperation**

European security and defence is currently characterised by an increasing variety of cooperation across the three dimensions: strategy, capabilities, and operations. The absence of a core group of member states has resulted in ‘silos’ of cooperation across loosely connected regional or geopolitical clusters. From an observation of member states’ security and defence policies over the past five years, four patterns of behaviour can be detected:

**Unilateralism**: individual member states take action without considering pluri- or multilateral options within the CSDP framework, or close coordination with EU partners. This behaviour mainly affects the CSDP in strategic and operational terms. The decision of the Netherlands to give up its heavy armour is a case in point. France’s intervention in Mali in 2013 was borne out of the need to bypass complex and slow decision-making procedures in the CSDP. Paris subsequently asked other member states for complementary instruments, which some of them provided in their own time.

**Bilateral ententes**: two member states deepen their defence cooperation. This phenomenon has mostly occurred in the realm of capabilities generation and in the planning and conduct of operations. Such cooperation may contribute to CSDP (e.g. Belgian-Dutch naval cooperation), but may also risk undermining it, as shown by the different approaches of France and the UK to implement the 2010 Lancaster House Treaties.

**Patchy multilateralism**: member states advance their defence cooperation in groups, out of mutual trust, geographic or cultural proximity, and/or common threats. This behaviour has emerged in capabilities generation, for example, through new initiatives aimed at fostering pooling and sharing within regional sub-groups (e.g. NORDEFCO, CEDC).

**Ad hoc coalitions**: this phenomenon has proliferated because of member states’ reluctance to deploy unless led (or at least, as in Libya, underpinned)
by the United States. The same trend can be observed elsewhere. In NATO, for instance, ad hoc coalitions are usually prompted by the US requesting operational support, as in the case of airstrikes against ISIS in Iraq.

The variable geometry of European defence cooperation should be streamlined in order to strengthen the ambitions-capabilities nexus, all the while respecting member states’ decisions about the appropriate level of execution of national sovereignty. Able and willing member states should use the full potential of Article 44 TEU to give more flexibility to EU action in the operational field, and the PESCO mechanism provided by Article 46 TEU for capability aspects, defined by a set of criteria that distinguish themselves from those included in Protocol No. 10 to the Lisbon Treaty (see Appendix). Any member state that wishes to participate in the permanent structured cooperation at a later stage will of course be welcome to join, provided it fulfils the criteria and has made the commitments on military capabilities.

2. Learning by doing

Against the backdrop of a variable security architecture, important lessons have been drawn from the EU’s operational experience – or lack thereof – in three areas of strategic interest: the eastern neighbourhood, the Middle East and North Africa (MENA), and the Sahel.

In the eastern neighbourhood, the EU’s inability to anticipate Russia’s shock to Europe’s (as indeed the international) security order constitutes a major lesson for the immediate future. In spite of the Russo-Georgian war of August 2008 and the dubious role of Russia in the breakaway republics scattered across the eastern neighbourhood, a certain naiveté about geostrategic thinking in Russia, the EU’s biggest and – in military terms – most powerful neighbour, led the EU to implement a technocratic association programme of institutional and economic reform for Eastern Partnership countries. Effective security sector reform (SSR), with special emphasis on the defence and intelligence sectors, was not included. Moreover, the lack of crisis response readiness, willingness and capabilities on the side of the EU has been painfully exposed at various junctures of the crisis in Ukraine: there was no agreement among member states to dispatch an EU observer or police mission to Crimea or eastern Ukraine to investigate or deter Russian infiltrations; the EEAS’ Crisis Platform was not convened after the downing of flight MH17, leaving the Netherlands to its own devices to coordinate a forensic intervention with the Australians. And the token civilian EU Advisory Mission on SSR in
Ukraine signals weakness rather than resolve in the face of Russia’s military leadership from behind in the east of the country.

As in Ukraine, the explosion of violence has revealed the EU’s lack of preparedness and willingness to intervene in the MENA region. Poor intelligence gathering and/or sharing, a failure of geostrategic analysis, and a lack of political solidarity are all to blame. The lessons for future EU engagement with the MENA region demand a greater differentiation in relations with neighbouring countries and an awareness of wider geostrategic and geo-economic trends – in effect infusing foreign policy proper into the technocratic European Neighbourhood Policy (ENP) and upgrading the ENP toolbox with rapid-reaction capabilities drawn from the CSDP.

In the Sahel, despite the EU’s efforts to strengthen states’ capacities to tackle terrorism in the region, jihadi groupings still operate with relative ease across international boundaries and none of the governments is able to fully control its territory. Mali is a case in point, as are Mauritania, Niger, Nigeria, Chad and Cameroon. While in the short term further efforts are needed to strengthen the local forces across all sectors (intelligence, police, military, judiciary), in the long term the root causes of terrorism: corruption and governance failure, must be addressed. The EU’s ‘Comprehensive Approach’ to security and development is in need of proper implementation.

3. **Strategic trends (2015-2030)**

As the global strategic landscape changes, the following factors are likely to be a primary source of insecurity and instability at the EU’s borders, as well as on European soil, in the next 15 years:

- **a new balance of power** caused by a shift in the world’s economic and political centre of gravity from the northern Atlantic towards Asia, a population explosion in Africa, and the opening of sea lanes in the Arctic, to name but a few, entails changing geopolitical dynamics, strategic uncertainty and a progressive substitution of European countries as the leading military powers;

- **technological advances** as a source of fragmentation and vulnerability in global security. Risks include the exposure of critical infrastructures to cybercrime and cyber warfare, but also the impact on access and use of new technologies in inter- and intra-state conflicts, terrorism, state fragility and illicit trafficking;
- **hybrid warfare**, i.e. a mixture of special forces, information campaigns and backdoor proxies;
- the enduring threat of **jihadi extremism**, both in the form of the radicalisation of disenfranchised people within EU borders and the reinforcement of terrorist organisations active in fragile countries within its strategic neighbourhood;
- the likelihood of **large-scale regional conflict** in the Middle East and the spill-over of intra-state wars in Africa due to various causes, including further political upheaval; the increased power of non-state actors, backed up by arch-rival states across the Sunni/Shia divide; intra-Sunni strife; economic stress; deteriorating infrastructures; extreme climate volatility and natural disasters; resource shortages (water, food); and mass migrations.

4. **Crisis scenarios**

The EU’s ‘strategic neighbourhood’ must be understood as a space that includes not only the geographical neighbourhood, but also broader areas that are functionally linked to vital European interests. As action in the EU’s strategic neighbourhood is likely to become more demanding, and with the US refocusing its attention on Asia Pacific, the EU should be prepared to undertake the full breadth of the ‘Petersberg tasks’. Named after the place near Bonn where they were first drawn up, these tasks include “joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation” (Article 43 TEU). It is by using its military means to perform the tasks at the higher end of the spectrum, including the inaptly named ‘peace-making’ (read: peace enforcement), that the EU will be better able to serve its strategic interests and gain credibility as a security provider in a volatile neighbourhood and beyond. The military serves as a catalyst to an integral approach to EU external action when engaging in conflict prevention, crisis management and peacebuilding. This is particularly so given the fluidity of today’s crisis scenarios and the multipolarity of the security environment.

In the event of a territorial attack on the ‘homeland’ of the EU by conventional or subversive means, EU defence should play a complementary role to that performed by NATO under Article 5 of the Washington Treaty. This scenario should also apply to the EU member states which are not members of the Alliance. Such support could take the
form of intelligence sharing and assistance to military SSR in the countries concerned. EU support should also be given in peace time.

Insofar as threats require a more expeditionary reaction, for instance to prevent or in response to a humanitarian emergency, or in order to put an end to crimes against humanity in a civil war-like scenario occurring in a fragile country, the EU should use its military assets to live up to its responsibility to protect, preferably acting on behalf of and/or alongside the United Nations.

5. Military capabilities

To reach military autonomy and the ability to intervene in the strategic neighbourhood when required, the EU should meet two general targets:

i) capacity to support NATO and Nordic, Baltic, Central and Eastern European countries in deterring and countering conventional and hybrid warfare tactics. This entails capabilities for identifying, evaluating and responding to threats through a mix of special, permanent and rapid reaction forces, cyber defence and public diplomacy; and

ii) political and military autonomy to conduct intervention operations in order to respond to or deter crises. Such operations will typically be conducted in partnership with regional actors, regional organisations or the UN to protect, inter alia, respect for fundamental rights, the rule of law, the principles of the United Nations Charter and international law, as indeed the Union’s own fundamental interests, security and independence (cf. Article 21 TEU). This includes rapid deployment task forces across the three components (air, navy, and army), sustainable logistics, satellite communications, and security of supplies.

In planning future capabilities, emphasis should therefore be placed on the functions performed by European armed forces, building on the two broad targets described above. For intervention operations, the emphasis should be on those high-end, rapid-response and ‘enabling’ capabilities that partners such as the UN or regional organisations typically lack. In today’s security environment, the quality of capabilities – defined by the level of ambition and the strategic goals – matters more than the quantity. As the current state of EU defence demonstrates, the sum of small, ill-equipped and expensive national armies does not allow the member states to autonomously manage crises in their neighbourhood. The EU therefore
needs to boost the quality of its military enablers for comprehensive operations.

Key enablers are the presence of up-and-running command and control systems; joint intelligence, surveillance, target acquisition and reconnaissance (ISTAR) to gather and assess information at the strategic and tactical levels (e.g. through EU delegations, naval and air task forces, including drones); strategic and tactical airlift and air-to-air refuelling to ensure mobility; precision-strike capabilities for all branches of the armed forces (from special forces to adequate supplies of smart munitions).

Defence planning should also include specific capability sets to guarantee the effectiveness of comprehensive action across the whole spectrum of threats. For instance, crisis response or deterrence in the east requires support for NATO stand-by forces stationed near the external borders of the EU for deterrence and reassurance purposes; state-of-the-art capabilities for offensive and defensive cyber warfare; and special forces to be employed to counter ethno-nationalist groups attempting subversive actions.

In addition to the deployment of combat-ready rapid reaction or intervention forces, a package of structural measures should include medical, engineering and logistics capabilities under unified command (leading to the creation of, inter alia, a European Medical Command), as well as diplomatic efforts to support a political peace process. Any post-conflict stabilisation or peacebuilding intervention will need to ensure civilian deployments for training, mentoring and capacity-building (e.g. police missions, rule of law missions, SSR, DDR) protected for an initial period by a sustained military presence – following the model of NATO’s peacekeeping force in Kosovo.

6. **Budget and market**

Shared capability generation efforts needed to sustain the above-mentioned tasks are obviously subject to overriding financial, technological, and industrial challenges. From a financial standpoint, the generation of the full range of capabilities suggested above would entail, for most member states, a sharp rise in military spending, even going beyond NATO’s Wales Summit pledge of moving towards 2% of GDP by 2024, which would be politically unacceptable due to the dire state of their economies. Conversely, EU member states spend a combined total of around €190bn to keep up 28 national armies. Instead of increasing funding to perpetuate existing inefficiencies, member states should cut duplications of capacities,
platforms and systems with low levels of interoperability. A financial framework of €190bn used in an efficient manner would ensure the EU substantially more value for money. In short, efficiencies resulting from a rationalisation of national capabilities and new savings are the precondition for engaging in ambitious and new collaborative programmes through the EU.

So far, member states have shown reluctance to coordinate, let alone harmonise, their defence planning efforts. But deeper defence integration will not happen unless at least some member states are prepared to give each other greater visibility of what they plan to spend on defence and how they plan to spend it – a process of ‘mutual accountability’ without which the big cooperative opportunities will be missed.

Technology is part of the problem. Despite the obvious advantages of combined R&D programmes in terms of reducing costs per member state, innovation and enhancement of military technology tend to remain national prerogatives as long as states, especially those with a big industrial base, are unwilling to lose know-how and their technological advantage. Moreover, governments are often unwilling to accept the political risk of engaging in ambitious and expensive cooperative programmes with other states, as implications in terms of loss of sovereignty and limitations to their strategic interests or cultures (i.e. when deciding to use military force) may be politically unacceptable. Seen through this prism, the conclusions of the December 2013 European Council should be welcomed. As part of its ‘A New Deal for European Defence’, the European Commission is now exploring possible synergies between civil and military research by using the general budget to fund dual-use projects. As argued above, the European Council of June 2015 should define a higher level of ambition to create a more integrated framework for EU defence cooperation, and it should be more specific and demanding in its reporting requirements.

Key to all this will be greater strategic convergence, leading Europeans to fully recognise the link between the inevitable restructuring of their armed forces in the short term (which is already happening through defence spending reviews carried out in most member states) and the long-term added value of pooling and sharing military capabilities in terms of sustainability and effectiveness. Without a common agreement on which capabilities can be scrapped, which new ones should be developed together and for what purpose, the suggested targets are unlikely to be attained in the next ten to fifteen years.
Recommendations

The EDU framework should be designed as a gradual integrative process to develop new habits of cooperation based on strategic convergence, while developing an EU vision for a better and more efficient cooperation in security and defence and setting concrete measures and deadlines to achieve this goal. The CEPS Task Force proposes a number of concrete policy actions across three baskets to boost EU defence cooperation: 1) strategic upgrade; 2) reform of institutions, procedures and financing; and 3) capabilities and industrial harmonisation.

1. Strategic upgrade

This basket deals with the EU’s strategic objectives, level of ambition and policy frameworks required to sustain a European Defence Union:

- Develop a new European Security Strategy, in the context of the broader strategic review of EU foreign policy currently being orchestrated by the High Representative in response to the December 2013 European Council mandate. The need is to define common interests and a common understanding of what capabilities are likely to be required and for what purposes in the years ahead. This will need to take account of the fluidity of threats and opportunities in the EU’s rapidly changing neighbourhood, in a multipolar world.

- Define the level of ambition, i.e. the full use of assets to carry out ‘Petersberg tasks’, with military assets at the high end of the spectrum playing a catalytic role in an integral approach to conflict prevention, crisis management and post-conflict peacebuilding.

- Decide on the focus to support such a level of ambition: i) a contribution to territorial defence complementary to NATO; and ii) a political and military ability to autonomously conduct intervention operations beyond the EU’s borders.

2. Reform of institutions, procedures and financing

This basket deals with the institutional reform needed to steer the EDU:

- Use the PESCO mechanism provided in the treaties to manage the geometry of cooperation within the EDU across regional clusters to ensure interoperability and strategic coherence between national armed forces (see Appendix).
• **Improve high-level decision-making** by introducing regularity in the defence debate within the main institutional structures of the EU:
  o introduce a biennial thematic session on CSDP in the European Council to offer strategic guidance for further EU defence cooperation;
  o establish a permanent forum for consultation and decision-making between defence ministers of member states committed to the creation of the EDU (a ‘Defence Group’), gradually leading to the formation of a dedicated Council of Defence Ministers;
  o upgrade the Subcommittee for Security and Defence in the European Parliament to a fully fledged Committee to enhance transparency and accountability of EDU decision-making; and
  o strengthen the consultation procedures between the European Parliament and national parliaments on defence matters.

• **Enhance operational effectiveness** by i) creating permanent EU military headquarters in Brussels to ensure quick and effective planning, command and control without relying on NATO or member states’ ad hoc structures; and ii) improving the EU liaison with NATO by deputising in the International Military Staff (IMS) and by integrating an IMS deputy within the EU Military Staff.

• **Strengthen institutional coherence and consistency** by better integrating the CSDP bodies in the EEAS structures by, inter alia, i) linking them up to the geographical divisions; ii) facilitating the flow of information (at headquarters and between Brussels and the field); iii) and assigning full-time responsibility for CSDP to a Deputy Secretary General.

• **Improve EU public diplomacy on CSDP and the need for an EDU**, both internally (European public opinion) and externally (relations with third countries and other international organisations).

• **Revise financing mechanisms** to improve fast deployability and adequate support to EU operations. A bigger common budget – through strengthening and mainstreaming ATHENA as the EDU military budget – should be complemented by other funding mechanisms, including ‘Joint Financing’, EU trust funds, project cells within military missions and operations, and reimbursable services. Financial incentives should also be established to foster the creation of clusters of cooperation for pooling and sharing (P&S) military assets (e.g. logistics and facilities, medical services, force protection).
3. Capabilities and industrial harmonisation

This basket deals with the actions needed to support a coherent and effective process of shared capability generation under the P&$S$ framework:

- **Establish PESCO within the mandate of the European Defence Agency** (see Appendix).

- Introduce a ‘**European Semester’** for member states’ defence budget and capability development plans. Whilst no member state will agree to submit such plans for ‘approval’, full transparency and openness to the comments and suggestions of partners are vital for more effective defence cooperation.

- **Standardise methodologies and costing frameworks** for member states’ defence planning and capability inputs, under the guidance and supervision of the EDA and in full coherence with NATO. The full harmonisation and integration of defence planning will ultimately be necessary to establish a coherent framework for P&$S$ and ensure deployability and interoperability for future EU operations.

- Within the framework provided by PESCO, **scale up P&$S$ capabilities** according to the new level of ambition (see Section 5, above).

- **Call for an industry/governments/institutions summit** to try to re-galvanise the industrial and technological agenda and create a truly European defence technological and industrial base as something more than the sum of its national parts, with market forces helping to consolidate both the demand and the supply sides. This should be supported by giving full implementation to the European Commission’s proposals included in its 2013 ‘A New Deal for European Defence’, in particular: i) the funding of dual-use projects to find new synergies between military and civilian research; ii) the support to European defence research; and iii) the completion of the single market for defence and security. As such, the strategic autonomy for the European defence industry and its competitiveness worldwide should be enhanced.
Conclusion

In view of the grave threats posed to the security and defence of the European Union, it is high time that member states took bold and concrete steps towards a more efficient and effective framework for military cooperation. The cost implications of non-Europe in defence – currently estimated at €26 billion per year in a 2013 European Parliament Report – could rise to €130 billion as the security environment in the EU’s strategic neighbourhood worsens. In addition to the obvious economic costs, political, moral and strategic imperatives urge the EU to step up its efforts in defence cooperation.

We firmly believe that the time has come for the creation of a European Defence Union that supports NATO in its task to provide territorial defence. An ambitious EU foreign policy aimed at reducing instability and state fragility at the Union’s borders will take on and live up to security responsibilities in the strategic neighbourhood through the use of military force and rapid response as needed. It will also stimulate investment in innovative research programmes, leading to the creation of a competitive defence and technological industrial base. Increased unity is the only road to greater EU resilience in a changing world.

The European Council should define a roadmap with practical and realistic steps to move, by stages, from the blueprint to the launch of the EDU. To that end, EU leaders should appoint an independent committee, supported by the EEAS and the relevant branches of the European Commission acting under the authority of the HR/VP, to propose such a roadmap, similar to the approach to create the EMU and involving the attainment of harmonisation criteria and mandatory milestones for upgrades in each basket of reform. Although the process of bringing European armies to a more structured cooperation and, where appropriate, closer integration will certainly be a complex one, the numerous crises facing Europe have made change possible. These crises also offer an opportunity to secure a more peaceful and prosperous future for the EU.
References


Appendix: Revision of the PESCO Mechanism

The objective

Within the framework of the EDA a Permanent Structured Cooperation (PESCO) on defence capabilities, open to all EU members states, will be established to ensure that member states joining this cooperation will be able to make full use of the potential granted by the Treaty to the EDA and, via the EDA, will be able to mobilise all other relevant stakeholders and instruments within the Union.

The overall objective is to gain effectiveness and efficiency in capability development. The focus will first be on defence planning, in particular on capability development and on pooled procurement. The aim is to fill up the strategic shortfalls and to eliminate redundancies the EU level and to reduce costs for the participating member states.

The criterion

The sole criterion for member states to join this Permanent Structured Cooperation is to commit to a mind-set; to be convinced that they can enhance their national sovereignty by developing their national defence planning as part and parcel of a joint endeavour with partners, by forging “a capability generation community” favouring pooled procurement and programmes commonly managed from cradle to grave. A persistent political will to favour permanent consultation and cooperation on military capabilities is paramount, as is the respect of national sovereignty throughout this endeavour. It is all about enhancing or even rebuilding it at a level consistent with the magnitude of the common objective, turning the EU into a global actor and a security provider.

Structures

A Steering Board of Defence Ministers of participating member states in this Permanent Structured Cooperation will be established. Much like the Economic and Monetary Union (EMU), defence ministers will elect among peers a permanent chairman to co-preside the Steering Board together with the High Representative. In addition, a specific board at the level of national authorities responsible for defence/capability planning and procurement will be established to ensure preparatory works.

Policies

Participating member states will commit themselves to apply to the fullest extent all EDA policy documents, including the recommendations, i.e. on a policy framework on systematic and long-term defence cooperation and on codes of conduct. These documents will be considered as a base-line for further cooperation, not as suggestions to be considered occasionally.
Planning
Whenever participating member states are in the process of revisiting national defence planning, full transparency will be offered to all and to the EDA. Likewise, whenever at national level a White Paper on defence is drafted, partners and the EDA and will be invited to take part in the process.

These harmonisation processes will gradually lead to the publication of a common EU White Paper on defence capabilities, collecting chapters from individual member states, alongside chapters on common endeavours and on the results PESCO has delivered to the participating member states and the Union as a whole.

Capabilities programmes
Whenever a specific capability programme is launched by (all or some) participating member states, a specific programme management structure will be established to ensure coherence throughout the lifecycle of that capability – from defining requirements up to disposal/decommissioning – with a focus on maintaining a common configuration, even when update-programmes are launched, in order to guarantee interoperability and minimise lifecycle costs. Decisions will be taken by consensus among by member states involved, with the EDA to act in support.

Transparency and broader cooperation
Transparency within the Union and towards other European clusters of defence cooperation, NATO and other partner countries will be pursued at all times. This transparency may lead to open specific capabilities projects and programmes to third parties participation.

The Commission as a full partner
The Commission, having responsibility for internal security matters within the Union and having requirements for dual-use capabilities, will be invited as a full member to this structured cooperation.

First in line for incentives
Within this framework of Permanent Structured Cooperation on defence capabilities a central purchasing body will be created, entitled to take profit of all incentives for cooperation developed within the Union, such as VAT exemptions; access to R&T funds; innovative constructions offering multi-annual funding of cooperative projects, loans under favourable conditions, co-funding by EU institutions such as the European Investment Bank; ensuring tailor-made payment schedules for participating member states, etc.
**List of Abbreviations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ATHENA</td>
<td>Mechanism to administer the financing of common costs associated with CSDP</td>
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<td>CEDC</td>
<td>Central European Defence Cooperation</td>
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<td>CSDP</td>
<td>Common Security and Defence Policy of the EU</td>
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<tr>
<td>DDR</td>
<td>Decommissioning, decontamination and reutilisation</td>
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<td>EDA</td>
<td>European Defence Agency</td>
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<td>EDU</td>
<td>European Defence Union</td>
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<td>EEAS</td>
<td>European External Action Service</td>
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<td>EGS</td>
<td>European Global Strategy</td>
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<td>EMU</td>
<td>Economic and Monetary Union</td>
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<tr>
<td>ENP</td>
<td>European Neighbourhood Policy</td>
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<tr>
<td>EUMS</td>
<td>EU Military Staff</td>
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<tr>
<td>HR/VP</td>
<td>High Representative of the Union for Foreign Affairs and Security Policy / Vice-President of the Commission</td>
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<tr>
<td>IMS</td>
<td>International Military Staff of NATO</td>
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<td>ISIS</td>
<td>Islamic State in Iraq and Syria</td>
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<tr>
<td>ISTAR</td>
<td>Intelligence, surveillance, target acquisition and reconnaissance</td>
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<td>MENA</td>
<td>Middle East and North Africa</td>
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<tr>
<td>NORDEFCO</td>
<td>Nordic Defence Cooperation</td>
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<td>PESCO</td>
<td>Permanent structured cooperation</td>
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<tr>
<td>R&amp;D</td>
<td>Research and development</td>
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<td>P&amp;S</td>
<td>Pooling and sharing</td>
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<tr>
<td>SSR</td>
<td>Security sector reform</td>
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<td>TEU</td>
<td>Treaty on European Union</td>
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<td>WMD</td>
<td>Weapons of mass destruction</td>
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Principles and Guidelines for CEPS Task Forces

CEPS Task Forces are processes of structured dialogue among experts, (former) policy-makers, representatives from industry and/or NGOs, who are brought together for several meetings. Task Force reports are the final output of the research carried out independently by CEPS in the context of the Task Force.

Participants in a Task Force

- The Chair is an expert who steers the dialogue during the meetings and advises CEPS as to the general conduct of the activities of the Task Force.
- Members provide input as independent experts.
- Rapporteurs are CEPS researchers who organise the Task Force, conduct the research independently and draft the final report.
- Observers are any policy-makers or stakeholders who are invited to attend the Task Force meetings and provide oral and/or written input.

Objectives of a Task Force report

- Task Force reports are meant to contribute to policy debates by presenting a balanced set of arguments, based on available data, literature and views.
- Reports seek to provide readers with a constructive basis for discussion. They do not seek to advance a single position or misrepresent the complexity of any subject matter.
- Task Force reports also fulfil an educational purpose and are drafted in a manner that is easy to understand, without jargon, and with any technical terminology fully defined.

Drafting of the report

- Task Force reports reflect members’ views.
- For any element or recommendation to be featured in the report, there needs to be consensus or broad agreement among Task Force members.
- Where consensus on a recommendation coexists with a significant minority view, the report will feature this minority view next to the relevant recommendation.
- Task Force reports feature data that are considered both relevant and accurate by the rapporteurs. After consultation with other Task Force members, the rapporteurs may decide either to exclude data or to mention these concerns in the main body of the text.