



Clingendael

Netherlands Institute of International Relations

Defence matters: more urgent than ever

Margriet Drent
Dick Zandee
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About the authors

Margriet Drent is Senior Research Fellow at the Clingendael Institute. She specialises in security and defense with a specific focus on EU Common Security and Defence Policy

Dick Zandee is Senior Research Fellow at the Clingendael Institute. His research focuses on security and defence issues, including policies, defence capability development, research and technology, armaments cooperation and defence industrial aspects.

Eva Maas is a research and project assistant at the Clingendael Research Department. She mainly focusses on Dutch foreign policy analysis in the area of security, development cooperation and trade.

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Clingendael Institute
P.O. Box 93080
2509 AB The Hague
The Netherlands

Email: info@clingendael.nl

Website: <http://www.clingendael.nl/>

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Acronyms

AAR	Air-to-Air Refueling
AU PSC	African Union Peace and Security Council
BG	Battle Group
BRICS	Brazil, India, China and South-Africa
CC	Council Conclusions
CEPOL	European Police College
CFSP	Common Foreign and Security Policy
C-IED	Counter Improvised Explosive Devices
CIMIN	High Level Interdepartmental Committee
CION	European Commission
CISE	Common Information Sharing Environment
CIVCOM	Committee for Civilian Aspects of Crisis Management
CMPD	Crisis Management and Planning Directorate
CoDaBa	Collaborative Data Base
COSI	Standing Committee on International Security
COSME	Competitiveness of Enterprises and SME's
CPCC	Civilian Planning and Conduct Capability
CSDP	Common Security and Defence Policy
CST	Common Staff Target
EaP	Eastern Partnership
ECC	European Council Conclusions
EDA	European Defence Agency
EDTIB	European Defence Technological Industrial Base
EEAS	European External Action Service
ESS	European Security Strategy
EGS	European Global Strategy
EIB	European Investment Bank
ENP	European Neighbourhood Policy
ESIF	European Structural Investment Fund
ESPAS	European Strategy and Policy Analysis System
EU	European Union
EU MSS	European Union Maritime Security Strategy
EU PSC	European Union Political and Security committee
EUFOR RCA	EU Force Central African Republic
EUMS	European Union Military Staff
EUNAVFOR	European Union Navy Force
EUPOL DRC	EU police mission to the Democratic Republic of Congo
EUROGENDFOR	European Gendarmerie Force
EUSAIR	EU Strategy for the Adriatic and Ionian Region
EUSEC DRC	EU security sector reform mission to the Democratic Republic of Congo
EUSRs	European Special Representatives
EUTM	European Union Training Mission
FPI	Foreign Policy Instruments
FSJ	Freedom, Security and Justice
GNSS	Global Navigation Satellite Systems Agency

HIP	Financing Decisions
HR/VP	High Representative/Vice-President
IBM	Integrated Border Management
IcSP	Instrument contributing to Stability and Peace
JDEAL	Joint Deployable Exploitation and Analysis Laboratory
KET	Key Enabling Technologies
KMW	Krauss Maffei Wegmann
LIVEX	Live Exercise
MALE	Medium Altitude Long Endurance
MAWA	military Airworthiness Authorities
MCDC	Multinational Capability Development Campaign
MOD	Ministry of Defence
MPCC	Military Planning and Conduct Capability
MRTT	Multirole Transport Tanker
MS	Member States
NATO	North Atlantic Treaty Organization
NDPP	NATO Defence Planning Process
NGO's	Non-Governmental Organizations
NORDEFECO	Nordic Defence Cooperation
OPLAN	Operations Plan
OSCE	Organization for Security and Cooperation in Europe
PA	Preparatory Action
POLEX	Political Exercise
PSC	Political Security Committee
RPAS	Remotely Piloted Aircraft Systems
RR	Rapid Response
SATCEN	Satellite Centre
SESAR	Single European Sky ATM Research
SME's	Small and Medium Enterprises
SSR	Security Sector Reform
SST	Space Surveillance and Tracking
STANAG	Standardization Agreement
TEU	Treaty of the European Union
TFEU	Treaty on the Functioning of the European Union
TTIP	Transatlantic Trade and Investment Policy
UMS	Unmanned Maritime Systems
UN	United Nations

1 Introduction

The arc of instability has almost enclosed the European continent. With Putin's interference in Ukraine, the zone of conflict has been extended from Northern Africa and the Middle East to Eastern Europe. Islamic State has brought jihadism to new levels of violence and brutality. It is also different in combining elements of a state and a non-state actor. Instead of a 'ring of friends' – under the umbrella of the European Union's Neighbourhood Policy – the EU is now confronted with a 'ring of fire' to the East and the South. The United States – though militarily back in Europe after the NATO Wales Summit decisions – still demands from its transatlantic partners that they take more responsibility for security in their own backyard. Europe has no other choice than to play its full role as a security actor.

Defence matters. This famous short opening sentence of the Conclusions of the December 2013 European Council recognised the importance of credible armed forces in support of Europe's role and responsibilities in safeguarding peace and security. The deterioration of the security situation towards Europe's eastern and southern borders since then would argue for an adjustment: defence matters, more urgent than ever. In view of the upcoming European Council meeting on Defence in June 2015 this raises the following questions: what has been achieved and where does one go? The three big themes of the previous deliberations of the EU Heads of State and Government were: increasing the effectiveness of the Common Security and Defence Policy (CSDP); improving capabilities, in particular through four flagship projects on satellite communications, unmanned aircraft, air-to-air refuelling and cyber security; and strengthening the European Defence Technological and Industrial Base with an important role for the European Commission. This report will assess the results so far, recognising that several of these items have a longer-term perspective. It also looks at the way ahead taking into account the changed security environment.

The report starts with the wider setting. In December 2013 the High Representative/Vice-President (HR/VP) was tasked to assess the impact of changes in the global environment and to report on the challenges and opportunities arising for the Union. Federica Mogherini's report will most likely be followed by a mandate to produce a new European Security Strategy to replace the outdated 2003/2008 version. Chapter 2 will look at the process (the 'who' and 'how' of drafting a new strategy), but also at the form (which type of strategy) and content (the 'what' in terms of role, interests, goals, means and instruments).

Chapters 3 to 5 will address the three topics stemming from the December 2013 agenda: CSDP, capabilities and the defence industry. Each of these chapters will start with stocktaking. A short outline of the taskings set in the areas of, respectively, CSDP, capabilities and the defence industry, will be followed by an overview of the progress that can be reported on the topic. On the basis of the overviews traffic light colours will be allocated, reflecting how overall progress can be characterised (red: hardly any progress can be identified; orange: some progress can be identified but further action is needed; green: progress is in line with the goals that have been set). Afterwards, chapters 3-5 will analyse the way ahead, on the basis of work underway as well as with regard to new initiatives, in particular in response to the increased threats and risks facing Europe. The report ends with Conclusions and Recommendations.



2 Strategic thinking

ISSUE	OBJECTIVES & TASKING
Impact of changes (ECC § 9; CC § 4)¹	HR, in cooperation with CION, to assess impact of changes in global environment, and to report to Council <i>in course of 2015</i> on challenges and opportunities for EU
<p>PROGRESS</p> <p>The HR/VP will, in the process leading up to the European Council in June 2015, deliver an assessment of the challenges the EU is facing in a changing world. In addition the HR/VP will produce a report on the instruments (capacities, finances etc.) needed to cope with these new challenges. After the European Council in June 2015 the negotiations on the new strategy will start. The new strategy is expected to be delivered in June 2016.</p>	



At the European Council on Defence of December 2013, the High Representative was tasked as follows:

The European Council invites the High Representative, in close cooperation with the Commission, to assess the impact of changes in the global environment, and to report to the Council in the course of 2015 on the challenges and opportunities arising for the Union, following consultations with the Member States.²

¹ ECC = European Council Conclusions. European Council, Conclusions of the European Council 19/20 December 2013, EUCO 2017/13, Brussels, 20 December 2013. CC = Council Conclusion. Council conclusions on Common Security and Defence Policy, Brussels, 25-26 November 2013.

² ECC, § 9.

This chapter will address three elements related to this tasking, which is expected to result in the drafting of a new strategy. Firstly, it will look at the process of how such a strategy may come about, who is in the lead and who will be included in the drafting. Secondly, it will consider which shape and form such a strategy might take. Thirdly, and lastly, the possible content of a strategy will be discussed.

2.1 Process

The roadmap towards a new strategy includes two phases. The first phase will be the process leading up to the European Council in June 2015. Living up to her mandate, the HR/VP will deliver an assessment on the challenges the EU is facing in a changing world. Although the process will include some informal consultation sessions with member states, it is essentially an assessment by the HR/VP. The text will not be negotiable. In addition, the HR/VP will produce a report on 'instruments' (capacities, finances, etc.). The second phase will start at the European Council of June 2015. There, the HR/VP is expected to receive a mandate for developing a new strategy, followed by a large consultation and negotiation process with the member states in order to come to a consensual text. The new strategy should be delivered in June 2016. The new team around Federica Mogherini at the European External Action Service (EEAS) will be central to the process, but Mogherini's role as Vice President of the Commission (responsible for external action) will be vital for a credible new strategy as well.³ In addition, it is currently considered to be likely that other actors from civil society will be involved as well.

The drafting process of the new strategy appears faced with a dilemma: on the one hand, it is desirable that the EU comes up with a new strategy as soon as possible, while, on the other, there is also a clear interest in making the drafting process an inclusive one. The urgency of the security situation would demand that the EU unites within months around a new document on the EU's global role. World events will not wait for the European Union to get its act together and it is becoming increasingly apparent in Brussels and in the member states that the security situation close to Europe's borders is spinning out of control.

At the same time, the drafting of a new strategy document provides a good opportunity to create a larger group of stakeholders contributing to the transparency and visibility of the EU's external policies. Such a group would comprise of think tanks, non-governmental organisations (NGOs), universities, but also policy-makers and parliamentarians from member states. In addition, the involvement of partner organisations (NATO, OSCE, UN, etc.) and partner countries should be organised. A possibility would be to hold thematic seminars with expert participation for fresh input and larger, public events to enable dialogue. The entire process could contribute to public diplomacy and generate support for the EU as a foreign and security policy actor. An interesting model is the 'Review 2014 – A Fresh Look at Foreign Policy' by the German Ministry of Foreign Affairs.⁴ This one-year long process involved over forty partner organisations, over fifty (inter)national experts and seventy events. It also included an elaborate opinion poll on the attitudes of the German public towards foreign policy. However, also when there is much merit in broadening the circle of stakeholders in the process and to adopt an innovative approach, it should be avoided to create a Christmas tree

3 Stefan Lehne, *A European Global Strategy: Ten Key Challenges*, Carnegie Europe, November 2013, <http://carnegieeurope.eu/publications/?fa=53743>.

4 Federal Foreign Office, *Review 2014 – A Fresh Look at Foreign Policy*, Berlin, 2015.

of a strategy that lacks focus, priorities and tries to cater to everyone's needs. Ultimately, it is the document itself that matters as it plays a crucial role in creating a strategic narrative.

Ideally, a new strategy should not be longer than the fourteen pages or 4,000 words of the European Security Strategy of 2003 (ESS - A Secure Europe in a Better World). That will be a tall order as more is expected from the new strategy in terms of its translation into instruments and options for taking action. But a short and crisp text should nevertheless be the ambition.

Moreover, in a volatile strategic environment as we witness today, the EEAS should not lean backwards once it has produced a strategy, but should build in the practice of conducting periodic foresight studies. To opt for a 'liquid strategy', as recommended in a European Commission study, would negate the importance of creating a stable narrative about the EU's strategy in which a text plays an important role as a focal point (similar to the role played by the 2003 European Security Strategy).⁵ Developing a strategic thinking capacity within the EU institutions is a better option for a continuous forward-looking refinement of the strategy. This capacity should query what the trends are in terms of threats and challenges and assess whether the European foreign and security policy responses to these threats and challenges are still up to the job. The initiative by the European Parliament in 2010 to create the European Strategy and Policy Analysis System (ESPAS) could play a good role in this. A Preparatory Action has been initiated to create a permanent inter-institutional system to identify and analyse long-term trends. Four EU institutions are involved in ESPAS: the European Parliament, the Secretariat of the European Council, the Commission and the EEAS.⁶ Thinking strategically on foreign and security policy should become part of the EU's culture instead of an endeavour that the EU embarks upon every decade (or even every thirteen years).

2.2 Form

No conclusions have been drawn as yet on whether the strategy will be a new, narrower, security strategy or a broader foreign policy strategy. This will depend on the assignment that will follow after the European Council of June 2015. However, at the Interparliamentary Conference on Common Foreign and Security Policy (CFSP) and CSDP in Riga on 6 March 2015 the High Representative Federica Mogherini stated her intention to deliver "not only a security strategy, but a broader foreign policy strategy".⁷ When it comes to global strategic action, the distinction between security and foreign policy is difficult to discern. In fact, the European Security Strategy of 2003 was also something in between a foreign policy strategy and a security strategy, depending on the definition of these types of strategies. It did provide a list of threats⁸ and the preferred way in which the EU wants to carry out its external action: preventive, holistic and multilateral. Despite the fact that the second section of the ESS was entitled 'strategic objectives', the document only listed a number of measures which the EU had taken, but stopped at identifying the key interests and objectives of EU external action. There is much to say for a 'foreign policy strategy', which would define "the long-term overall

5 European Commission, *A Global Actor in Search of a Strategy. European Union Foreign Policy between Multilateralism and Bilateralism*, EUR 26572, 2014, p. 7.

6 See: http://europa.eu/espas/about-espas/index_en.htm. A pilot project rendered a first report: EU Institute for Security Studies, *Citizens in an Interconnected and Polycentric World. Global Trends 2030*, ESPAS, 2012.

7 Federica Mogherini, Speech to the Interparliamentary Conference on CFSP/CSDP, Riga, 4 March 2015.

8 These were: terrorism, the proliferation of weapons of mass destruction, regional conflicts, state failure and organised crime.

foreign policy objectives to be achieved, and the basic categories of instruments to be applied to that end”.⁹ The report of the European Global Strategy initiative (EGS) also advocated a more global approach to strategic thinking, encompassing vital interests which are internal to the EU, such as continued European economic and social development, to interests in the workings of a just and effective governance system at the regional and global level.¹⁰

Considering the holistic nature of the EU as a foreign and security policy actor, drafting an integrated foreign and security policy strategy would be the ideal step. The 2003 strategy already noted that “internal and external aspects of security are indissolubly linked” and they have become even more so in the 12 years that followed. Some argue that “a new more narrow security strategy goes against the realities of modern global politics. Foreign policy as a whole cannot be separated from what the Union does at the inside, for example in living up to the values it tries to spread abroad”.¹¹ An integrated security strategy would do justice to the comprehensiveness of contemporary foreign and security policy challenges and the EU’s broadness of tools. However, even relatively small states and members of the EU have not been able to cut across entrenched dividing lines between internal and external policies or between military and civilian instruments.¹² Therefore, in 2015 the recommendation remains the same as was already noted in 2012: drafting an integrated security and foreign policy strategy should remain an aspiration.¹³ For now, it is wiser to focus on a strategy that sets out the priorities for external policies, while clearly highlighting the necessity to involve the linkages between internal and external security policies and instruments.

2.3 Content

A strategy should be forward-looking as regards the next ten years and should prioritise among threats and interests and tie them to the partners, instruments and capabilities needed for influencing outcomes.¹⁴ Moreover, a strategy should be ambitious. The EU should not only cling to the status quo, but should demonstrate its willingness to achieve something in the international system which is commensurate with its values and interests. A strategy should articulate how the European Union can maximise its influence and help shape global affairs according to its preferences. It is most of all important that the EU goes beyond the reactive and tactical approaches towards a modus of actively shaping a strategic mindset. One of the potentially most important instruments of the EU’s foreign policy, the CSDP’s civilian and military operations, are a case in point. Despite the more than thirty missions and operations, the member states of the EU are not thinking strategically as far as CSDP. Strategy is about connecting means and ends. The means, CSDP, continue to be tweaked and developed, but if the EU is not clear about the ends, other than the direct mandates of operations, they are not contributing to shaping the world that the EU would like to see.

9 Sven Biscop, *Time for a European Grand Strategy*, in Ideas on Europe Blog, August 18, 2009,

<http://europeangeostrategy.ideason europe.eu/2009/08/18/time-for-an-eu-grand-strategy>.

10 EGS, *Towards a European Global Strategy. Securing European Influence in a Changing World*, 28 May 2013, pp. 6-7.

11 Björn Fägersten, ‘Let’s find a common purpose before stressing about a shared phone number’, Opinions, EGS website, 17 December 2013, <http://www.euglobalstrategy.eu/nyheter/opinions/fagersten-lets-find-a-common-purpose-before-stressing-about-a-shared-phone-number>.

12 See for example: Dick Zandee, ‘De relatie tussen externe en interne veiligheid’, in: Jan Rood (red.), *Een Wankele Wereldorde. Clingendael Strategische Monitor 2014*, pp. 73-76.

13 Margriet Drent and Lennart Landman, *Why Europe needs a new European Security Strategy*, Clingendael Policy Brief, No. 9, July 2012.

14 Ibidem.

In recent years, this has become painfully clear as member states are increasingly reluctant to contribute capabilities to missions and operations. If it is not clear why the EU carries out the operations, it is no wonder that Member States lack the political will to provide the capabilities, particularly in a situation of scarcity.

A strategy should not shy away from being interest-based. In a global perspective, the 28 member states have many shared interests. A new foreign policy strategy should make these shared interests visible. The first interest that all member states share should be particularly highlighted: the EU should become an influential foreign policy actor in international affairs. None of the 28 are able to make a difference on their own and only when acting as a unified actor can the European countries hope to wield any influence. The EU has for a long time faced a paradox here: the more the member states try to protect their sovereignty in foreign policy, the more they risk undermining that same sovereignty.¹⁵ This paradox is in need of being resolved. Therefore, to avoid a paralysed EU because of unanimity requirements, a new foreign policy strategy should also include the options for flexibility in decision-making in foreign and security policies. The Lisbon Treaty provides various articles that will make this possible (Art. 20 and Art. 44 TEU; Art. 329 TFEU). Stating the clear objective of enhancing the effectiveness of EU foreign, security and defence policies through flexibility could unlock the use of these articles which the member states signed on to in 2009 in Lisbon in the first place.

Although it is clear that the European Union has global interests, values of global relevance and objectives that reflect these, a prioritisation of interests, values and objectives is necessary. Resources are scarce both in Brussels and in the member states, which makes a more thorough prioritisation even more important. The immediate neighbourhood of the European Union is highly unstable and the region is of great importance to the security of the EU. It should therefore feature at the top of the list of geographic priorities. Particularly the instability at our Eastern flank lays bare the obsolescence of the 2003 European Security Strategy's opening sentence "Europe has never been so prosperous, so secure, nor so free". A clear threat is posed by the Russian Federation that is nipping away at Ukraine and whose aggressive stance has a potential destabilising effect for Eastern Partnership countries, but also for EU member states with an energy dependence on Russia and/or with a sizeable Russian-speaking minority on its territory. A European energy policy and making European democracies resilient should be developed as strategic foreign policy instruments.

Simultaneously, Northern African countries are suffering the consequences of disorderly revolutions which is spreading to the South, but which also have direct consequences for the security of the EU's southern borders and beyond due to uncontrollable mass immigration and serving as a breeding ground for terrorist groups. The European Neighbourhood Policy as an instrument for the stabilisation of these countries has failed and needs to be revamped with a clearer security focus and more tailor-made programmes to fit the particular needs of the participating countries. In addition, these developments on the Eastern and Southern borders of the EU also bring home the limited scope of the EU's military dimension. CSDP should be given a role in the defence of the EU through complementing NATO's role and by

15 Jan Techau, 'The strategic Europe yardstick: making foreign policy strategic in a Union of 27', *Boulevard Extérieur*, 16 January 2012, <http://www.boulevard-exterieur.com/The-Strategic-Europe-Yardstick-Making-Foreign-Policy-Strategic-in-a-Union-of-27.html>.

taking the mutual defence clause (Art. 42.7 TEU) seriously, particularly for non-NATO EU members (more on this in the next Chapter).

The Transatlantic Trade and Investment Policy (TTIP) should be the basis of a deepened transatlantic partnership with a stronger EU-US political and security cooperation. The United States should be a partner in further shaping and improving multilateral governance, which includes the BRICS as responsible stakeholders. In this sense, 'effective multilateralism' as a method and a goal has not lost its necessity for the European Union. However, the world has become multipolar at such a pace that it is in the EU's interest that also a multipolar world order remains a well-governed, rule-based one.



3 CSDP

3.1 Tasking of the European Council 2013

Tasking of the European Council 2013 on the effectiveness of the CSDP

ISSUE	OBJECTIVES & TASKING
Regional strategies (CC §6)	Update or elaborate regional strategies (e.g. Gulf of Guinea)
PROGRESS The EU has updated regional strategies for the Horn of Africa (HIP 2015) and the Sahel (from March 2014 onwards), and developed a strategy on the Gulf of Guinea in March 2014. In addition, the EC presented a new EU strategy for the Adriatic and Ionian Region (EUSAIR), accompanied by an Action Plan. The Strategy incorporates the Maritime Strategy for the Adriatic and Ionian Seas, adopted by the Commission on 30 November 2012. The regional strategies are based on the comprehensive approach. ¹⁶	



16 Overzicht werkzaamheden follow up Europese raad van 19 en 20 december 2013, attachment to: *Vooruitgang uitvoering opdrachten naar aanleiding van het debat over veiligheid in de Europese Raad*, Letter from the Minister of Defence to the Second Chamber, 26 August 2014.

<p>Comprehensive Approach (ECC § 5; CC § 7-8)</p>	<ol style="list-style-type: none"> 1. Prepare practical improvements for smooth transitioning of missions/operations (“exit strategies”). 2. Deliver “ambitious” Joint CA (HR + CION). (ECC: further improving efficiency and effectiveness of CA is a priority). 3. Take forward action plan on nexus development/security
<p>PROGRESS In May 2014, the Council adopted conclusions on the Joint Communication by the HR/VP and the European Commission on “The EU’s Comprehensive Approach to External Conflict and Crisis”.¹⁷ The Council emphasised the need to strengthen the implementation of the comprehensive approach and invited the HR/VP and the Commission to present a related action plan before the end of the first quarter of 2015.¹⁸ The Action Plan on the comprehensive approach has not yet been delivered. With regard to improving transition/exit strategies for CSDP missions and operations, the EEAS prepared a paper focusing on the conceptual design of transition –why, how, who- and proposed options for improving planning and methodology.¹⁹ In more concrete terms, a transition strategy was agreed for the two CSDP missions in the Democratic Republic of Congo, EUSEC DRC and EUPOL DRC.²⁰</p>	
<p>Equipment support (ECC § 7; CC § 10)</p>	<p>More systematically address the requirements for and possible limitations to providing necessary equipment for security forces to be trained effectively and sustainably by CSDP missions/operations. ECC: MS, HR and CION to ensure greatest possible coherence btw EU’s and MS’ actions. CC: HR, together with CION, to propose recommendations <i>in first half 2014</i> (incl. priority areas for concrete implementation).</p>
<p>PROGRESS Despite the continued support for capacity-building by partner countries and regional organisations the promised EEAS document on the mapping of categories of equipment suitable for basic equipment for security forces trained under CSDP, and the identification of existing gaps and limitations in EU financing/funding mechanisms and ways to address them has not yet been released. In a non-publicly available document “Train and Equip- Leveraging the impact of CSDP missions and operations training activities to enhance crisis management capacity in third countries and regional organisations”, the EEAS presents its recommendations for an improvement of efforts in the field of training in third countries.</p>	
<p>Internal/External security (CC §11)</p>	<p>Accelerate cooperation between CSDP (missions/operations) and Freedom/Security/Justice (FSJ) actors</p>
<p>PROGRESS The link between internal and external security is increasingly recognised. The topic is expected to be of importance in the updated International Security Strategy. In addition, work is ongoing to allow the greater involvement of EU Agencies in the FSJ sector, in particular Europol and Frontex in CSDP missions. A proposal was made by the Commission for a new regulation on Europol to consolidate the enhanced contribution to CSDP. Similar arrangements are being prepared for Frontex. Legal texts have entered into force between the EU Satellite Centre (SATCEN) and Frontex, enabling the establishment of operation cooperation. The Crisis Management and Planning Directorate (CMPD)/Civilian Planning and Conduct Capability(CPCC) supported the European Police College (CEPOL) in supervising and evaluating curricula with a particular focus on understanding the internal/external security interface. A “General Administrative Arrangement between the European Gendarmerie Force (EUROGENDFOR) and the EEAS on cooperation under the CSDP” was signed by EEAS Deputy Secretary-General Popowski and the EUROGENDFOR High Level Interdepartmental Committee (CIMIN). In addition, arrangements have been made for EUROGENDFOR’s participation in EU crisis response management. This cooperation has already been put into practice in the Central African Republic.</p>	



17 *The EU’s Comprehensive approach to external conflicts and crises*, Joint Communication to the European Parliament and the Council, European Commission and High Representative of the European Union for Foreign Affairs and Security Policy, Brussels, 11 December 2013.

18 *Council conclusions on the EU’s comprehensive approach*, Council of the European Union, Brussels, 12 May 2014 .

19 *Exit Strategies*, EEAS Food for Thought paper, PSC MD119/13, October 2013.

20 HR, Head of EDA, Implementing the December 2013 European Council Conclusions on security and defence, Brussels, 10 September 2014.

Rapid Response (ECC § 8; CC § 12a & b)	
1. Planning, conduct, support of civilian missions (ECC § 8; CC § 12a)	<p>1. Further improve planning, conduct, support of civilian missions, notably expedite their rapid deployment and early effective delivery of mandates:</p> <p>1.1 (i) Implement roadmap established to tackle shortcomings, and regularly report. (ii) Ensure early access to the financing of civilian deployments and flexibility in using available resources. ECC: CION, HR and MS to ensure that procedures and rules for civilian missions enable the EU to be more flexible and to speed up their deployment.</p> <p>1.2 Continue work on ensuring ownership, political buy-in and sustainability of results, and regular report.</p> <p>1.3 Mission support: (i) finalise feasibility study on setting-up Shared Services Centre. (ii) Work on an evaluation of missions' impact.</p> <p>1.4 Financing. ECC: Examine - <i>rapidly</i> - the financial aspects of EU missions and operations, incl. in the context of the Athena mechanism review with a view to improving the system for their financing – based on a report from HR.</p>
2. EU military rapid response incl. EU BGs (ECC § 8; CC § 12b)	<p>2. Develop a more flexible, multi-service suite of voluntary assets, and related mechanisms for making them available. CC: HR to elaborate proposals set out in EEAS Note (on RR/BGs) with a view to swift implementation:</p> <p>2.1 Strengthen BGs' modularity, to improve operational usability/ deployability (incl. through EU RR/Air, Maritime and Land (new) concepts revision).</p> <p>2.2 Take the Framework Nation approach forward.</p> <p>2.3 Proposals to enhance and streamline exercises with EUBGs and improve certification.</p> <p>2.4 More structured involvement of EUBGs in advance planning incl. contingency</p> <p>2.5 Regular consultations and exercises at political level by MS in BG on stand-by.</p> <p>2.6 Close contacts with NATO to develop proposals for synergies.</p> <p>2.7 Consider financial aspects in view of the Athena mechanism.</p>
3. Lisbon Treaty (CC § 12c)	<p>3. Look into the use of relevant Treaty articles on rapid response, incl. Art. 44 TEU</p>
<p>PROGRESS</p> <p><i>1. Planning, conduct, support of civilian missions</i></p> <p>The EEAS recommended the creation of a Shared Services Centre to provide logistical, procurement and administrative support for all CSDP missions and EUSRs. Although the feasibility study on setting up a Shared Services Centre has led to several proposals, no consensus can be reached on bringing the CPCC and Foreign Policy Instruments (FPI) under one roof. Negotiations are now ongoing on a 'Mission Support Platform' taking staff from field missions in order to increase staff in both the CPCC and FPI while keeping the structure unchanged.</p> <p>The HR provided a note on options for improving the financing of civilian and military missions and operations. The review of the Athena mechanism has looked at modifications of a technical nature as a result of lessons learned from operations as well as proposals from some member states to expand the eligibility of the common funded costs of EU military operations. On 27 March 2015 the Council adopted a new decision on the Athena mechanism. In its new article 20 the mechanism is authorised to manage a civilian project as well as its funding on the basis of a financial contribution from the EU budget. Furthermore, after the UK had resisted the inclusion of strategic transport by air, sea or land for Battle Groups travelling to the theatre of operations in the list of common costs systematically borne by Athena, a compromise was reached in the form of a declaration extending the responsibility to cover the costs for two years (until 31 December 2016) on an annual basis as foreseen in existing decisions relating to Battle Groups. The compromise also provides for the possibility of an additional two-year extension after that period, subject to this being approved at that time by the member states.²¹</p>	



21 New Athena decision is adopted, Brussels, 1 April 2015, *Europe Diplomacy and Defence*, No. 783, p. 6.

<p>2. EU military rapid response incl. EU BGs</p> <p>Concrete progress with regard to the strengthening of EU Battle Groups is limited to the proposal that the Athena mechanism should cover the strategic transport of Battle Groups into theatres of operations (see point 1 above). Some adjustments have been made regarding EU Battle Groups, such as the possibility of modular deployment and political exercise (POLEX) possibilities, allowing member states to gain more experience with the relevant decision-making to facilitate the rapid deployment of EU Battle Groups. Both a live exercise (LIVEX) and POLEX took place last year. Currently five scenarios have been incorporated into the Battle Group concept. No real deployment of Battle Groups has taken place..</p> <p>Adjustments have been made in the broader EU Rapid Response concept published at the end of 2014, reviewing possibilities for the increased effectiveness of the deployment of land, air and sea components in case of crisis. The EU Battle Group roster of offers and commitments was filled more systematically by applying the Framework Nation approach.</p> <p>Cooperation with NATO was enhanced by the initiation of staff talks and will continue to seek to identify possible synergies between the two organisations in the field of rapid response, with a focus on best practices and standards/criteria for certification and standardisation.</p>	
<p>3. Lisbon Treaty</p> <p>The possibilities for the appropriate use of Article 44 TEU have been looked into. It has been concluded that Art. 44 missions would still be CDSP missions and, despite some advantages, no separate decision on the use of Article 44 TEU is expected.</p>	
<p>Support to humanitarian response (CC §13)</p>	<p>Further work to enhance cooperation</p>
<p>PROGRESS</p> <p>The activities in this field are part of the revision of the EU rapid response concept.</p>	
<p>Emerging security challenges (ECC § 9; CC § 14)</p>	
<p>1. Cyber (CC §14a)</p>	<p>1. Cyber: implement and take forward CSDP-related aspects of EU cyber security strategy. CC & ECC: HR, in cooperation with EDA and CION, to present <i>in 2014</i> EU cyber defence policy framework.</p>
<p>2. Maritime (CC § 14b)</p>	<p>2. CC & ECC: 2.1 Prepare, for adoption <i>by June 2014</i>, an EU Maritime Security Strategy (including CSDP) on the basis of joint COM from HR and CION to be presented by early 2014. 2.2 Following the adoption of the EU Strategy, elaborate action plans to implement it, <i>by the end of 2014</i>.</p>
<p>3. Integrated Border Management (CC § 14c)</p>	<p>3.1 Finalise concept for CSDP support to IBM (end 2013). 3.2 CC: HR to present, <i>by early 2014</i>, an option paper with proposals for further action to support the Sahel/Saharan border.</p>
<p>4. Energy (CC § 14d)</p>	<p>4. Strengthen coherence in EU response to energy challenges in defence sector</p>
<p>5. Space (CC § 14e)</p>	<p>5.1 Work towards adopting international Code of Conduct on outer space. 5.2 Address requirements for high resolution satellite incl. from governmental source</p>
<p>PROGRESS</p> <p>1. Cyber</p> <p>An EU Cyber Defence Policy Framework has been adopted by the Council on 18 November 2014. It focuses on:</p> <ul style="list-style-type: none"> - supporting the development of member states' cyber defence capabilities related to CSDP; <ul style="list-style-type: none"> • 7 concrete actions formulated (MS, EDA, EEAS) - enhancing the protection of CSDP communication networks used by EU entities; <ul style="list-style-type: none"> • 6 concrete actions formulated (EEAS) - promoting civil-military cooperation and synergies with wider EU cyber policies, relevant EU institutions and agencies as well as with the private sector; <ul style="list-style-type: none"> • 4 concrete actions on civil military cooperation (EDA, ENISA, EC3, MS and other) • 6 concrete actions on research and technology in cooperation with the private sector and academia (EDA, Commission, MS and other) 	



- improving opportunities for training, education and exercises;
 - 8 concrete actions on education and training (EEAS, EDA, ESDC and MS)
 - 4 concrete actions on exercises (EEAS and MS)
- enhancing cooperation with relevant international partners.
 - 8 concrete actions (EEAS, EDA and MS)

Six-month progress reports are scheduled to monitor improvements in the identified points for action, the first one expected in May 2015.²²

Informal coordination with NATO has taken place through regular staff talks.

2. Maritime

The EU Maritime Security Strategy (EU MSS) and Action Plan have been adopted in June and December 2014 respectively.²³ The EUMSS and its Action Plan are a response to new threats such as: the criminal smuggling of people, arms, or drugs; illegal fishing; terrorism and cyber attacks. The Action Plan, consisting of 130 specific actions, will be jointly implemented at the European and national level. It consists of five key strands of work:

- intensifying EU external action: a better use of the tools at the EU's disposal, including strengthened political dialogue and development aid;
- shared maritime awareness and surveillance: focus on developing a common information-sharing environment;
- reinforcing capability development: for instance by promoting dual-use technologies;
- working towards a common risk analysis: risk management, the protection of critical maritime infrastructure and crisis response;
- strengthening maritime security research and training.

EDA is conducting several activities in the maritime domain. One of the Agency's largest programmes, called Unmanned Maritime Systems (UMS), brings together all EDA Member States under a single programme arrangement and 15 different coordinated projects. EDA is also involved in the Maritime Surveillance (Marsur) project, which has been joined by 17 Member States as well as Norway. The project aims to improve the common "recognised maritime picture" by facilitating the exchange of operational maritime information and services such as ship positions, tracks, identification data, chat or images. It became operational in October 2014. It has led to the development of a technical solution that connects European navies' surveillance systems to improve global maritime awareness and enhance interoperability.²⁴ The exchange of data between civilian and military authorities at sea will be developed through the Common Information Sharing Environment (CISE). CISE is expected to be launched in 2020.²⁵ A pilot project will be launched in 2015.²⁶

3. Integrated Border Management

The 2006 paper setting out a concept for civilian-military cooperation in third countries was updated in December 2013.²⁷ Its main thrust remained the same: to use CSDP to promote the EU's concept of integrated border management abroad.

In July the EEAS presented options for CSDP support to Sahel-Saharan Border Management.²⁸

Currently, EU border assistance missions are taking place in Libya (which is due to the political and security situation in Libya operating from Tunisia since August 2014), Rafah and Moldova and Ukraine.

4. Energy

The Commission started discussions with member states and the EDA on the establishment of a Consultation Forum for Energy in the Defence and Security Sector.²⁹ The mission of this Consultation Forum will be to bridge the expertise in developing policies, and other initiatives on energy with the specific requirements and environment of the armed forces. The Consultation Forum was expected to be operational by the end of 2014. No reports on the launching of the Consultation Forum have yet been published.

22 *EU Cyber Defence Policy Framework*, EEAS, November 2014.

23 *European Union maritime Security Strategy*, Council of the European Union, 11205/14, June 2014;
European Union Maritime Security Strategy (EUMSS) – Action Plan, Council of the European Union, 1565/14, December 2014.

24 *Annual Report 2014*, European Defence Agency, p. 9.

25 *Maritime surveillance; Joining forces with Member States for safer seas and oceans*, European Commission Press Release, 8 July 2014.

26 *EUMSS Action Plan*, see footnote 23.

27 *Revised draft EU Concept on CSDP Support to Integrated Border Management*, Council of the European Union, 16044/2/13, Brussels, December 2013.

28 *Options for CSDP Support to Sahel-Saharan Border management*, EAAS, 01398/14, July 2014.

29 *A New Deal for European Defence – Implementation Roadmap for Communication COM (2013)542; Towards a more competitive and efficient defence and security sector*, Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 24.6.2014 COM (2014) 387 final.

5. Space

The International Code of Conduct for Outer Space Activities has not yet been adopted. After the conclusion of the consultation rounds in Luxembourg in May 2014, many member states are now calling for formal multilateral negotiations on the Code of Conduct which would start in mid-2015, with a view to opening the Code of Conduct for signature once the negotiations have concluded.³⁰

A decision on the establishment of a Space Surveillance and Tracking (SST) support framework which sets the foundations for the protection of Union space systems has been adopted.³¹

EDA has developed a Common Staff Target for the next generation of Governmental Satellite Communications, endorsed by the Steering Board in November 2014. This will lead to the Preparation Phase of a potential future cooperative programme, to be completed by the end of 2016. A call for tenders is out for a feasibility study.³² In total 11 countries are now involved in the EU Satcom Market for the pooled procurement of commercial Satellite Communications. The project is currently being reviewed in order to streamline requirements, including support for CSDP operations and missions.

The European Satellite Navigation Systems and Programmes (European GNSS) entered into force.

Partnerships (ECC § 6; CC § 15)

- 1. Maximise cooperation, taking forward the EU-UN Plan of Action**
- 2. Continue strong/coherent/mutually reinforcing EU-NATO cooperation. Further implement practical steps for effective cooperation**
- 3. Give renewed impetus at EU-Africa summit (Apr.) incl. security dimension**
- 4. Continue cooperation**
- 5. Engage dialogue (e.g. ASEAN, counter-piracy group,...)**
- 6. Pursue the further signing of Framework Participation Agreements and encourage/foster contributing partners' support to CSDP, develop regular security/defence dialogues and offer opportunities for training & advice.**

PROGRESS

EU-UN cooperation has evolved with the implementation of the EU-UN Plan of Action from July 2012 until the end of 2014, as well as with the recent adoption of the UN guidelines on coordination between the UN and the EU during the planning of UN missions and EU civilian missions and military operations in April 2014. These were recently tested in both Mali and the Central African Republic.³³

In the summer of 2014 the governments of Italy and Germany jointly launched the initiative for "EU-UN Cooperation in Crisis Management and Peace Operations". During the Italian Presidency of the EU in the second half of 2014, the initiative facilitated three high-level seminars in order to formulate lessons learned and aiming to formulate potential future goals. The final report also provides input for the recently announced review of the EU-UN Plan of Action.

In the light of the crisis in Ukraine the importance of closer cooperation between the EU and NATO is increasingly recognised. Although political limitations continue, informal processes are successful and are being increasingly institutionalised. Regular informal staff-to-staff talks are part of the NATO-EU strategic military dialogue and in the area of capacity development both organisations work together to define the priority areas.

During the EU-Africa summit in 2014 several commitments have been made in order to strengthen the security dialogue between the two organisations including the operationalisation of the African Peace and Security Architecture and the improved financing of crisis management operations by the African Union. In addition, the EU agreed to support the effort for the capacity building of regional organisations and individual countries themselves to better provide for security and stability in their own regions. In February 2015 the African Union Peace and Security Council (AU PSC) and the European Union Political and Security Committee (EU PSC) undertook their first Joint Field Mission, to Mali.

EU and Eastern Partnership countries have enhanced their cooperation in the context of the CSDP. The EU and some of the Eastern Partners have started regular bilateral staff-to-staff consultations. Ukraine contributed with a frigate to EUNAVFOR Atalanta in 2014. Georgia and the Republic of Moldova joined CSDP operations for the first time: both of them took part in EUTM Mali and Georgia contributed one infantry company to EUFOR RCA in which it was the largest non-EU contributor.



30 *Thirtieth Report of Session 2014-15*, House of Commons European Scrutiny Committee, January 2015

31 *Establishing a Framework for Space Surveillance and Tracking Support*, Decision no. 541/2014/EU, European Parliament and European Council, April 2014.

32 Annual Report 2014, EDA, p. 8.

33 *EU Plan of Action for CSDP Support to UN Peacekeeping*, 01024/12, EEAS, June 2012.

3.2 Evaluation of the Progress

Strengthening the CSDP was a central goal of the European Council of December 2013. In the conclusions of the European Council meeting, bottlenecks in the functioning of CSDP missions were targeted. Most prominent among these were: the effectiveness of the comprehensive approach, rapid response, Art. 44, and equipment support. Progress on all these matters has been slow, although on some issues minimal steps have been taken forward.

Improving the efficiency and effectiveness of the comprehensive approach was envisaged, among other things by producing an Action Plan on the comprehensive approach on the basis of the Joint Communication on the comprehensive approach of December 2013. It was supposed to be completed before the end of the first quarter of 2015, but it will now probably appear in May. As a practical part of improving this effectiveness, the Council conclusions included the creation of a Shared Services Centre for civilian CSDP missions. The discussion on strengthening the organisational capacity of civilian missions has been dragging on for years. However, because of legal issues, the creation of a Shared Services Centre has been dropped in favour of a much less institutionalised and less ambitious Mission Support Platform. A Shared Services Centre would have relieved the management burden of the Heads of Missions and would have also included elements from the Commission's Service for Foreign Policy Instruments (FPI). Again, it seems that also in this case it has not been possible to overcome the separation of the European Commission and EEAS for the benefit of the comprehensive approach. In this context, the reminder of the Foreign Affairs Council of May 2014 is relevant, in which it

recalls the provisions in the EU Treaty on consistency in external action and with other policies, and the responsibility of the Council and the European Commission to cooperate to that effect.³⁴

Including such wording in Council conclusions is commendable, but in their practical implications they seem to run into insurmountable legal obstacles.

A Shared Services Centre could also have been helpful in the swifter setting up of civilian missions and in that sense would have contributed to the EU's rapid response to crises. Whether a 'Mission Support Platform' will similarly contribute to speeding up the implementation of missions remains to be seen. An even more contentious issue in rapid response is the financing of military missions and EU Battle Groups. That the transport of EU Battle Groups into the conflict region after the last triennial review now falls under 'common costs' as understood by the Athena mechanism is a breakthrough, but it is nevertheless a partial one. Curiously enough, Athena only covers a single fare, but not a return ticket for the Battle Groups and this decision is only temporary, until the end of 2016.

Another issue is the unused Art. 44 TEU. The article reads "(...) the Council may entrust the implementation of a task to a group of Member States which are willing and have the necessary capability for such a task. (...)". Art. 44 would open up the possibility for a group of willing countries to react rapidly, under the EU flag, to a crisis, which would be quicker than would be possible going through the normal EU planning process. Although some

³⁴ Council Conclusions on the EU's Comprehensive Approach, Brussels, Foreign Affairs Council, 12 May 2014, p. 2.

countries (notably France) had hoped that a decision could be made to allow the activation of this Article for a group of countries to conduct a CSDP operation, including common funding, this did not receive sufficient support. The tasking was there-upon interpreted in a limited way as an examination of what a CSDP operation under Art. 44 could look like, taking into account the legal, financial and political limitations set by the member states. The institutions involved (such as the PSC, CIVCOM and the Council's legal service) came to the conclusion that Art. 44 operations should be similar to the procedures leading up to 'normal' CSDP operations, entailing unanimous decision-making about the scope, the rules of engagement, financing, etc. The only difference would be that there is leeway in that a group of countries takes over in the last stage of the planning, the OPLAN³⁵ phase. Such a restricted interpretation of Art. 44 calls the added value and the spirit of the Article into question and undermines the possibility of a core group formation in CSDP. It is disappointing that there does not seem to be enough momentum to activate this Article in a more ambitious way.

The 'Enhance and Enable Initiative' which was pushed by Germany at the December 2013 meeting proved to be quite controversial. The Commission took its traditional position that it wants to avoid a situation where funds dedicated for development cooperation would leak away to defence-related equipment in CSDP missions. A more limited new budget facility for 'Train & Equip' purposes that could serve as a practical deliverable for the June 2015 European Council was also met with scepticism by the Commission. There are still legal issues to be resolved and it is unclear what the criteria for such a new budget facility would be and how it relates to the existing budget facilities (such as the Africa Peace Facility and the Instrument contributing to Stability and Peace (IcSP)). It is still uncertain whether a breakthrough can be expected at the 18 May 2015 Foreign Affairs Council meeting. In the meantime, the EU Training Mission in Mali is preparing to act as a coordinator for the donations of various materiel and military equipment to the Malian armed forces.³⁶

To conclude, the items under the December 2013 heading of 'Effectiveness of CSDP' are so diverse that it is difficult to evaluate it as a single issue. Overall, however, the various items under this rubric seem to suffer from two aspects which hamper further CSDP development: firstly, they are burdened by the enduring and familiar problems that have plagued CSDP's effectiveness for a long time, such as the lack of cooperation between the Council and the Commission, between the EEAS and the Commission, restrictive legal interpretations and opposition to reforms by member states, most of all the United Kingdom. Secondly, CSDP is suffering from a lack of ambition, which calls into question whether the tasking of the June 2015 European Council for 'a more efficient and effective CSDP' is really the one that matters.

3.3 The way ahead

The nature of the taskings on improving the effectiveness of CSDP is of a very technocratic, bric-a-brac and highly detailed nature. More than ever, CSDP seems to have entered the stage that only directly involved officials and a group of CSDP watchers are taking an interest. In that sense it is unlikely that this agenda will generate much enthusiasm among Heads of State and Government in June nor will it make the headlines in the European media, let alone raise any interest in Washington or be taken seriously in Moscow. Therefore, the

35 Operations Plan. During this phase the organisation, force generation and execution of the mission is in order.

36 'EUTM Mali prepares to be the point of contact between donors and the Malian army', *European Diplomacy and Defence*, nr. 782, 30 March 2015.

'way ahead' on CSDP is not a continued tweaking of procedures, missions and instruments, but a return to the origins of CSDP and a number of steps that need to be taken to provide CSDP with strategic relevance for the EU. With an ambitious new High Representative, a new Commission (whose Chairman, Jean-Claude Juncker, even alluded to the creation of a European army)³⁷ and the start-up of a strategic process about the EU's role in the world, a rethinking of the purpose of CSDP is in order.

At its inception, during the St. Malo summit between Tony Blair and Jacques Chirac in 1998, the original purpose of CSDP (then ESDP) was 'The Union must have the capacity for autonomous action, backed up by credible forces, the means to decide to use them and a readiness to do so'. In 2015, the EU has limited capacity for autonomous action, it is partially backed up by credible forces and it is still hampered by insufficient means to use them and, above all, not all member states share the same (political) readiness to do so. As the former High Representative, Catherine Ashton, already concluded in her report in 2013, the world is increasingly volatile, complex and uncertain,³⁸ so it is in 2015 more urgent than ever for CSDP to live up to this original purpose.

The way ahead is a Common Security and Defence Policy of the EU that is a credible back-up to an ambitious and comprehensive foreign policy of the European Union. As was already alluded to in Chapter 2, CSDP could also play a stronger role in the defence of the EU itself. In the recent report 'More Union in European Defence', one of the most notable suggestions was the role that the Report envisaged for CSDP. "The EU should target to have the capacity to support NATO and Nordic, Baltic and Central and Eastern European countries in deterring and countering conventional and hybrid warfare tactics".³⁹ One of its recommendations was that the EU should play a complementary role to NATO in territorial defence. This is warranted by the Lisbon Treaty (Art. 42.7 TEU) and in a security situation in which it is again conceivable that the territory of EU states might be in need of defending, CSDP cannot ignore one of the major threats to EU security. The EU's contribution to collective defence lies in support for those EU states that are most vulnerable to Russia's physical and psychological incursions: Estonia, Latvia, Lithuania, Poland, but also Finland and Sweden. These last two countries are non-NATO states and should be able to call upon the solidarity of their fellow EU member states in case of threats to their territories. The EU should signal more solidarity and political support to these countries, not only in statements, but also by concrete measures, including CSDP instruments, but also involving other instruments, such as Frontex. Support in defending the territory of the EU can take many forms: from additional assistance by Frontex to guarding the EU's external borders in Estonia and Latvia; from assistance in the surveillance of the Baltic Sea to providing courses on how to respond to hybrid warfare at the European Security and Defence College.

It has been obvious for a while that the technocratic and "one size fits all" approach to the European Neighbourhood Policy (ENP) and in particular to the Eastern Partnership (EaP) has reached its limits. Adding a clear security and CSDP dimension to the programmes for the Eastern Partnership countries should also be seen in the light of a more strategic positioning of the EU and CSDP. Particularly in those countries with an Association Agreement (Ukraine,

37 Beat Bizli, 'Juncker will EU Armee', *Die Welt*, 8 March 2015.

38 *Final Report by the High Representative/Head of EDA on the Common Security and Defence Policy*, Brussels, October 2013.

39 *More Union in European Defence. Report of a CEPS Task Force*, Centre for European Policy Studies, Brussels, February 2015, p. 11.

Moldova and Georgia) programmes should focus on broad Security Sector Reform, including reforming the military, internal forces, intelligence services, the police and other security forces. The security of the Eastern neighbourhood is a direct priority for the EU and it should engage itself much more with the frozen conflicts (Moldova, Ukraine, Nagorno Karabakh) that are destabilizing the region. These conflicts should therefore also be a priority for CSDP operations and missions.

Of equal importance is the instability towards the Southern flank of the EU, notably North Africa and the Sahel, which is posing a considerable threat to the EU member states' societies (terrorism, transborder organised crime, mass migration). The catastrophic humanitarian situation in the Mediterranean and the pressure on the southern EU external borders is a matter that concerns all EU states. CSDP should be activated in assisting Italy and Frontex in patrolling, deterring human traffickers and rescuing refugees. Using CSDP as a more strategic instrument of the EU's foreign policy means that missions and operations should be prioritised according to the EU's most pressing security interests, which in practice entails a clear link to the internal security interests of the EU and its member states. In recent years, there seems to have been slow, but gradual progress in the recognition of the extent to which internal security issues are dependent on and feeding into external security matters and vice versa. The fall-out of the Arab spring and the migration pressures of the recent period have spurred on cooperation among Freedom, Security and Justice and external relations institutions within the EU, such as the joint PSC-COSI⁴⁰ meetings. Also, work to enable the closer involvement of Frontex and Europol in CSDP missions should be taken up with more urgency. Conflicts with a potential major impact on the security of the EU itself should take precedence over others in which this impact is more indirect.

The more strategic use of CSDP is dependent on the EU's ability to develop an up-to-date foreign policy or security strategy with a clear view of what its strategic priorities are and how CSDP is going to contribute to them. In that sense, the June 2015 European Council is too early for an overhaul of CSDP, as it is an integral part of the key instruments of a new strategy. However, the June 2015 European Council does provide a good opportunity to start revitalising CSDP away from reactive, technical and small missions to basically two main tasks: 1) safeguarding the security of the EU itself by contributing to the direct security of EU territory and 2) enhancing CSDP's ability to contribute meaningfully to the management of crises, first and foremost in its own neighbourhood, by prioritising and concentrating CSDP's involvement in those crises and regions of direct security concern to the EU and its member states. To be able to live up to these two main tasks, many CSDP shortcomings still have to be resolved. To name a few key issues: the European Council in June must set in motion the creation of an operational headquarters (or a Military Planning and Conduct Capability – see separate box), strengthening the planning capacity of the EUMS, create the ability for early warning, intelligence gathering, boost means for Security Sector Reform (SSR) missions in the ENP and create the EU's ability for full-scale exercises, also involving troops. The EU's Common Security and Defence Policy should be recognised as a geopolitical, strategic instrument for the protection of the EU. It is urgent that these shortcomings are resolved, as CSDP is key in its contribution to furthering the EU's security interests.

40 Political and Security Committee (PSC) and Standing Committee on Operational Cooperation on Internal Security (COSI).

Military Planning and Conduct Capability – to boldly go where the EU has not gone before⁴¹

In September 2011 France, Germany, Italy, Poland and Spain proposed that a permanent EU military command centre should be established. This would result in the (partial) creation of a standing command structure, it would be a planning and conduct entity, and it would ensure the availability of an EU military operational commander. The United Kingdom, however, persevered in intensifying military efforts through NATO or bilateral agreements. The British position prevented the actual implementation of the proposed command centre. Hence the EU still applies a concept in which the existing command centres of member states or NATO partner organisation will be used on loan when an EU operation requires a military operational headquarters. In practice there are seven available options: five national headquarters in Larissa (Greece), Mont Valérien (France), Northwood (United Kingdom), Potsdam (Germany), and Rome (Italy); the NATO headquarters in Casteau (Belgium); or the manning of the EU Operations Centre in Brussels (Belgium).

This existing system raises a number of issues, notwithstanding the willingness of the involved optional partners of the EU for this endeavour. *Firstly*, for the five national options the performance as an EU operational headquarters is a reserve task. No doubt such a task will be taken seriously, but obviously a national headquarters needs to be prepared for its EU role. That aspect will have less priority than the actual day-to-day tasks. Therefore, it is unavoidable that the staff of these national headquarters are not quite up to speed with the developments in the analyses/assessments of expected or ongoing crises by the organisational top layer of EU crisis management. However, a crucial characteristic of contemporary crises is that they emerge unexpectedly and with a high tempo. For an operational headquarters it is therefore of the utmost essence to constantly be 'in synch' with the mind-set at the strategic level. *Secondly*, for the use of the NATO headquarters there is the physically small, but content-wise large difference in the member states of both of the organisations that always has the potential to play a significant role. The number of delaying and/or blocking actions an unwilling member state could take in this construction is simply too large to be able to perform crisis management in an adequate manner. *In the third place* there is the fact that maintaining core capabilities for an EU operational headquarters by five national headquarters in parallel obviously brings five times the amount of overhead costs. This seems to be completely contrary to the often referred to principle of optimising defence expenditure by avoiding duplication (in this case even quintupling costs). One standing (nucleus) operational headquarters will reasonably bring about less costs than the five current parallel national prepared ones. Should the five involved nations be hesitant about losing their significant contribution in the form of an offered headquarters, then they could opt to be the leading member states to form a core group that could create a permanent operational headquarters. *Fourthly*, it is important to mention that, with regard to the use of the NATO headquarters in Casteau, there is the issue of the changing Trans-Atlantic partnership. The United States will naturally remain a faithful and trustworthy partner within the NATO constellation, but clearly the message being broadcast is that European nations are expected to become

⁴¹ Contribution by Lt.Col. Rob Hendriks, Research Fellow at the Clingendael Institute.

increasingly self-sustaining in taking their military responsibilities for their security. The EU will have to work on developing a number of essential capabilities, including a dedicated permanent operational headquarters. Earlier opposition from Washington against an EU military headquarters has withered away. *Fifthly*, both the five national headquarters and the NATO headquarters are not embedded in wider EU structures. They are dislocated from Brussels and hence they lack interaction with EU non-military actors on a day-to-day basis. Thus the construct hampers the comprehensiveness of crisis management by the EU. *Finally*, the EU Operations Centre is not a feasible option for a military operational headquarters in practice, since it is not intended to be used for solely military operations. This was a restraint that was necessary in order to have a number of reluctant member states accept the creation of the Operations Centre.

An often heard alternative for the seven mentioned options is to enhance the EU Military Staff (EUMS) and give it the additional task to mount a permanent operational headquarters. As it is, the EUMS is already tasked to have a nucleus staff element ready for the manning of the EU Operations Centre. In practice this task is so far from the daily business of the EUMS that it is not really a feasible option. Furthermore, looking at the construct of the European External Action Service and the tasks of the EUMS, the conclusion must be that the natural counterpart for the EUMS is the Crisis Management and Planning Directorate (CMPD). Both entities are executing elements at the strategic level, carrying out strategic level planning, issuing strategic directives and developing, implementing and reinforcing policy. However, the EU does not have a requisite for a strategic headquarters, but for an operational headquarters that from an operational level will design and plan for military engagements at the tactical level and then direct that tactical level. In doctrinal terms: the military operational level is responsible for translating strategic level directives into tactically meaningful and feasible missions; the operational level orchestrates tactical operations (campaigning), whereas the tactical level (e.g. an EU Battle Group) conducts tactical operations. Therefore, tasking the EUMS to cover the military operational level is much like demanding NATO's International Military Staff in Brussels to directly steer the deployed units in Resolute Support in Afghanistan, or tasking the Pentagon to directly lead US units that are employed in ebola-stricken nations in Africa.

In short, the military operational level was not 'invented' to enlarge the command structures of armed forces, but for practical and inevitable reasons. Military employment by the EU will need this command level, and EU member states could arrange this by creating a permanent operational headquarters. This headquarters, the Military Planning and Conduct Capability (MPCC), would then be the natural counterpart for the existing Civilian Planning and Conduct Capability. Ground-breaking progress could be made by integrating those two elements. In that way the EU would create a construct that would enable not only a comprehensive approach to, but even a comprehensive execution of crisis management by the EU. In order to achieve that, it is imperative that member states dare to look further than the existing structures and their own interests, and decide to boldly go where the EU has not gone before.



4 Capabilities

4.1 Tasking of the European Council 2013

Tasking of the European Council 2013 on capacity development

ISSUE	OBJECTIVES & TASKING
Civilian capabilities (ECC § 15; CC § 18)	<ol style="list-style-type: none"> 1 ECC: enhance the development of civilian capabilities. CC: Improve, at the EU level, mechanisms and procedures to recruit and train civilian personnel for CSDP and increase transparency. 2 Possibly revisit ambitions and priorities agreed at Feira taking into account experience and lessons from civilian missions and capability development
<p>PROGRESS A review of the Feira ambitions and priorities is expected. A list of generic civilian functions will be attached. No concrete outputs are yet available.</p>	



<p>Defence capabilities 1. EU-NATO cooperation (CC § 20)</p>	<p>1. Continue good cooperation and mutual reinforcement with NATO to ensure complementarity and increase coherence regarding EU military capability development and NATO defence planning process (outcomes & timelines)</p>
<p>2. Systematic and longer term approach (ECC § 12; CC § 19 & 21) 2.1 CDP (CC §21a) 2.2 Transparency & information sharing (ECC § 12; CC § 21b) 2.3 Demand (CC §21c) 2.4 Incentives (ECC § 14; CC § 21d) 2.5 Synergies (CC § 21e) 2.6 Multinational cooperation (ECC § 13; CC § 21f) 2.7 Strategic defence roadmap (CC § 21g)</p>	<p>2. Develop/foster systematic and long-term defence cooperation: ECC: HR and EDA to put forward policy framework by the end of 2014, in full coherence with existing NATO planning processes. 2.1 Implementation and use of Capability Development Plan 2.2 Increased transparency & information sharing on defence planning 2.3 Consolidation of demand, through harmonised requirements covering whole life cycle 2.4 Develop incentives for cooperation in Europe incl. fiscal measures. ECC: EDA to examine ways in which MS can cooperate more effectively & efficiently in pooled procurement projects, and report back by the end of 2014. 2.5 Encourage synergies between sub-regional and multilateral activities 2.6 Call on member states to enhance multinational cooperation in the area of enablers (transport, maritime capabilities, protection, medical) 2.7 Further policy guidance to support systematic and longer-term defence cooperation, including examining the idea of a strategic defence roadmap</p>
<p>3. Cooperative projects (ECC § 11; CC § 22 & 24)</p>	<p>3. ECC: Commitment to deliver key capabilities and address critical shortfalls through concrete projects by MS: 3.1. RPAS: prepare for programme of next generation European MALE RPAS; establish RPAS users' community; synergies with CION on regulation (initial RPAS integration into European Aviation System by 2016); appropriate funding from 2014 for R&D activities. 3.2. AAR: increase overall capacity and reduce fragmentation 3.3. Satellite Communications: prepare for next generation of governmental satellite communications; set up users' group in 2014. 3.4. Cyber: develop roadmap and concrete projects.</p>
<p>4. Maximise civil-military synergies (CC § 24-29) 4.1 Single European Sky (CC § 25) 4.2 Maritime sector (CC § 26) 4.3 Energy (CC § 27) 4.4 Space infrastructure (CC § 28) 4.5 Counter Improvised Explosive Devices (CC § 29)</p>	<p>4.1 EDA & member states to ensure that the needs of the defence community are taken into account. 4.2 Coordinated civil-military interaction in maritime research & technology and building synergies in maritime surveillance data exchange 4.3 Coordinated civil-military approach to increase energy efficiency in defence and crisis management, including through a possible strategic framework 4.4 Further developing a civil-military Space Situational Awareness capability in Europe + increasing attention to cyber and maritime challenges in this area 4.5 Progress on concrete projects and building on the EU Concept for C-IED towards a Comprehensive EU Strategy to counter this threat.</p>
<p>PROGRESS 1. <i>EU-NATO cooperation</i> See "Partnerships". 2. <i>Systematic long term cooperation</i> A Policy Framework for Systematic and Long-Term Defence Cooperation has been adopted.⁴² In view of deepening cooperation in Europe, this Policy Framework will guide the cooperative approaches of the member states, through their national decision-making processes, when developing defence capabilities. Coherence is sought with the NATO Defence Planning Process (NDPP). The Progress Catalogue 2014 has been agreed upon, which provides an assessment of the critical military shortfalls resulting from the Headline Goal process and their impact on CSDP; these shortfalls are integrated into the revised Capability Development Plan agreed by the Steering Board of the European Defence Agency.⁴³</p>	



42 Policy Framework for Systematic and Long-Term Defence Cooperation, 15562/14, Council of the European Union, November 2014.

43 Council conclusions on Common Security and Defence Policy, Council of the European Union, November 2014.

In May 2014 the EDA launched the Collaborative Data Base (CoDaBa) 2.0, an improved IT tool for the member states to share information on their plans and programmes in capability development. According to EDA the quantity and quality of the information has improved and about two thirds of the member states have replied.⁴⁴ However, it is not clear if member states are sharing all relevant information.

With regard to the development of incentives the EDA has developed proposals to incentivise cooperation, mainly through fiscal measures and pooled procurement. In March 2014 the Belgian Ministry of Finance granted a VAT exemption on a case-by-case basis to EDA ad hoc projects and activities. Three projects have benefited from that exemption: JDEAL, C-IED Manual Neutralisation Techniques and EU Satcom Market. Proposals for a pooled procurement mechanism to facilitate the cooperative acquisition and support of defence equipment are being discussed with the Member States with a view to Ministerial endorsement in the spring of 2015.⁴⁵

Member states are stepping up their bilateral and sub-regional defence cooperation in clusters, such as the Benelux, the French-British Lancaster House cooperation, Nordic Defence Cooperation (NORDEFECO), German-Netherlands defence cooperation and others. However, there is not a particular focus on enablers. Strategic defence roadmap: no information available.

3. Cooperative projects

Progress has been achieved with the Remotely Piloted Aircraft Systems (RPAS) project. Following the agreement on a Common Staff Target (CST) for a MALE RPAS, Germany, France and Italy have set up a working group to analyse operational and technical requirements and to assess options for a future MALE RPAS programme. The European MALE RPAS Community's primary focus is on training. Italy has offered initial building blocks to develop European training options for RPAS, including its national training installation in Amedola. In addition, a new interface between EDA, the EC, Eurocontrol, ESA, industry and the SESAR Joint Undertaking was designed in order to improve the coordination of activities for the integration of RPAS into non-segregated airspace. In 2014 two new collaborative R&T projects were launched in the framework of the EDA Joint Investment Programme for RPAS Air Traffic Insertion.⁴⁶

An industrial solution has been identified in December 2014 to foster Air-to-Air Refuelling (AAR), on the basis of a common requirement. The Netherlands (the lead nation), Poland and Norway will prepare negotiations with Airbus Defence and Space for the pooled procurement of a fleet of A330 Multirole Transport Tanker (MRTT) aircraft. An initial operating capability is expected for 2019.⁴⁷

The Common Staff Target for the next generation of Governmental Satellite Communications was endorsed by the Steering Board in November 2014.

In the area of Cyber Defence, the approved Cyber Defence Policy Framework and Action Plan were major improvements.⁴⁸ Several activities in the area of education, training, exercises, human factors and technologies related to Cyber Defence have been conducted, although the "concrete projects" asked for by the ECC and CC still seem underdeveloped. Cyber Defence was one of the projects in the Multinational Capability Development Campaign (MCDD), brought to an end in 2014. A preparation phase is underway on the federation of cyber ranges and the development of deployable Cyber Defence situational awareness kits for operational headquarters, which is expected to be concluded by 2015.

4. Civil-military synergies

In April 2014 EDA has established a new cell focusing on the military implementation of the Single European Sky Air Traffic Management Research (SESAR). The cell will provide in-house expertise and will coordinate with MODs to ensure that the military views are taken into account in the implementation of SESAR.⁴⁹

Maritime sector: see Section 3.2 of this Report.

Energy and space: *ibidem*.

Progress has been achieved in concrete projects on Counter Improvised Explosive Devices (C-IED). Following the successful deployment of a Counter IED laboratory in Afghanistan, eleven Member States established a follow-on Joint Deployable Exploitation Analysis Laboratory (JDEAL). A permanent C-IED technical exploitation training facility was opened in November 2014 in the Netherlands.⁵⁰

44 *Collaborative Database*, EDA, 11 March 2015.

45 Annual Report 2014, EDA, p. 16.

46 Annual Report 2014, EDA, p. 8.

47 *European multirole tanker transport fleet takes shape*, EDA News, Brussels – 19 December, 2014.

48 *EU Cyber Defence Policy Framework*, EEAS, November 2014.

49 *Team Focused on Military Implementation of Single European Sky Launched in EDA*, EDA News, Brussels – 09 April, 2014.

50 Annual Report 2014, EDA, p. 9.

4.2 Evaluation of the progress

The three core issues of the December 2013 EC conclusions on enhancing the development of capabilities were: the delivery of a policy framework for more systematic and long-term defence cooperation; the four cooperative projects; and the further development of incentives for defence cooperation through pooling and sharing. On all three topics real progress has been made. However, a more nuanced picture emerges when assessing the details.

In November 2014 the Council adopted the Policy Framework for Systematic and Long-Term Defence Cooperation. It certainly is a further step forward in guiding the member states in deepening defence cooperation in Europe by incorporating cooperative approaches into their defence planning processes. On the other hand, the usual caveat of doing so on a voluntary basis also applies to the Policy Framework. Therefore, it suffers from the same shortcoming as earlier attempts in the EU to create tools for aligning member states' medium- to longer-term defence and procurement plans, such as through EDA's Collaborative Data Base.⁵¹

Of the four flagship cooperative projects the most visible progress has been made on air-to-air refuelling (AAR). In December 2014 the EDA and the lead nation, the Netherlands, announced the important milestone of selecting Airbus for the pooled acquisition of four A330 Multirole Tanker Transport (MRTT) aircraft. All aircraft of the common fleet will be equipped with a rigid boom and underwing pods, which will allow for serving a wide variety of receivers using different refuelling systems. The aircraft can also be used for passenger transport, strategic lift and medical evacuation. The scope for cooperation in training and maintenance is broader as France and the United Kingdom will fly the same A330 MRTT. So, this is a concrete step in European capability development addressing a well-known shortfall. But the number of countries ready to commit themselves is limited to three (the Netherlands, Poland and Norway) and the number of MRTT aircraft in the pool to four. Commitments by other European countries would be most welcome to further reduce the AAR shortfall. Progress has also been made with regard to the other three projects. For Remotely Piloted Aircraft Systems (RPAS), many tracks are underway, from dual-use technology investment to civil-military coordination on integration of RPAS into non-segregated airspace. But the crucial question of whether Europe will succeed in avoiding the development of several next generation Medium Altitude Long Endurance (MALE) RPAS still has to be answered. France, Germany and Italy have set up governmental cooperation, backed up by an agreement between the relevant industries in those countries. However, parallel initiatives continue to exist such as between France and the UK under the Lancaster House Treaty. On satellite communications progress a common staff target for the next generation of Governmental SatCom has been agreed while the club of countries using the provisions for the pooled procurement of (existing) commercial SatCom has grown to eleven. On cyber security the Cyber Defence Policy Framework and the Action Plan are also steps forward.

Finally, the EDA has further developed incentives for increasing European defence cooperation, for example by arranging a VAT exemption for pooled procurement with the Belgian authorities. However, using the VAT exemption has so far been limited to three EDA projects which have been generated by the Agency staff in the past. Possibilities for other financial incentives (various ways of EU funding) are being investigated, but again it remains to be seen if member states will use this potential. Perhaps the endorsement of a pooled procurement mechanism, foreseen for the Ministerial Steering Board in May 2015, could help to make further progress.

51 Further elaborated in the way ahead section (4.3).

4.3 The way ahead

European defence needs the right capabilities. The worsening security environment implies that defence matters even more now and that those capabilities are required more urgently. However, in reality many European countries are reluctant in turning the famous 2013 opening sentence that 'defence matters' into action. The urgency of taking up more responsibilities is not yet reflected enough in the responses in capitals. In particular, defence budgets are not showing an upward trend across Europe, aside from a few exceptions. But even if that were to happen a return to national solutions in the old fashioned way would have to be prevented. European countries have only one choice, namely to further increase their efforts in multinational defence cooperation. Bilateral or regional clusters offer the best potential for progress, in particular with regard to integrating forces across national boundaries. For such far-reaching defence cooperation trust, reliability and common interest are essential prerequisites.⁵² They more likely exist between good neighbours than among distant friends.⁵³ The French-British Lancaster House Treaty, the Benelux, NORDEF⁵⁴, the Visegrad Four⁵⁵ and the German-Netherlands bilateral framework should be used to the maximum to maintain and improve capabilities. But clusters should not become islands without any connection between them. They have to be part of wider networks in order to guarantee consistency and effectiveness in capability development at the European level, in particular for solving capability shortfalls.

This raises the question of the relationship between member states and the EU in capability development.⁵⁶ In November 2014 EU Defence Ministers approved the Policy Framework for Systematic and Long-Term Defence Cooperation. It is a step forward, in particular as it connects defence cooperation to using incentives which are on offer in the European context (see below). This carrot might work better than the stick, which has been pretty soft due to the repeated caveat that member states will cooperate 'on a voluntary basis'. The past has shown that too many member states are not cooperative. For example, they do not share required information to increase defence cooperation. The European Defence Agency's Collaborative Data Base (CoDaBa), launched in 2007, had the aim of comparing the defence and procurement plans of the member states in order to identify matches for cooperation. It produced very few collaborations. In May 2014 the Agency activated CoDaBa 2.0, a revitalised version which also took into account open sources material. That new element alone testifies to the reluctant behaviour of member states with regard to inserting all relevant plans in the data base. Hopefully, CoDaBa 2.0 will be more successful than its predecessor, but it seems that the data base is still considered too much as a technical tool at the expert level. Without high-level political involvement multinational projects have little chance of succeeding. Bottom-up work by experts has to be linked to top-down political steering. When the two meet and serve the same purpose bureaucratic resistance in capitals can be broken and national industrial interests can be properly addressed. Clearly, it will be

52 Margriet Drent, Kees Homan, Dick Zandee, *Bold Steps in Multinational Cooperation – Taking European Defence Forward*, Clingendael Report, May 2013.

53 Dick Zandee, *European defence: about neighbours and distant friends*, 24 March 2015, <http://www.europeangeostrategy.org/2015/03/european-defence-neighbours>.

54 Nordic Defence Cooperation: the framework for defence cooperation of the Scandinavian countries (Denmark, Finland, Iceland, Norway and Sweden).

55 Czech Republic, Hungary, Poland and Slovakia.

56 It raises the same question for the relationship between member states and NATO, but that subject is not part of this study.

easier to realise common solutions when cooperating with a few countries than at the level of 28. So, clusters should show their bigger brothers, the EU and NATO, how to do it. The first step should be to compare existing long-term defence plans to identify matches which can be further explored for investigating the potential for cooperation. Germany and the Netherlands are already doing this. They have systematically checked collaboration opportunities by comparing their long-term defence plans. This has resulted in the identification of the most promising ones where the capability needs and timelines of both defence plans show enough overlap to allow for a common effort. The same procedure is followed in the Benelux defence cooperation, though the prospects for combining investment have diminished as the current Belgian government has further cut the defence budget.

Comparing long-term defence plans to identify matches is a first step. The next phase should be to involve cluster partners in the process of elaborating future editions of the long-term defence plan. Such early involvement is a prerequisite for combining defence planning resulting in common programmes from the start.⁵⁷ To be clear: this will not produce a fully-fledged common defence plan within a cluster, which is neither required nor feasible. Cluster partners might still have capability programmes based on purely national requirements (e.g. in support of law enforcement) or for which simply no potential for cooperation exists. For example, there is no scope for maritime cooperation between Poland and the other three land-locked Visegrad partners. Rather than a common defence plan clusters will have common long-term defence programmes for which the working method is common planning. EDA should be involved. The Agency's role would be to check the common cluster programmes against any other long-term programmes in the CoDaBa. If matches were to be found, cluster partners could then consider taking other countries on board. Newcomers would have to join subject to the conditions already set by the originators of the programme.

While long-term defence planning remains the primary responsibility of the member states, the EU offers huge potential for implementing common programmes:

- First, EDA now offers the attractive financial incentive of a VAT exemption for collaborative projects under its umbrella. This financial tool is used for several existing programmes, such as for EDA's EU satellite communications market pooled procurement.⁵⁸ In the past, the initiative for common programmes often originated from the corridors in the EDA building. Now, member states themselves should check for each pooled procurement if and how it can be brought under the Agency's roof in order to profit from a VAT exemption.
- Second, EU funding should be used more proactively. Under a successful pilot call launched in 2013 a Portuguese consortium was granted access to financial support by European Structural and Investment Funds (ESIF) for technology research related to sustainable and long-term presence in the deep ocean (the 'Turtle' project). ESIF financed 60% of the € 1.3 million project budget. This is little money but the potential is huge. The European Regional Development Fund amounts to € 200 billion in the timeframe

57 Also see: Margriet Drent, Dick Zandee, Lo Casteleijn, *Defence Cooperation in Clusters – Identifying the Next Steps*, Clingendael Report, October 2014.

58 EDA buys commercial satellite communications for use by the armed forces of the participating nations. Eleven countries are members of the pooled procurement programme: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Poland, Romania and the United Kingdom. See: *Austria joins EU Satcom Market*, EDA News, 27 November 2014.

2014-2020. In February 2015 EDA launched a new Request for Projects on dual-use technologies which could be funded by ESIF. It offers new opportunities for collaborative R&T programmes which can help Ministries of Defence with shrinking research budgets – minus 20% in the last few years – to generate alternative funding channels.⁵⁹

- Third, member states should consider making use of loans from the European Investment Bank (EIB). Why should defence be excluded from EIB loans while they are used by other sectors such as energy or transport? Defence is a public good, which has the important task to ensure peace and security – the prerequisite for all other governmental and commercial actors to conduct their activities in the best conditions. EDA has started discussions with the EIB to explore the potential thereof. Member states should soon be involved in identifying which programmes would be best suited for EIB financing.
- Fourth, the existing potential of using the EU's Horizon 2020 research programme for dual-use technology research should be fully explored. For security-related research Horizon 2020 has a budget of € 1.7 billion.⁶⁰ The successful R&T programme on CBRN⁶¹ protection – coordinated between EDA and the European Commission – should be followed up by other programmes under the so-called European Framework Cooperation for Security and Defence Research. Furthermore, the Preparatory Action for CSDP research – under which the European Commission will co-fund the defence research of member states – should be speeded up in order to turn it, as soon as possible, into a structural programme coordinated with defence research departments under the umbrella of EDA. The results of the pilot project for CSDP research with a € 1 million budget, adopted by the European Parliament in October 2014, should feed into this process.⁶²
- Fifth, the scope for civil-military synergies in using capabilities is substantial and has to be used for the benefit of defence. The dual use of space-based capacities like the global satellite navigation system Galileo and the earth observation services under the Kopernicus GMES⁶³ programme is possible. No consensus in the CSDP world is required to use these systems for military applications. France will make use of these EU assets for its armed forces. Other EU member states can do the same to meet their (operational) requirements. For the insertion of RPAS, the EDA and the Commission are already cooperating to combine military and civilian requirements. Further down the road, the pooling & sharing of the vehicles themselves could become a reality in case the Union and its executive arms – like the border control agency Frontex – would start to use RPAS. In the maritime security area a first test of civil-military data exchange for maritime surveillance will take place in 2015 under the umbrella of the European Commission's CISE programme.⁶⁴ If successful, an integrated EU maritime security information exchange network should be established as soon as possible.

59 *New funding opportunity for dual-use research*, EDA News, Brussels, 16 February 2015.

60 Horizon 2020 has a total budget of approximately € 93 billion. Security-related research falls under the programme's section "Europe in a changing world – Inclusive, innovative and reflective societies".

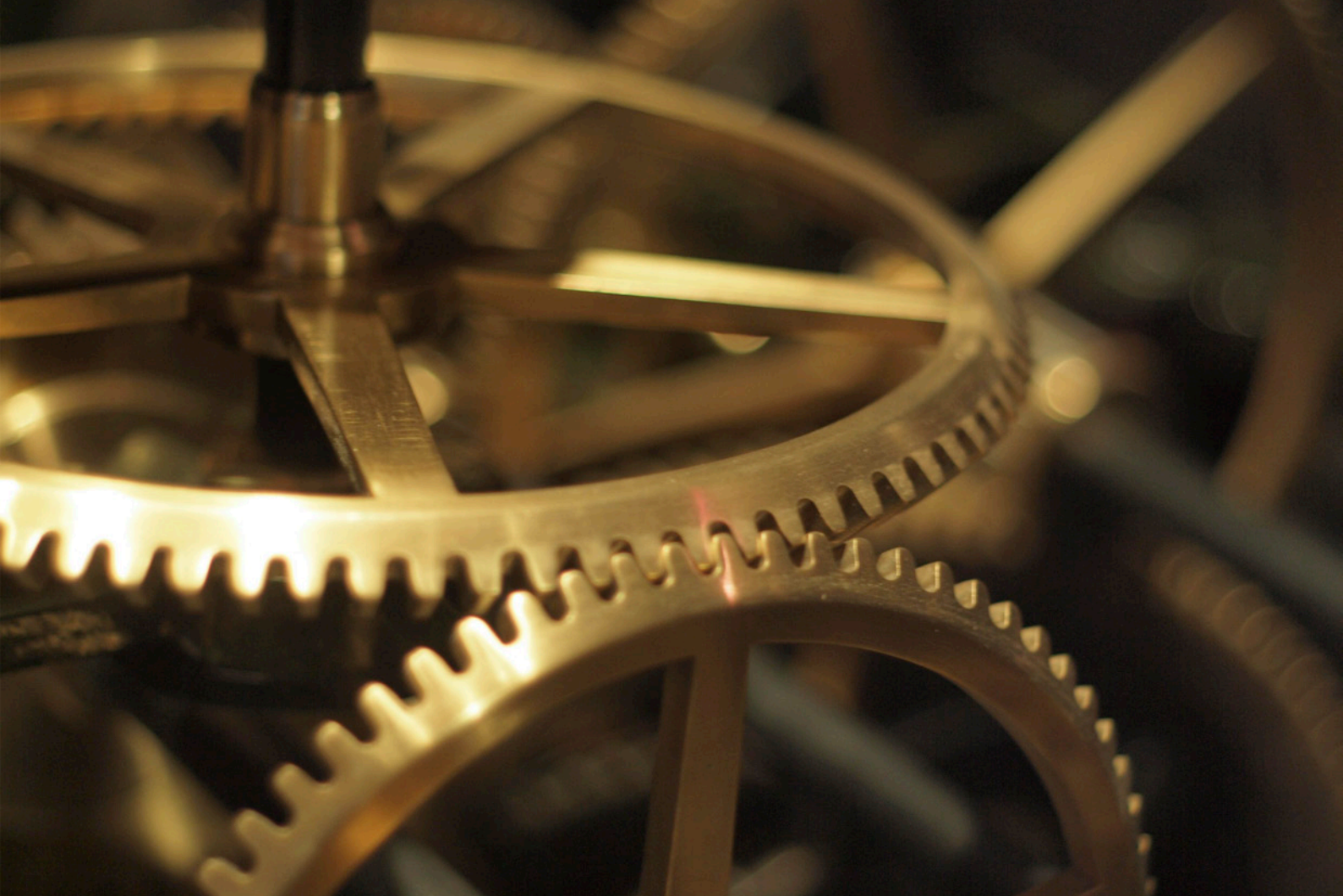
61 Chemical, Biological, Radiological, Nuclear.

62 This was an amendment by the European Parliament to the European Union budget in 2015. The EP wanted to signal that the Preparatory Action should be speeded up.

63 Global Monitoring for Environment and Security.

64 Common Information Sharing Environment.

In capability development, the EU/EDA suffers too much from a few member states opposing European defence cooperation. One answer of the 'willing' countries is to focus their efforts on clusters of like-minded partners. But at the same time it will always be necessary to increase cooperation at the higher level, taking into account collective requirements and the need to standardise capacities in areas like communications, intelligence and for other enablers. The EU can no longer afford to follow the lowest common denominator among all member states. The pace is too slow. If the few countries opposing progress remain 'unwilling', then those who are 'willing' to move forward should proceed on their own. This does not require new rules or institutions, but rather a readiness to use the already existing potential in EDA for à la carte cooperation and variable geometry.



5 Defence industry

5.1 Tasking of the European Council 2013

Tasking of the European Council 2013 on the Defence Industrial Base

ISSUE	OBJECTIVES & TASKING
R&T, dual use technologies and capabilities (ECC § 18; CC § 24, 35 & 36)	<ol style="list-style-type: none"> 1. CION to maximise cross-fertilisation between defence (EDA programmes) and civil research programmes 2. CC: CION, EDA, EEAS to examine modalities for dual-use capabilities (starting with pilot cases) 3. Concrete actions to exploit potential for synergies between civil & defence research, incl. proposals for topics for Preparatory Action on CSDP-related research. <ol style="list-style-type: none"> 3.1 CC: CION & EDA to work (with MS, industry and research institutions) on setting up an EU framework for mutual use of civilian & military research results for dual-use applications. 3.2 ECC: CION & EDA to work with MS to develop proposals to stimulate dual-use research. 3.3 ECC: Set up Preparatory Action on CSDP-related research



<p>PROGRESS</p> <p>Although comprehensive (civil-military) capability development has not yet taken off, progress is being made in certain projects. The European Commission and the European Space Agency are coordinating dual-use technology investment for RPAS airspace and are also working together in other areas to allow for RPAS to fly in non-segregated airspace together with commercial civil air traffic.</p> <p>EDA, the European Commission and the European Space Agency continue to coordinate military and civil R&T programmes under the European Framework Cooperation for Security and Defence Research. However, no new programmes have been launched. EDA has expressed concerns about the cuts in member states' defence research budgets.²⁹</p> <p>In 2013 an initiative was launched by the EDA on the European Structural and Investment Funds to support dual-use research and innovation projects. In 2014 a Portuguese pilot case attracted a positive decision to be co-funded by 60% of the total budget of € 1.3 million. EDA also delivered a methodology in support of industry on how to access European Structural and Investment Funds.³⁰</p> <p>The Commission has started to identify a number of innovation fields and applications to which cross-cutting key enabling technologies (KETs) contribute, including a range of civil sectors that are of high interest to the defence and security industries. The Commission is consulting the High Level Group on KETs which was due to report by the end of 2014, but no report has yet been published.³¹</p> <p>The Commission is exploring the best way to establish the Preparatory Action (PA) on CSDP-related research. The PA would be outside Horizon 2020, run for a maximum of 3 years and probably have a budget of € 30-40 million. The aim is to start the PA in 2017. The end objective is to use the PA experience to incorporate CSDP-related research in the successor programme to Horizon 2020, starting in 2021.³² To push the PA forward the European Parliament has made € 1 million available for a research pilot project on a structural programme for CSDP research. ³³</p> <p>On 30 March 2015 the Commissioner for Market, Industry, Entrepreneurship and SMEs, Elżbieta Bieńkowska, chaired the first meeting of the high-level group of eminent personalities responsible for identifying priorities and reflecting on practical arrangements (rules of participation and intellectual property/dissemination of results) for the CSDP related PA.³⁴</p>	
<p>European DTIB (ECC § 16; CC §30)</p>	<ol style="list-style-type: none"> 1. ECC: further develop the necessary skills identified as essential to the future of the European defence industry 2. CC: identify and further develop concrete measures in support of the EDTIB, including in order to ensure its development across Europe. 3. ECC: Develop a roadmap for the implementation of COIN Communication on security and defence
<p>PROGRESS</p> <p>In June 2014 the Commission developed a roadmap for implementing the proposals of the Commission in the field of security and defence.³⁵ For strengthening the EDTIB it contains action points on: standardisation and certification; access to raw materials; SMEs, clusters & regions; and skills. For progress, see the dedicated paragraphs below.</p> <p>EDA has submitted an analysis of the key trends of the European Defence Technological and Industrial Base (EDTIB). EDA also launched work on the notion of balance in the EDTIB looking first at the specifics of the Central and Eastern European defence industries. EDA also started working on key defence skills and competences to identify essential skills for the future EDTIB, highlighting existing and future gaps.³⁶</p> <p>Concrete measures include already existing programmes such as Sector Skills Alliances and Knowledge Alliances and through the establishment of the European Structural and Investment Funds.</p>	



65 'Preparing the future: European research at a crossroads, *European Defence Matters*, magazine of the European Defence Agency, 2015 Issue 07, p. 11.

66 Annual Report 2014, EDA, p. 13.

67 *A New Deal for European Defence – Implementation Roadmap for Communication* (see footnote 29).

68 'Preparing the future: European research at a crossroads, *European Defence Matters*, magazine of the European Defence Agency, 2015 Issue 07, p. 11.

69 This was an amendment by the European Parliament to the European Union budget for 2015. The EP wanted to signal that the Preparatory Action should be speeded up.

70 'First meeting of high level group to pave way for future preparatory on CSDP-related research', *European Diplomacy & Defense*, No. 782.

71 *A New Deal for European Defence – Implementation Roadmap for Communication* (see footnote 29)

72 EDA Annual Report 2014, p. 17.

<p>European Defence Equipment Market (ECC § 17; CC § 31)</p>	<ol style="list-style-type: none"> 1. ECC & CC: ensure full and correct implementation of the two directives on procurement and transfers, inter alia with a view to opening up the market for subcontractors from all over Europe 2. CC: monitor the impact of the two directives on EDTIB and on cooperation in Europe
<p>PROGRESS The Commission continues the monitoring of Procurement Directive 2009/81 in order to prepare an implementation report to be sent to the European Parliament and the Council by August 2016. Two guidance notes have been announced for clarifications on exclusions: on government-to-government sales by early 2015 (published April 2015) and on procurement via international arrangements and organisations by the end of 2015. The Commission continues to aim for the rapid phasing out of offsets. No concrete measures have been announced. For directive 2009/43 (defence transfers), see “Security of Supply”.</p>	
<p>SMEs (ECC § 20; CC §32)</p>	<p>ECC: promote the greater access of SMEs to defence and security markets by using the possibilities that EU law offers, by investigating possibilities for additional measures to open up supply chains to SMEs from all member states, by supporting regional networks of SMEs and clusters, and by encouraging the strong involvement of SMEs in future EU funding. CC: investigate possibilities for additional measures to stimulate European SMEs’ participation in the supply chain. Promote greater access of SMEs to security and defence markets as well as R&T. Ensure full implementation of CION SMEs instruments.</p>
<p>PROGRESS The European Commission has set out a number of actions for defence-related SMEs in its June 2014 roadmap. These include the use of existing EU programmes and tools designed to support the process of (regional) clustering, such as the Competitiveness of Enterprises and SMEs (COSME) programme and the European Structural and Investment Funds (ESIF). The Commission also announced several actions to promote awareness and to assist SMEs in market access and using EU funds. In 2014 the Commission released a guidebook on the Internationalisation of SMEs, clarifying the possibility of using ESIF in supporting dual-use projects. The establishment of the ad hoc Advisory Group with member states and industry to identify options for promoting cross-border supply chains has taken a long time – thus delaying the preparation of initiatives on how to improve market access for SMEs.</p>	
<p>Security of supply (ECC § 21; CC §33)</p>	<ol style="list-style-type: none"> 1. ECC: CION to develop, with member states and in cooperation with HR and EDA, a roadmap for comprehensive EU-wide security of supply regime 2. CC: CION with EDA to continue their efforts to enhance and broaden arrangements on Security of Supply at European level. MS to implement the provisions of the EDA enhanced Framework Arrangement on Security of Supply
<p>PROGRESS To facilitate increased security of supply for the benefit of cross-border contracting and pooling & sharing among member states, EDA is supporting and monitoring the implementation of the Framework Arrangement for Security of Supply. A Code of Conduct on Prioritisation was established in 2014 to involve industry. Further potential actions related to security of supply have been identified as a basis for contributing to the Commission-led roadmap for a comprehensive EU-wide security of supply regime.⁷³ The roadmap has not yet been presented by the Commission. Directive 2009/43 introduced a licensing system to facilitate the movement of defence products within the internal market. In January 2014, the Commission launched a study on how to promote the uptake of the Directive’s main instruments (general licences and certification of defence firms), amongst national authorities and industry. The Commission is deploying activities in order to improve the functioning of the Directive; as a first step it extended the scope of the Certider database (Register of Certified Defence-related Enterprises) to enable member states to better inform stakeholders on the certified enterprises and general licences issued.⁷⁴ A comprehensive evaluation of the use of the Directive will be launched in 2015 in view of an implementation report to be sent to the European Parliament and the Council by June 2016. The Commission will issue a Green Paper on the possible shortfalls of the current system for the control of industrial and technological assets and explore options for EU-wide action. The target for adopting the Green Paper was the end of 2014. The Green Paper has still not been published.</p>	



73 EDA Annual Report 2014, p. 17.

74 *A New Deal for European Defence – Implementation Roadmap for Communication* (see footnote 27).



Standards & certification (ECC § 19; CC § 34)	ECC & CC: (i) develop a roadmap for defence industrial standards by mid-2014 without duplicating existing standards, in particular NATO standards; (ii) produce options for the mutual recognition of military certification within the EU and report to the Council by mid-2014
<p>PROGRESS A roadmap for the development of defence standards was noted by the Council in July 2014. NATO standards (STANAGs) will be used to the maximum extent possible. A new process for the development of European security and defence standards was initiated by EDA and was approved by the Council in November 2014 and by the Commission in January 2015.⁷⁵ With regard to certification EDA is focusing on RPAS certification, where the harmonisation of rules and regulations has the greatest potential for synergy in the short and longer term. In this context an Airworthiness Regulatory Framework Working Group for Military RPAS has been established by EDA together with member states. Standardisation is fostered through harmonisation efforts between Member States' military airworthiness authorities (MAWA) and the MAWA Forum within EDA.⁷⁶</p>	

5.2 Evaluation of the progress

Has the defence industry been strengthened since the end of 2013?⁷⁷ It seems to be more wishful thinking than reality. The portfolio of orders is light as defence spending remains at low(est) levels in many EU member states, leaving too little room for investment. The agenda of the European Commission is full of initiatives and pretentious titles⁷⁸, but with little impact so far. Naturally, the long period of low activity at Berlaymont between the departing and arriving European Commission in 2014 explains the delay. However, many of the initiatives – already blessed by the European Council in December 2013 – were neither completely new nor revolutionary in their character. The slow progress must also be explained by factors like internal bureaucracy and turf battles within the Commission and an unwillingness by certain member states to fully implement the roadmap. A closer look at a few particular areas – the defence equipment market, including the cross-border access of SMEs, and technology research – will underscore the conclusion on slow progress.

On the defence equipment market the Commission continues to pursue its monitoring of the Procurement Directive 2009/81 and seeking clarifications on the exceptions (government-to-government sales; international arrangements and organisations). On the latter, delay is the word of action. Furthermore, the Commission continues to argue – on the basis of legal arguments – that offsets have to be rapidly phased out. In reality this is not happening as member states using offsets are invoking national security interests (under art. 346) to exempt compensation orders or industrial participation – new titles for old practices – from common market rules. It remains unclear how the Commission will proceed on this issue other than recognising that non-discriminatory measures to facilitate cross-border market access for SMEs are required. Unfortunately, so far little or no progress has been made with regard to these measures. The establishment of the related ad hoc Advisory Group with member states and industry has taken longer than expected. The publication of a guidebook to help SMEs to use EU funds is a rather poor result. As a result, the imbalance between countries with nationally protected large platform producing defence firms (Original Equipment Manufacturers – OEMs) and smaller countries with primarily supply chain SMEs continues to exist. These supply chain subcontractors are dependent

75 EDA Annual Report 2014, p. 14.

76 EDA Annual Report 2014, p. 13-14.

77 Both the November 2013 Council Conclusions and the December 2013 European Council Conclusions use this wording as the title of the defence industry section.

78 Both the July 2013 Communication and the implementation roadmap of June 2014 bear the title “A New Deal for European Defence”.

on cross-border competition which in reality does not exist as OEMs continue to contract supply chain companies within the national territory of their location. A level playing field remains a dream and the Commission should perhaps rethink its legally-based approach of applying common market rules to the defence sector which might never be realised as this sector is fundamentally different. The Directorate-General (DG) for Enterprises and Industry has not been able to overrule the lawyers and the open market proponents elsewhere in the Commission. Hopefully, this will change as the new Commissioner Elżbieta Bieńkowska is responsible for Market, Industry, Entrepreneurship and SMEs – all in one DG. It might lead to a more active use of incentives like dedicated funds (COSME, ESIF⁷⁹) to support SMEs in the defence sector.

In the technology area the Commission's announcement of a Preparatory Action (PA) for using the Union budget for CSDP-related research was considered as a breakthrough in 2013. The implementation of the PA, however, has progressed at a slow pace. The European Parliament's October 2014 decision to go ahead with a symbolic € 1 million euro donation from its own budget can be regarded as more than a provocation. Nevertheless, the Commission proceeds on the basis of its own time-schedule, which foresees the launching of the Preparatory Action in 2017, lasting for three years in order to potentially incorporate EU-funded CSDP research in the successor to the Horizon 2020 research programme starting in 2021. From the bureaucratic and legal point of view this long road to broader investment in CSDP-related research – excluded from Horizon 2020 – might be understandable. But the slow pace stands in great contrast to the urgency and political pressure to increase technology research in an important under-funded area which is deemed as crucial for the future of European defence. Member states equally bear guilt. Despite repeated calls to invest more and more together in defence, R&T-dedicated budgets have been reduced by about 20% over the last few years. Collaborative R&T investment, for which the EDA Ministerial Steering Board decided in 2007 that it should be 20% of all defence R&T expenditure, diminished from a peak of 18.2% in 2008 to 9.7% in 2013.⁸⁰

5.3 The way ahead

Strengthening the European Defence Technological and Industrial Base (EDTIB) is an integral part of the European Council's agenda on defence. The changing security environment should be a sign to step up efforts for making the EDTIB "more integrated, innovative and competitive" as defined in the December 2013 European Council Conclusions. If the EU wants to act as a global player it will need strategic autonomy. There will be no such autonomy without an industrial base able to produce key capacities and assuring security of supply. In that sense "European military operational capability and defence industrial know-how are (...) intrinsically linked."⁸¹ In reality, the European defence industry is at crossroads. It is currently surviving against the backdrop of a shrinking home market by increasing exports to non-European customers and by shifting production to dual-use goods. However, if traditional customers - the Ministries of Defence - will continue to reduce their investment in technology research and development for military application, Europe will increasingly

79 COSME = Competitiveness of Enterprises and Small and Medium-sized Enterprises with a budget of € 2.3 billion in the timeframe 2014-2020; ESIF = European Structural and Investment Funds.

80 EDA Defence Data 2013.

81 Paper by the AeroSpace and Defence Industries Association of Europe, *European Diplomacy & Defence*, No. 773, 23-2-2015.

become dependent on outside providers with no security of supply. Strategic autonomy will become a hollow phrase.

The three main actors involved are: governments as customers; the European Commission as the regulator; and defence industry as the producer. Currently, they speak with different voices, defending primarily their own interests, rather than singing in harmony for a common European interest. So, the first requirement for the three actors is to agree on a strategic approach for survival and strengthening the EDTIB. All actors, including the European Commission, would have to recognise the specifics of the defence market – thus depicting reality rather than treating it like any other segment of the open market. The defence industry is different because governments are the only customers. The procurement of military equipment cannot be treated in the same way as buying cars or refrigerators. The European Commission, with little or no experience in military affairs within its ranks, should acknowledge that particular rules will have to apply to the defence industry. On the other hand, governments cannot continue to protect defence companies located on their national soil by preferential treatment as the only supplier of equipment for their own armed forces. By increasing multinational cooperation and harmonising demand governments can stimulate cross-border competition. European industry itself has to be reformed not just within but across national borders. In particular larger defence firms in the bigger countries are not opening up their supply chains for second and third tier companies in other European countries. In combination with the Commission's efforts to abolish offsets this creates a dark environment for small and medium-sized companies in the defence sector. Their existence is often dependent on compensation orders when their governments buy equipment elsewhere. Various solutions should be considered:

- Firstly, EU financial incentives could stimulate cross-border supply by rewarding large companies; they could also stimulate SMEs to be more active in seeking orders outside their traditional national environment.
- Secondly, the regional clustering of supply chain companies could be stimulated with the help of the European Commission, governments and national industrial associations. Such regional industrial clusters could be connected to defence cooperation clusters, in which the military are already intensifying their cooperation.
- Thirdly, the European Commission should start thinking about a regulatory framework in support of increased cross-border cooperation and industrial consolidation. The existing Defence Procurement Directive 2009/81 has not created a level playing field. Based on the assessment of its implementation (in 2016) a new Directive should be drafted which further reduces the scope for invoking article 346 (national security reasons) and defines a set of incentives to reward cross-border competition.

Industry itself has no other option than to aim for consolidation. The greatest advance has been made in the aerospace sector, although under the roof of a European-level company like the Airbus Space & Defence Group⁸² national pillars often continue to exist. The past development of MALE-UAS⁸³ by the German and French sections of the company in parallel serves as an example. Unmanned systems is a growth market and the European defence

82 Part of the Airbus Group, formerly known as European Aeronautic Defence & Space Company (EADS).

83 Medium-Altitude Long-Endurance Unmanned Aerial Systems.

industry still has the opportunity to get it right, that is to agree on the production of one type of European next generation MALE-UAS instead of two or three. Governments should steer the process and all relevant industries should bring their activities together and agree on work shares for a common product.⁸⁴ This is in essence what European Heads of State and Government asked for in December 2013. In the naval and land systems sector the defence industry has a longer way to travel towards the destiny of consolidation and mergers. Here, cooperation should start at lower levels, i.e. between a small number of companies. The French and German naval shipyards have started to cooperate. Nexter, the armoured vehicles construction company in France, and its counterpart in Germany, Kraus Maffei Wegmann (KMW), have agreed to form an alliance.⁸⁵ Although establishing a joint holding company is an easier step than producing the same armoured vehicles for the French and German armies, it is a first step in that direction. According to KMW's Chief Executive Officer "(...) there is a need for more cooperation in the European defence industry. In return this could lead to a standardization of equipment of the different armed forces. As a consequence, procurement costs would decline."⁸⁶ The Polish Defence Holding, the successor to the former Bumar, is setting up links with BAe Systems. The Dutch Damen Schelde Naval Shipyard and the Swedish Saab/Kockum have agreed on a collaboration for the next generation of conventionally powered submarines.⁸⁷ These are first steps and they will be followed up if governments at the same time consolidate demand. The biggest support that Ministries of Defence can provide to real consolidation in the EDTIB is still to agree on common military requirements with close partner countries in order to procure the same equipment.

On research & technology (R&T) the clock is ticking in the wrong direction. Defence research budgets in member states have been dramatically reduced and the use of common EU funding is progressing at the usual slow bureaucratic rate. There is a clear need to review the Agency's role in R&T investment and to step up collaborative investment. At the same time the use of EU funding has to be explored on a faster track. The high-level defence research group, recently established by Commissioner Bie kowska, should play an important role by proposing concrete measures in the field of research for the benefit of civil and military customers as well as to maintain civil and defence industrial technology. The report is due by March 2016. Its recommendations should be discussed at the level of the European Council soon afterwards. By placing defence R&T investment in the broader context of maintaining European capacities, there is still a good possibility of safeguarding EU autonomy in technological and industrial capacities.

84 On 19 May 2014 Airbus, Alenia Aermacchi and Dassault Aviation announced that they had signed an agreement to cooperate on the 'MALE2020' project, including a deal on the workshares for the programme. See: 'European MALE2020 effort launched', *Jane's Defence Weekly*, 28 May 2014, p.6.

85 *Krauss-Maffei Wegmann and Nexter Systems plan alliance*, Press Release Nexter Group, 1 July 2014.

86 *Interview: Frank Haun, CEO of Krauss-Maffei Wegmann*, www.defensenews.com, 9 September 2014.

87 *Saab and Damen Team for Walrus Future Submarine Replacement Programme*, Press Release by Damen Shipyards Group, 20-1-2015.

6 Conclusions and recommendations

European Security Strategy

- The drafting of a new strategy document provides a good opportunity to create a larger group of stakeholders contributing to the transparency and visibility of the EU's external policies. Such a larger group of stakeholders would comprise of think tanks, NGOs, universities, but also policy-makers and parliamentarians from member states. In addition, the involvement of partner organisations (NATO, OSCE, UN, etc.) and partner countries should be organised.
- An interesting model from which the EU could draw inspiration is the 'Review 2014 – A Fresh Look at Foreign Policy' by the German Ministry of Foreign Affairs. It involved many partner organisations, (inter)national experts, events and an opinion poll about the attitudes of the German public towards foreign policy.
- Drafting an integrated security and foreign policy strategy should remain an aspiration. For now, it is wiser to focus on a strategy that sets out the priorities for external policies, while clearly highlighting the necessity to involve the linkages between internal and external security policies and instruments.
- A strategy should be forward-looking regarding the next ten years and should prioritize among threats, interests and tie them to the partners, instruments and capabilities needed for influencing outcomes
- A strategy should articulate how the European Union can maximise its influence and help shape global affairs according to its preferences. It is most of all important that the EU goes beyond the reactive and tactical approaches towards a strategic mindset and a modus of actively shaping global affairs.
- A new foreign policy strategy should also include the options for flexibility in decision-making in foreign and security policies. The Lisbon Treaty provides various articles that will make this possible (Art. 20 and 44 TEU; Art. 329 TFEU).
- Although it is clear that the European Union has global interests, values of global relevance and objectives that reflect these, a prioritisation of interests, values and objectives is necessary. The EU should lead the way in tackling the threats originating in the immediate neighbourhood: if the EU cannot be decisive here, it will lose all claim to a global role.
- The world has become multipolar at such a pace that it is in the EU's interest that also a multipolar world order remains a well-governed, rule-based one. The United States should be the main partner in further shaping and improving multilateral governance, which includes the BRICS as responsible stakeholders.

CSDP

- The June 2015 European Council provides a good opportunity to start revitalising CSDP away from reactive, technical and small missions to basically two main tasks:
1) safeguarding the security of the EU itself by contributing to the direct security of EU territory and 2) enhancing CSDP's ability to contribute meaningfully to the management of crises, first and foremost in its own neighbourhood to the East and South, by prioritising and concentrating CSDP's involvement in those crises and regions of direct security concern to the EU and its member states.
- Using CSDP as a more strategic instrument of the EU's foreign policy means that missions and operations should be prioritised according to the EU's most pressing security interests, which in practice entails a clear link to the internal security interests of the EU and its Member States.
- The deliverables on the comprehensive approach at the European Council should go beyond reports and action plans. Make sure that there are concrete deliverables by overcoming the separation between the Commission and the European External Action Service to make a Shared Services Centre possible and resolve the legal issues to make a 'Train and Equip' instrument available to CSDP missions.
- The way ahead is a CSDP that is a robust back-up to an ambitious and comprehensive foreign policy of the European Union.
- A more strategic use of CSDP also means that a clear security and defence dimension should be added to the European Neighbourhood Policy, in particular to the programmes of the Eastern Partnership countries. Particularly in Ukraine, Moldova and Georgia programmes should focus on an overhaul of their security sectors.
- Of equal importance is the instability to the Southern flank of the EU, notably North Africa and the Sahel, which is posing a considerable threat to the EU member states' societies. CSDP should be activated in assisting Italy and Frontex in patrolling, deterring human traffickers and rescuing refugees. Work to enable the closer involvement of Frontex and Europol in CSDP missions should be taken up with more urgency.
- From a military and operational standpoint, the creation of a 'Military Planning and Conduct Capability' (MPCC) makes sense, particularly in crisis situations where a quick and robust response is demanded from the EU

Capabilities

- Deeper defence cooperation, including the integration of forces, should primarily be carried out in clusters of bilateral or regional partners. Trust, reliability and common interests are important prerequisites for successful defence cooperation and they exist more among close neighbours than between distant friends.

- Clusters should explore all the potential for deeper defence cooperation. After harvesting low-hanging fruit in areas like training and exercises clusters should focus on synchronising future investment in the same equipment. This requires common long-term defence planning in areas of overlapping needs.
- The European Defence Agency should be involved in cluster defence planning efforts in order to assess the connectivity to European shortfalls and to check in its Collaborative Data Base if other countries have comparable needs and might have an interest in joining other clusters' activities.
- The EU Policy Framework for Systematic and Long-Term Defence Cooperation falls short of its aim due to its non-binding character. To change this situation not a stick but carrots – primarily financial EU incentives – should be more actively offered and used by the member states.
- Five financial incentives should be used: (i) a VAT exemption by bringing the collaborative procurement of groups of member states under the EDA roof; (ii) European Structural and Investment Funds for dual-use research projects; (iii) loans from the European Investment Bank; (iv) maximising the use of Horizon 2020 security-related research funding (dual-use technologies) and speeding up the Preparatory Action for CSDP research in order to turn it into a broader programme as soon as possible ; (v) maximising civil-military synergies in capability development and the use of assets such as space-based systems, remotely piloted air systems and maritime surveillance data exchange.
- In order to break the deadlock of the few member states blocking real progress in CSDP those EU countries willing to progress further in European defence cooperation should proceed on their own, using the full potential in EDA for à la carte cooperation and variable geometry.

Defence industry

- National governments, the European Commission and the defence industry are pursuing their own agendas instead of acting together in Europe's interest which would benefit all three of them. A new strategic approach is needed which sets the three actors on the same path of strengthening the European Defence Technological and Industrial Base.
- The European Commission should recognise the specific aspects of the defence sector and, therefore, produce tailor-made regulations rather than considering the defence industry as just another object of fully applying open market rules.
- By increasing defence cooperation with partners – in particular through harmonising demand and buying the same equipment – capitals make the best contribution to increasing cross-border competition and the consolidation of the EDTIB.
- Small and medium-sized enterprises should get better access to supplying large defence companies through (i) EU financial incentives, (ii) regional clustering of SMEs and (iii) a new Directive further reducing the scope of article 346 and rewarding cross-border competition.

- The defence industry itself should continue its efforts to consolidate with a focus on industrial clusters which are either programme-driven, e.g. in the case of unmanned systems (MALE UAS), or connected to military-to-military cooperation in bilateral or regional clusters.
- A new leap forward is required in defence research and technology in order to step up collaborative investment. Using EU funding to the maximum extent should be part of this approach. The high-level defence research group should report to the European Council in order to address the future of defence research in the wider context of civil and military technological and industrial capacities.