

# The EU's Strategic Compass for security and defence

Squaring ambition with reality

Dick Zandee  
Adája Stoetman  
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Clingendael Report



**Clingendael**

Netherlands Institute of International Relations



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May 2021

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## May 2021

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# Executive Summary

The European Union (EU) is developing a Strategic Compass for security and defence, to be ready by March 2022. The first semester of 2021 is the phase of the 'strategic dialogue' with the member states and institutions of the EU, including the involvement of think tanks and other stakeholders. Commissioned by the Ministries of Defence and Foreign Affairs of the Netherlands, the Clingendael Institute delivers its contribution to the strategic dialogue on the Strategic Compass by focussing on defining more precisely the military level of ambition of the EU and what it implies for capability development and the relationship with NATO.

The EU faces a wider set of challenges and threats than ever before. In the global power rivalry between China, Russia and the United States, it is 'Europe' that runs the danger of becoming irrelevant and the object of great power actions rather than being a global actor. The arc of instability around Europe is unlikely to turn into an arc of stability. The challenges posed by state and non-state actors – the latter in particular in the southern neighbourhood – require the EU to respond to external conflicts and crises, to support partners to provide security for their own population and to protect the Union and its citizens – the three strategic priorities for the EU's Common Security and Defence Policy (CSDP) as defined five years ago in the Implementation Plan on Security and Defence. While the EU has made progress in many areas – trade policies, partnerships, civilian crisis management – its military tools have remained weak as a result of a lack of political will and the absence of adequate military means.

The Strategic Compass offers the opportunity to close the gap between 'too much rhetoric' and 'too little action' that have characterised the EU's security and defence efforts so far. In recent years, new instruments have been created to improve European defence cooperation – such as the Coordinated Annual Review on Defence (CARD), Permanent Structured Cooperation (PESCO) and the European Defence Fund (EDF) – but these are what they are: without strategic direction instruments tend to become bureaucratic tools rather than the rails on which the train travels to its destination. In the Strategic Compass the EU has to define more precisely its military level of ambition and what it implies for capability development and partnerships. In short, the report tries to answer two questions: (1) what should the EU be able to do, and (2) what is needed to get there? The relationship with NATO has to be taken into account in answering these key questions.

## What should the EU be able to do?

Parallel to the EU's Strategic Compass, the Alliance is developing its new Strategic Concept. It offers a unique opportunity to ensure complementarity and to end the useless discussion on 'either the EU or NATO' – mainly fuelled by political agendas instead of practical arguments. Both organisations are much needed and, thus, the question is how the EU-NATO strategic partnership should be further developed. As the member states deliver the military capabilities, there is only one conclusion to be made: capability development in the EU also serves NATO as 21 European countries are members of both organisations. The US will continue to demand that Europe takes more responsibility for its own security and delivers a larger part of the NATO burden. Thus, **the Strategic Compass should state** what Europe is able and willing to do, while at the same time indicating that, in terms of military capabilities, this **will contribute to a fairer NATO burden-sharing with the US**.

For the EU's military level of ambition, the reality of available capabilities has to be factored in. Serious shortfalls continue to exist and limit the scope of the EU's level of ambition with regard to the spectrum of operations – with shortcomings at the high end – as well as with regard to sustained deployment and geographical reach due to personnel and equipment shortages. Therefore, **ambition has to be squared with realism**. As capability development takes considerable time, the EU should make a distinction between the military level of ambition in the short term, from now to 2030, and the long term, that is beyond that year.

### Short term

The Helsinki Headline Goal is outdated and is not related to the new 360-degree threat environment that the EU is facing in the 2020s and beyond. The **broad range of crisis management operations** as defined in the Implementation Plan for Security and Defence of 2016 is still valid as the basis for 'what the EU should be able to do' in the near term. Military operations for strengthening resilience have to be included for ensuring stable access to the **global commons**, including the protection of sea lanes of communication (SLOC), air reconnaissance and space. The EU should **not establish a new quantitative Headline Goal** as military operations will require tailor-made force packages. Instead, **Strategic Operational Cases (SOCs)** could be developed, describing the most likely geographical environment, the characteristics of the opponent and its way of operating and what EU forces or actions would be needed in response. The EU Battlegroups, but also new force packages, such as the **proposed EU initial entry capability of around 5,000 military with all necessary enablers**, have to be incorporated in these SOC's.

For external operations the **geographical focus** should be on the **southern neighbourhood and the Indian Ocean**, with the possibility of demonstrating a

maritime presence in the Pacific. Although there can be no formal division of labour, the comparative advantage of the EU – the ability to use the whole civilian and military toolbox – argues for **the Union as the primary responsible organisation in crisis management, in particular in the southern neighbourhood**, while NATO remains responsible for collective defence.

**Resilience** has both an **internal** as well as an **external** dimension. Hence, the EU military level of ambition can no longer be limited to external operations that contribute to the resilience of neighbouring and partner countries. In contrast, the EU needs to actively engage in enhancing resilience among its member states. The Strategic Compass should **define** what the EU and its member states mean by **resilience** and its various elements. Article 42.7 (mutual defence clause) could be activated by an EU member state in case of armed attack, be it most likely consisting of cyberattacks or of other hybrid intrusion in member states' domestic situation. An EU Joint Cyber Unit could be established providing the coordination hub for national cyber centres. Military cyber security commands or organisations should be connected to this network. Intelligence-sharing is another area where the military can provide added value. The SOCs should also cover EU-coordinated military activities to **counter hybrid threats under Article 42.7** (mutual defence clause) as well as in the context of Article 222 (solidarity clause) for military support to civilian actors – the latter potentially to be used for example in the case of disasters. Based on the Covid-19 experience, **EU-coordinated military medical support for fighting pandemics** should be added as a new category to Article 222. The wide range of hybrid threats require a wide range of potential responses. As a first step, all available resources should be listed. Consequently, arrangements for EU-coordinated military assistance to member states could be developed. The **EU and NATO** have to discuss the **delineation of responsibility and military tasks with regard to hybrid threats**, in particular **cyberattacks**. An EU focus on civilian infrastructure while NATO concentrates on military infrastructure seems to be a logical division of labour. The existing Cyber Centre of Excellence in Tallinn (Estonia) could be transformed into a joint Cyber Centre of Excellence that provides the forum for strategic discussions, joint training and exercises.

### Long term

By 2030 and beyond the EU **must** be able to execute a **higher military level of ambition** which will require capability development at an equally ambitious level. While NATO remains responsible for collective defence, the EU needs to be able to conduct all external operations mentioned for the short term, but **across the full spectrum and in all domains**: all sorts of air assignments; land operations with all necessary combat capabilities; large-scale naval operations; defensive and offensive cyber operations; and the full use of space assets for global positioning (Galileo), observation (Copernicus) and secure Governmental Satellite Communications.

For external operations **the geographical scope should become worldwide**, not requiring a permanent EU military presence across the globe but the ability to operate in all domains in all areas of the world if needed.

Resilience might demand additional military action, depending on the further development of the security environment. Increased hybrid challenges will demand increased counter-hybrid responses. It might become necessary to move from EU coordination to an increased degree of **integration** of EU capabilities, in particular in areas like intelligence-sharing.

### What is needed to get there?

In order to speed up decision-making the following potential should be explored: connecting the use of **constructive abstention** to financial incentives (non-contribution to common costs); better use of **Article 44** by delegating the operational planning and force generation of military EU operations to a smaller group of member states; exploring the further use of the **Coordinated Maritime Presences concept**, also for operations in the **air domain**, starting with intelligence, surveillance and reconnaissance tasks.

It is important to keep in mind that there might be circumstances in which the EU will not be able to act due to the inability to decide what to do. In such cases, a **Coalition of the Willing**, operating outside the EU context, has to remain as the alternative format for action. In other cases NATO could still be the preferred option, in particular if the participation of the United States is deemed essential.

With the gradual increase of the EU's military level of ambition its military-strategic command & control structure has to be adapted: the **Military Planning and Conduct Capability (MPCC)** should be **enlarged to plan and conduct all EU military operations** which requires permanent manning instead of working with augmentees. In the **long term**, an **EU Civil-Military Headquarters** is needed in order to optimise the planning and conduct of the integrated approach. Such an EU Civ-Mil HQ would consist of **collocated** military and civilian command and control components.

The EU's capacity to respond more rapidly and more efficiently to sudden conflicts or crises will also be enhanced by **contingency planning, advance planning and scenario development**. The Strategic Operational Cases can be used for this purpose. The scenarios should encompass all sorts of operations, based on the short- and long-term military level of ambition. Contingency plans should regularly be adapted to the changing security environment. The EU should make use of contingency plans already developed by NATO to the extent possible and applicable. Furthermore, **EU live exercises** have to be organised in order to be better prepared for operations.



With regard to capability development, there is no need for new instruments, but rather a **full exploitation** of the existing tools: **CARD** should be further developed and member states should become 'area facilitators' in the capability focus areas; the commitments defined in **PESCO** should be raised and peer pressure has to be increased if member states do not fulfil them; and the **EDF** needs even stronger capability-based input, e.g., by creating an EU Governments-Industries Forum. Combining **CARD** and **PESCO** for their assessment and review roles has to be considered.

The EU and NATO should **further align the NATO Defence Planning Process (NDPP) and the EU capability development processes**. Although they remain different in their purpose and nature, there is additional scope for alignment, in particular **in the area of monitoring, assessing and reviewing** the performance of their common member states in fulfilling both NATO force goals and EU capability priorities.

**National implementation** of the EU instruments is key to end the fragmentation of the European defence landscape. Next to initiatives to increase EU awareness in the defence ministries and national armed forces, it is crucial to **integrate the EU capability priorities and related programmes and projects** with the **national defence and procurement planning processes** – and not to consider these as something 'additional'.

**Space, cyber and emerging & disruptive technologies (EDTs)** are all characterised by dual-use potential, with civilian and commercial customers often dominating demand and supply. For the military it is of the utmost importance to make **maximum use of existing EU dual-use capabilities** (Galileo, Copernicus, etc.) as well as to connect to civilian-driven **dual-use research and technology/development**. The Technology Roadmap of the European Commission, to be ready by October 2021, is an important tool for prioritising the selection of investment under EU programmes.

**Increased cross-border defence technological and industrial cooperation** is the other side of the coin to end intra-European defence fragmentation. Multinational programmes with a large number of member states and their defence industries involved should focus on enabling capabilities such as transport and communication assets. Smaller governments-industries combinations are required for combat equipment, but they should be based on a core consisting of France and Germany. The EDF is the best instrument to connect **Small and Medium-sized Enterprises** to larger defence industries across national borders.

A new area to look at is the **structuring of European forces**, which could build on ongoing national capability priorities, in particular concerning countries focussing on heavy land forces and those with an orientation towards more mobile, lighter forces and

broader naval capabilities. National capability profiles could be used as the basis for discussing new forms of **specialisation** by groups of European countries.

The ultimate factor for the success of the Strategic Compass is **sustained high-level political pressure**. The **European Council's involvement** in the Strategic Compass is not only required for its approval, but **regularly** during its implementation with **reviews** of the progress made and new direction to be given as required.

## The way ahead

This report also lists ten recommendations for the Dutch government for guiding its policy and actions in support of the further development of the Strategic Compass. They encompass possible input in the negotiations on the Compass such as arguing for a phased approach for the short- and the long-term in order to square ambition and realism. The Netherlands should deliver its fair share to European military operations and to the Military Planning and Conduct Capability when enlarged. At the national level further measures have to be taken, in particular with regard to integrating EU capability priorities and targets in the defence planning processes. Further scope for specialisation should be explored with Germany for heavy land forces and with France for quickly deployable intervention capabilities. High-level political pressure remains essential, also at the national level – requiring the sustained involvement of the whole government, Parliament and the Dutch society in the EU security and defence agendas. Furthermore, Dutch defence spending will have to be increased by the new government if the Netherlands wants to turn words into deeds on improving European security and defence.

# List of Acronyms

<b>ACO</b>	Allied Command Operations
<b>A2/AD</b>	Anti-Access/Aerial Denial
<b>CAOC</b>	Combined Air Command Centre
<b>CARD</b>	Coordinated Annual Review on Defence
<b>CDP</b>	Capability Development Plan
<b>CERT</b>	Computer Emergency Response Team
<b>CMP</b>	Coordinated Maritime Presence
<b>CoE</b>	Centre of Excellence
<b>CoW</b>	Coalitions of the Willing
<b>CPCC</b>	Civilian Planning and Conduct Capability
<b>CROC</b>	Crisis Response Operation Core
<b>CRTT</b>	Cyber Rapid Response Teams and Mutual Assistance in Cyber Security
<b>CSDP</b>	Common Security and Defence Policy
<b>EADRCC</b>	Euro-Atlantic Disaster Response Coordination Centre
<b>EDA</b>	European Defence Agency
<b>EDF</b>	European Defence Fund
<b>EDT</b>	Emerging and Disruptive Technologies
<b>EEAS</b>	European External Action Service
<b>EI2</b>	European Intervention Initiative
<b>EPF</b>	European Peace Facility
<b>ERCC</b>	Emergency Response Coordination Centre
<b>EU</b>	European Union
<b>EUCSS</b>	European Union Cyber Security Strategy
<b>EUFOR</b>	European Union Force
<b>EUGS</b>	European Union Global Strategy
<b>EUMS</b>	European Union Military Staff
<b>FCAS</b>	Future Air Combat Systems
<b>GNI</b>	Gross National Income
<b>GovSatCom</b>	Governmental Satellite Communications
<b>GPS</b>	Global Positioning System
<b>HQ</b>	Headquarters
<b>IFOR</b>	Implementation Force
<b>IMC</b>	International Military Cooperation
<b>IPSD</b>	Implementation Plan on Security and Defence
<b>ISR</b>	Intelligence, Surveillance and Reconnaissance
<b>JSCC</b>	Joint Support Coordination Cell
<b>MED</b>	Mediterranean
<b>MGCS</b>	Main Ground Combat Systems

<b>MM</b>	Military Mobility
<b>MOC</b>	Military Operations Centre
<b>MPCC</b>	Military Planning and Conduct Capability
<b>NATO</b>	North Atlantic Treaty Organization
<b>NDPP</b>	NATO Defence Planning Process
<b>NPI</b>	National Implementation Plan
<b>OHQ/FHQ</b>	Operations Headquarters/Force Headquarters
<b>OSCE</b>	Organization for Security and Co-operation in Europe
<b>PESCO</b>	Permanent Structured Cooperation
<b>PRS</b>	Public Regulated Signal
<b>QMV</b>	Qualified Majority Voting
<b>R&amp;T</b>	Research & Technology
<b>SHAPE</b>	Supreme Headquarters Allied Powers Europe
<b>SLOC</b>	Sea Lanes of Communication
<b>SME</b>	Small and Medium-sized Enterprises
<b>SOC</b>	Strategic Operational Cases
<b>TEU</b>	Treaty on the European Union
<b>TFEU</b>	Treaty on the Functioning of the European Union
<b>UAS</b>	Unmanned Aircraft System
<b>UN</b>	United Nations
<b>UPCM</b>	Union Civil Protection Mechanism
<b>US</b>	United States

# 1 Introduction

*If one has no compass, when one doesn't know where one stands and where one wants to go, one can deduce that one has no leadership or interest in shaping events.*  
(Helmut Kohl, German Chancellor 1982-1998)

Today, we travel to destinations by using GPS devices, but in the distant past one needed a compass to point in the right direction. The EU's Strategic Compass has a wider purpose: besides pointing in the right direction it also has to state what the aim is. According to the Council Conclusions of 10 May 2021 "the Strategic Compass will define policy orientations, concrete goals and objectives for the next 5 to 10 years, in areas such as crisis management, resilience, capability development and partnerships". The Compass has to be "ambitious and actionable".<sup>1</sup> The first result – the threat analysis – was completed last year. In the first semester of 2021 the strategic dialogue with member states is taking place on the four baskets of the Strategic Compass: crisis management, resilience, capabilities and partnerships. This second phase is to be followed by the development of the Strategic Compass text in the second half of the year, ultimately leading to its adoption in March 2022. Almost in the same timeframe NATO is undertaking its own strategic reflection process and initiating the development of a new Strategic Concept. Although the EU and NATO will develop their new documents separately, clearly there is a relationship between the two that has to be taken into account.

This report is a contribution to the EU Strategic Compass, focusing in particular on the EU's military level of ambition, both in terms of the 'what' and the 'how'.<sup>2</sup> What level of ambition in crisis management should the EU aim for, based on the changing security environment? When it comes to addressing hybrid threats, what role could the EU have? How should this new level of ambition be realised: what does it mean for the short and the long term? Furthermore, the relationship with NATO is essential. In addressing these questions, the reality check has to be taken into account. Too often in the past, the EU has promised to scale Alpine mountains but has ended up hiking in the Ardennes. This report aims at squaring ambition with realism, without losing sight of the overall aim of the EU taking more responsibility for its own security. In chapter 2 the authors explain the overall context and the need for developing the Strategic Compass. Chapter 3 addresses the issue of 'what the EU should be able to do' and its implications for crisis management, the military level of ambition, the sorts of operations to be conducted, the military contribution

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1 Council of the European Union, [Council Conclusions on Security and Defence](#), 8396/21, (Brussels: 10 May 2021), paragraph 2.

2 The civilian aspects of EU crisis management are excluded in this report.

to resilience – split up for the short and the long term. In chapter 4 the key issue is 'what is needed' in order to implement the EU's military level of ambition, addressing various elements such as decision-making, institutional adjustment and capability development. The topic of how to further improve EU-NATO cooperation is addressed in chapter 5. The report ends with recommendations that are specifically focused on the Netherlands.

The methodology applied to this report is based on a mix of literature desk research and interviews conducted with experts in EU member states and EU institutions. On 28 April 2021 a webinar was organised, the results of which have been taken into account when completing the report.<sup>3</sup> Three external authors have delivered written contributions which are annexed to the report. Vice-Admiral (Ret.) Ben Bekkering provides a military point of view, Michael Simm addresses the topic of capability development and Renaud Bellais delivers input from a defence-industrial perspective. The authors would like to thank the three external contributors for their valuable essays, the content of which remains their responsibility.<sup>4</sup>

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3 The Clingendael Institute and the European Union Institute for Strategic Studies (EUISS), "[Marching to where? The operational dimension of the Strategic Compass](#)" (Event Report), webinar supported by the Ministries of Foreign Affairs and Defence of the Netherlands, 28 April 2021.

4 The authors are also grateful to Lt-Col. Els Duchateau-Polkerman and Niels Drost for their valuable contributions to the report.

## 2 The need for a Strategic Compass

The Council Conclusions on implementing the EU Global Strategy in the field of security and defence of November 2016 defined the EU's level of ambition in broad terms. The corresponding Implementation Plan on Security and Defence outlined three strategic priorities: 1) responding to external conflicts and crises; 2) the capacity building of partners; and 3) the protection of the Union and its citizens.<sup>5</sup> Ever since, the EU has launched various security and defence initiatives in order to achieve these objectives: CARD, PESCO, EDF, MPCC and the EPF. Table 1 provides an overview of the most important initiatives that have been initiated since 2016.

**Table 1 Overview of the EU's existing security and defence initiatives<sup>6</sup>**

Initiative	Date	Description
Civilian Compact under CSDP	November 2018	The Civilian Compact under the CSDP intends to strengthen the EU's capacity to deploy and sustain civilian crisis management missions, of which the aim is to reinforce the police, the rule of law and the civil administration in fragile and conflict settings.
Coordinated Annual Review on Defence (CARD)	May 2017	CARD's objective is to provide Member States and the EU with a picture of the existing defence capability landscape in Europe and to identify potential cooperation areas. The idea is that, over time, this will lead to a gradual synchronisation and mutual adaptation of national defence planning cycles and capability development practices.

5 Council of the European Union, [Implementation Plan on Security and Defence](#), 14392/16, (Brussels: 14 November 2016), p. 3.

6 Information on the various security and defence initiatives derived from: [Coordinated Annual Review on Defence \(CARD\)](#), European Defence Agency, accessed on 12 March 2021; D. Zandee, [European Defence Fund. The real test is yet to come](#), (The Hague: The Clingendael Institute, February 2021); [Permanent Structured Cooperation \(PESCO\)](#), European Defence Agency, accessed 12 March 2021; European External Action Service, [Factsheet: The Military Planning and Conduct Capability](#), November 2018; European External Action Service, [Factsheet: the European Peace Facility: An EU off-budget fund to build peace and strengthen international security](#), December 2020; Council of the European Union, [Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the establishment of a Civilian CSDP Compact](#), 14305/18, (Brussels: 19 November 2018).

Initiative	Date	Description
European Defence Fund (EDF)	June 2017 – Official start January 2021	The EDF consists of 'windows' for defence research and capability development. Its objective is to stimulate member states to jointly procure the same equipment while at the same time strengthening the European defence technological and industrial base through common defence research and innovation.
European Peace Facility (EPF)	Proposed in 2018, approved in December 2020	The EPF contains a new off-budget fund, outside of the Union's multi-annual budget, worth €5 billion. It will enable the financing of operational actions under the Common Foreign and Security Policy (CFSP) that have military or defence implications. The aim of the EPF is to increase the effectiveness of operations, to support partners and to carry out broader actions.
Military Planning and Conduct Capability (MPCC)	June 2017	The MPCC was established with the aim of enabling the EU to react in a faster, more efficient and effective manner as a security provider outside its borders. The MPCC is responsible for the operational planning and conduct of the EU's non-executive military missions. Since November 2018, the MPCC has the additional responsibility to plan and conduct one executive military operation of the size of an EU Battlegroup.
Permanent Structured Cooperation (PESCO)	December 2017	PESCO is a framework and process to deepen defence cooperation between EU Member States. The Member States involved have subscribed to more binding commitments to invest, plan, develop and operate defence capabilities together. The objective is to jointly arrive at a coherent full spectrum of defence capabilities available to Member States for national and multinational missions and operations.

These initiatives have led to significant progress in the field of European defence cooperation. However, despite the progress that has been made since 2016, there still exists a gap between the EU's ambitions and what the EU is able to do. EU member states lack a common vision of the EU's role in security and defence, as they remain divided on what the strategic priorities concretely entail.<sup>7</sup> In addition, the discussion regarding 'European strategic autonomy'<sup>8</sup> – what it means and what its implications are – has added even more fuel to the fire, considering the diverging views among EU member states. This lack of agreement among EU member states with regard to a coherent vision and a shared strategic outlook has reduced the effectiveness of existing defence initiatives. The absence of an agreement has severely prevented EU member

7 Luigi Scazzieri, "[Can the EU's Strategic Compass steer European defence?](#)", *CER Bulletin*, no. 134 (30 September 2020): 6-7.

8 For an overview of the discussion on European strategic autonomy see: Dick Zandee, Bob Deen, Kimberley Kruijver and Adája Stoetman, [European strategic autonomy in security and defence. Now the going gets tough, it's time to get going](#), (The Hague: The Clingendael Institute, December 2020).

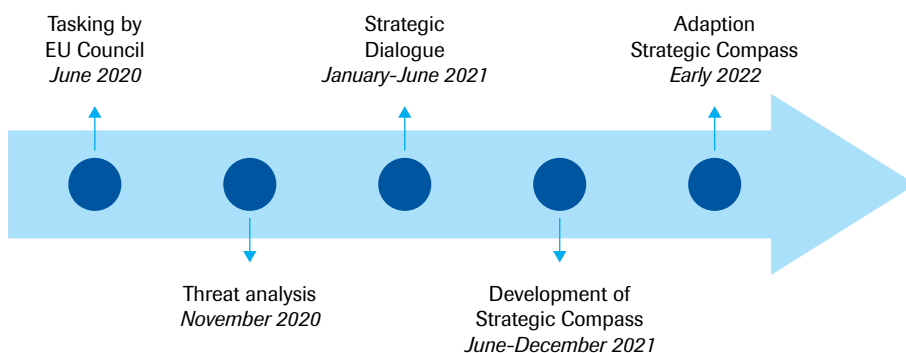


states from deciding on the necessary targets regarding EU capability development. This has resulted in a severe gap between the EU's ambitions and reality.

## Importance and objectives

In light of this gap between the EU's ambitions and reality, in an attempt to fill this void, and in order to be able to deal with a continuously evolving threat landscape, the EU entered into the process of developing a 'Strategic Compass'. The process was launched in June 2020, initiated under the German EU Presidency in the second half of that year, and it is expected to be completed in early 2022, under the French EU Presidency. Figure 1 provides an overview of the (expected) timeline of the Strategic Compass. At present, the process is in the phase of Strategic Dialogue, as the threat analysis, based on inputs from the intelligence services of the 27 EU member states, was completed in November 2020.

**Figure 1** Timeline of the Strategic Compass exercise<sup>9</sup>



The Strategic Compass exercise was agreed upon by the Council because it could serve as a useful mechanism to enhance and guide the implementation of the level of ambition agreed upon in the EUGS of November 2016.<sup>10</sup> In that context, the Strategic Compass serves a two-way purpose. It is expected that the Compass will contribute to the development of a coherent and strategic approach to the existing defence initiatives and will bolster the EU's security and defence policy, taking into account the threats

<sup>9</sup> The Strategic Dialogue phase might end later than June 2021. A first draft of the Strategic Compass will be delivered to the Council for discussion in November 2021.

<sup>10</sup> Council of the European Union, [Council Conclusions on Security and Defence](#), 8910/20, (Brussels: 17 June 2020), p. 3.

and challenges that the EU is facing.<sup>11</sup> Another goal, formally outlined in the Council Conclusions, is that the Strategic Compass, building upon the threat analysis, will define policy orientations and specific objectives in the four dimensions or baskets: crisis management, resilience, capability development and partnerships.<sup>12</sup>

In addition, the Council Conclusions state that the Strategic Compass could advance the development of a common European security and defence culture.<sup>13</sup> In order to create such a culture it is required that the EU member states have a shared understanding of which threats and challenges affect the EU's interests and values. This creation of a common understanding of the EU's security environment is a fundamental prerequisite for closer cooperation in the field of security and defence. To that end, the threat analysis that was completed in November 2020, based on input from all member states, is an essential starting point. This analysis contributes to building a strategic consensus on the challenges that the EU will be dealing with in the near future.<sup>14</sup>

It is not difficult to imagine which threats will be most salient for EU member states in the near future, notwithstanding that the outcome of the Strategic Compass' threat analysis will remain classified. The first ever EU threat analysis “takes a 360-degree perspective and deals with a broad range of threats and challenges for the EU in the coming 5 to 10 years. Hybrid threats and challenges, artificial intelligence and disruptive and new technologies are taken into account as well”<sup>15</sup>. Although the EU member states now have a shared basis of the threats and challenges to Europe's security, it will not automatically lead to a common prioritisation of those threats. Every member state will, logically, prioritise threats and challenges in line with its national security interests, based on history, geography and other factors. For example, countries located at the Eastern flank of the EU will regard Russia as a greater threat than countries which are bordering the Mediterranean Sea. For the same reason, it is unlikely that the Strategic Compass itself will result in the emergence of one shared, European strategic culture in security and defence. Nevertheless, the fact that the Compass will support EU member states with aligning their strategic thinking is already of great value to the further development of EU security and defence cooperation, and this value should not be neglected.

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11 Arnout Molenaar, [\*Unlocking European Defence. In Search of the Long Overdue Paradigm Shift\*](#), (Istituto Affari Internazionali, 1 January 2021), p. 6.

12 Council of the European Union, [\*Council Conclusions on Security and Defence\*](#), p. 3.

13 Ibid.

14 Molenaar, [\*Unlocking European Defence\*](#), p. 6.

15 [\*Video conference of EU defence ministers: Threat analysis and Strategic Compass among milestones agreed\*](#), Press Release, eu2020.de, 20 November 2020.

## Expectations and ideas across Europe

As mentioned above, the Strategic Compass will have to address the diverging threat perceptions and interests of the 27 EU member states. Although the goal of the Compass is very clear in that it should provide additional guidance for the EU member states in the field of security and defence, many of them have different objectives and preferred outcomes. These diverging interests should be considered when the Strategic Compass is drafted. At first glance, member states seem to agree that the Compass should provide concrete tools and recommendations for the implementation of the EU's level of ambition. The creation of another vague, strategic document should be avoided. Where member states are divided, however, is regarding the issue of the level of ambition. Some member states favour a higher military level of ambition, while others are more reluctant and believe that the EU should first live up to and be able to implement the current level of ambition. This applies in particular to the level of ambition with reference to crisis management operations (basket 1). In contrast, there is common ground on the increased importance of 'resilience' (basket 2) and on the idea that the military must make an essential contribution to this basket. However, member states, again, have diverging views on what 'resilience' means and what the military contributions should entail.<sup>16</sup> Furthermore, NATO will also focus on resilience in the context of 'NATO 2030' (the updated Strategic Concept).

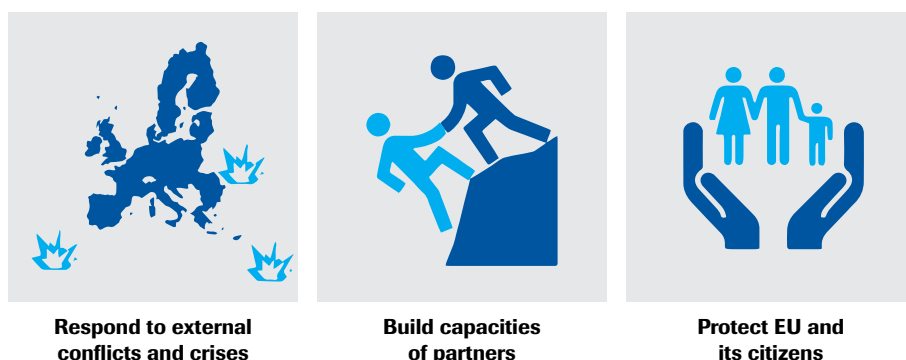
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<sup>16</sup> Information from interviews.

### 3 What the EU should be able to do

A starting point for looking at what the EU should be able to do is to take a look at the current level of ambition and to assess to what extent the EU member states already live up to it. The current level of ambition was first presented, in broad terms, in the EU Global Strategy of June 2016. Further details were worked out in the Implementation Plan on Security and Defence (IPSD).<sup>17</sup> In essence, the level of ambition has three strategic priorities:

**Figure 2 Infographic - EU Global Strategy: implementation plan on security and defence<sup>18</sup>**



The IPSD defines these three priorities with a considerable amount of detail regarding the objectives of CSDP missions/operations as well as concerning the connectivity to internal security tasks in the context of ‘protecting the Union and its citizens’. The latter was newly introduced in the IPSD, with CSDP Operation Sophia in support of Frontex’ border security activities as a practical result. However, large sections of the IPSD, in particular with reference to ‘protecting the Union and its citizens’, are still theoretical options with limited or zero implementation so far. Examples include: “the EU can contribute from a security and defence perspective to strengthening the protection and resilience of its networks and infrastructure; (...) civil protection and disaster response;

<sup>17</sup> Council of the European Union, [Implementation Plan on Security and Defence](#).

<sup>18</sup> Council of the European Union, [Infographic - EU Global Strategy: implementation plan on security and defence](#), 2016.

ensuring stable access to and use of the global commons, including the high seas and space; countering hybrid threats; cyber security; (...).<sup>19</sup> The fact that these action areas belong to the EU's internal security responsibilities makes the implementation of the IPSD task of protecting the Union and its citizens all the more complex and cumbersome.

Since 2016, the EU has focussed primarily on capability development, for which new initiatives and tools have been launched such as CARD, PESCO and the EDF. So far, the member states have been reluctant to elaborate on 'what the EU should be able to do' on the military side<sup>20</sup>. On the civilian side a CSDP Compact was already agreed upon in 2018, including a regular review process.<sup>21</sup> Diverging opinions between countries on the EU military level of ambition are an important factor for explaining this reluctance. Opposite positions are taken by 'the more ambitious countries' (such as France), on the one hand, and, on the other, by primarily Eastern EU member states which fear that a high military level of ambition may be detrimental to NATO commitments. Consequently, and as a result of the rule of unanimity in the Council on CSDP matters, the EU is only carrying out a small number of military operations, which are predominantly at the lower end of the spectrum. The largest EU military operation with a total strength of 3,700 military dates back to 2008-2009.<sup>22</sup> The intervention in Libya, based on UN Resolution 1973, was left to NATO due to German resistance to an EU-led operation. EU Battlegroups were never deployed when opportunities arose, such as the Mali crisis of 2013.<sup>23</sup> Figure 3 shows all ongoing CSDP operations and missions: 17 in total of which six are military operations. The shift towards military training and assistance operations is clear: EU Training Missions in Mali, the Central African Republic and Somalia constitute three of the six EU military operations. There are two ongoing naval operations (Atalanta and MED-Irini), while EUFOR Althea in Bosnia is the only remaining small stabilisation operation, ongoing since December 2004. The total amount of EU military deployed in these six operations amounts to approximately 3,250, compared to approximately 1,800 deployed civilians in eleven civilian EU missions.<sup>24</sup>

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19 Council of the European Union, [Implementation Plan on Security and Defence](#), p. 3 and 10.

20 Information from interviews.

21 For the latest review, see: Council of the European Union, [Council Conclusions on Civilian CSDP Compact](#), 13571/20, (Brussels: 7 December 2020).

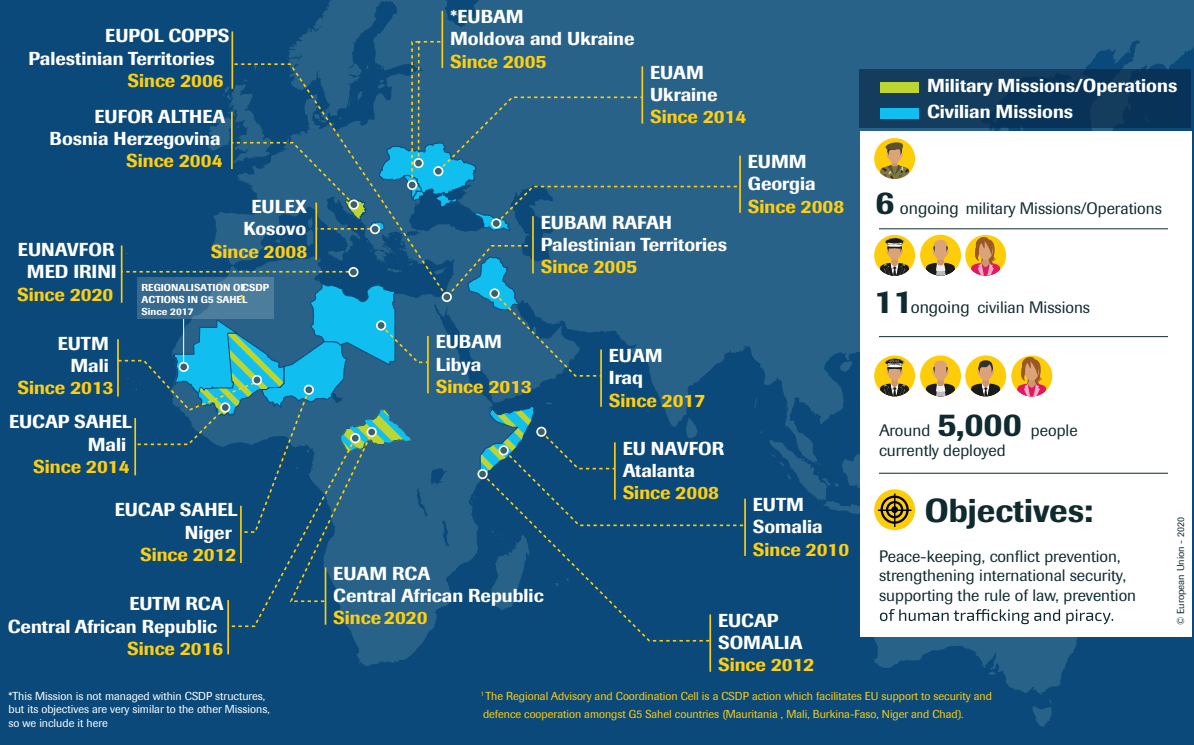
22 EUFOR Chad/Central African Republic.

23 For further details, see: Major General Maurice de Langlois and Andreas Capstack, [The role of the military in the EU's external action: implementing the comprehensive approach](#), in: Laboratoire de l'IRSEM, Numéro 23, 2014.

24 Additional to these 1,800 deployed European civilians, some 200 local nationals are working among the staff of those missions, see: ["#EUinAction. Working for a stable world and safer Europe"](#), European External Action Service.



# EUROPEAN UNION CSDP MISSIONS AND OPERATIONS



**Figure 3 Overview of EU CSDP Civilian and Military Missions and Operations 2020<sup>25</sup>**

The solution to the inertia of EU member states to make better use of the already ambitious strategic priorities of the IPSD can be summarised in two words: political will. However, to generate more political will and to be better prepared for carrying out CSDP operations, including those at the higher end of the spectrum, it has become necessary to define more precisely ‘what the EU should be able to do’. This is a crucial test for the Strategic Compass: it has to provide better direction to the EU’s military operational engagement by defining the required military level of ambition in baskets 1 (crisis management) and 2 (resilience). These baskets cannot be treated in isolation, as the two are interlinked and mutually reinforcing.<sup>26</sup> For example, enhancing levels of resilience and reducing instability in the Sahel area by strengthening the functioning of states and regional organisations will help to reduce the spill-over effects that threaten Europe’s internal security – such as migration, international crime and terrorism.

25 European External Action Service, *Factsheet: EU Missions and Operations. EU Common Security and Defence Policy (CSDP)*, July 2020.

26 The IPSD concluded that the three strategic priority areas are also mutually reinforcing and that “A single CSDP mission in fact can contribute to all three priorities: they constitute a coherent whole”, Council of the European Union, *Implementation Plan on Security and Defence*, p. 4.

A closer look at what resilience means and what its implications may be for the EU in the security and defence area is needed. To put it succinctly, a state can be classified as resilient when it possesses the ability to minimise the potential disruptive impact that shocks and events may have. Minimising the impact of potentially disruptive events is required for a state to be able to function properly. Resilience has played a significant role in the EU's policy framework ever since 2012. Initially, this was primarily related to building resilience in vulnerable countries and for populations in danger, as a response to the food crises in the Sahel and the Horn of Africa. With the adoption of the EUGS, 'protecting the Union and its citizens' became a strategic priority. To achieve this objective, enhancing resilience abroad became a critical tool, considering that resilient states and societies in the EU's neighbouring countries would contribute to the security of both those countries as well as of the EU member states.

Ever since the EU has emphasised the importance of resilience, the focus has been on incorporating resilience as a central element of the EU's external policy framework. This prompts one to say that the EU is primarily focussed on enhancing resilience abroad in order to safeguard internal security interests – a clear indication of the intertwining of internal and external security. In an effort to knit together these two dimensions of security, the EU will continue to pursue six main strands of concrete work: resilience against hybrid threats, cyber security, strategic communication, counterterrorism and countering violent extremism, enhancing the security of critical transport infrastructure, and further developing cooperation with NATO and the Organization for Security and Co-operation in Europe (OSCE).<sup>27</sup>

The difficulty with resilience, however, is that it is not a rigid concept. In contrast, resilience is very fluid, considering that it constantly needs adaptation as a result of a continuously evolving (international) environment. Moreover, resilience is a very broad concept that includes a variety of dimensions: military, political, societal, economic and environmental. As private actors are involved, even a whole-of-society approach is necessary.<sup>28</sup> These three factors complicate the incorporation of 'resilience' into the Strategic Compass. For the purpose of this research, the focus will lie on the military dimension of resilience. In this context, the main question is the following: what military contribution can be made to enhancing the EU's level of resilience?

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27 European Commission, *Joint Communication to the European Parliament and the Council. A Strategic Approach to Resilience in the EU's external action*, JOIN(2017)21 final, (Brussels: 7 June 2017).

28 European Union Institute for Security Studies, "[Towards a Strategic Compass: Where is the EU heading on security and defence?](#)" (Event Report), 18 December 2020, p. 3-4.

## Balancing ambition and realism

The changed security environment should be the major factor for defining more precisely the EU military level of ambition. The 'threat analysis' points to a complex and broad set of threats with effects outside and within the EU. Thus, not only the CSDP level of ambition has to be redefined, but it is also necessary to take a closer look at the question of whether and how the military can contribute to improving the internal security of the EU – which is considered to be the responsibility of the civil authorities, the Justice and Home Affairs sector in particular. In this context, the potential use of the mutual defence clause (Article 42.7 of the Treaty on the European Union, TEU) and the solidarity clause (Article 222 of the Treaty on the Functioning of the European Union, TFEU) has to be taken into account.<sup>29</sup> Furthermore, the reality of the available capabilities has to be factored in. Although some improvement has been made over the last two decades in areas such as military air transport and air-to-air refuelling, EU member states are still lacking key capabilities. Thus, the EU has to take a phased approach, by defining in more detail the military level of ambition for the short term (the next four to five years) – taking into account the capabilities that are currently available – and to set a higher long-term military level of ambition (as of 2030) that should steer capability development in the next two decades”Executive Summary” on page 20.

### The short term

Before running one has to learn how to walk. There is a general acknowledgement that the EU member states should first live up to their current obligations before raising the bar even higher.<sup>30</sup> There is a wide range of existing military-operational objectives, such as the Headline Goals, and formations, e.g. the EU Battlegroups. In recent years, the aim of delivering 'a full spectrum force package' has occupied a central role. It raises the question of what is meant by this term: for what sort of operations, in which geographical area, what composition of EU forces? In particular for the EU Military Staff and the EU Military Committee, it is of the utmost importance that the Strategic Compass will deliver adequate guidance in order to answer these questions and to define the military operational shortfalls more precisely. In the words of Vice-Adm. (Ret.) Ben Bekkering: “The military cannot wait until the Strategic Compass provides additional direction” (see [Annex 1](#)). Naturally, these shortfalls are a key input for channelling European capability improvement.

So, what should the EU be able to do in the near term? The security environment of the 2020s is fundamentally different compared to the days at the turn of the century. Europe is facing a wider set of security concerns: from instability and conflict in the

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29 The mutual defence clause is also known as 'the mutual assistance clause'.

30 Information from interviews.



South to an assertive Russia and a more influential China; from traditional military threats to hybrid challenges; and external instability having an impact on internal security. The method of the past is no longer sufficient, that is translating the EU military level of ambition in the maximum force levels the EU should be able to deploy. The Helsinki Headline Goal was based on NATO's Implementation Force (IFOR) for the implementation of the Dayton Agreements (1995) – a corps-sized force of about 60,000 military. The EU Battlegroup was created as a short-term quick response small intervention force of about 2,000 military, based on Operation Artemis to end the massacre in the city of Bunia in eastern Congo in 2003. Today and tomorrow, crisis management operations can no longer be classified according to the handbook of the early 2000s. More than ever before, operational force packages are tailor-made to the situation and the opponent at hand – there is no 'one standard force fits all purposes'. This does not imply that the EU Battlegroup concept should be declared history. Rather, it should be used as a building block for constituting EU force packages, which could include one or more Battlegroups or, depending on the situation, declaring them tactical or strategic reserve forces.

The Strategic Compass should no longer define the military level of ambition in numbers. Instead, the EU has to elaborate all types of operations it wants to conduct, the most likely environments in which EU forces have to operate and what sort of military engagement can be expected. The European Defence Agency has already used the term 'Strategic Context Cases' for capability development priorities. A comparable exercise is needed for EU operations, to be labelled *Strategic Operational Cases (SOCs)*. Each of them would describe at least the most likely geographical environment, the characteristics of the opponent and its way of operating, and what EU forces would be required.<sup>31</sup> These SOC's need to cover the full range of missions/operations as depicted in the IPSD, meaning CSDP operations outside EU territory as well as military support to internal security actions inside the EU at the request of civilian actors. Also, with regard to resilience, a distinction has to be made between the EU military operations in the context of CSDP – outside EU territory – and support that EU military could provide inside the Union's territory to civilian security actors. The latter is distinctively different from 'collective defence' for which NATO remains responsible and for which its military deterrence and defence posture is the key element. In emergency situations – such as natural disasters but also large-scale cyberattacks on e.g. power grids or other key infrastructure – national civilian authorities have the lead and can call upon national military support if needed. So far, the role of the military is very limited as the matter has been mainly addressed in the context of natural disasters. Hybrid threats are asking for an enhanced role of the military. Thus, the following break-down is proposed:

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31 Vice-Adm. (Ret.) Ben Bekkering proposes a comparable method which he calls "a military strategic framework" that will "provide guidance for the planning for current and future missions and operations" and which "would replace the Helsinki Headline Goal with more substantial and relevant design features for force capabilities". See [Annex 1](#).

*A. Military EU operations*

- The military contributions to the CSDP crisis management tasks are outlined in Article 43 TEU: “joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation. All these tasks may contribute to the fight against terrorism, including by supporting third countries in combating terrorism in their territories.”
- These Article 43 tasks should also contribute to strengthening resilience through CSDP operations for ensuring stable access to the global commons (including the protection and defence of sea lines of communication, space and air reconnaissance), protecting the EU's external borders, countering hybrid threats, preventing and countering terrorism and radicalisation, building capacities to manage irregular migration and others.

*B. Military support to the internal security of the EU*

- Military contributions under EU coordination to the protection and resilience of EU networks and critical infrastructure, civil protection and disaster response, countering hybrid threats, cyber security, countering terrorism and radicalisation and others.

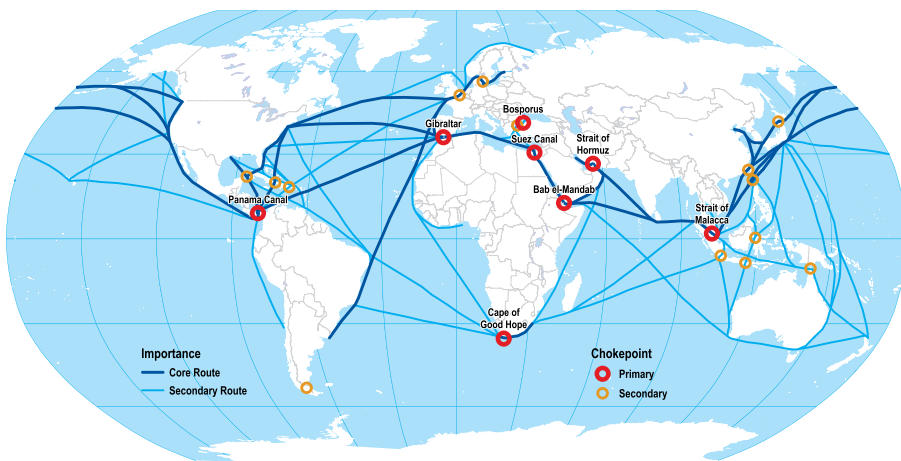
The current standard of available military capabilities of EU member states – in particular if all of them would make their whole single set of forces available to the EU (see chapter 4) – would imply that the EU is already able to conduct most of these operations in the short term. Limitations, however, still exist in terms of size, geographical range, sustainability, concurrency and operating high in the spectrum – amongst others. In general, for high-intensity operations against a technologically advanced opponent, EU member states are lacking the necessary high-tech capabilities, while for lower-intensity long duration stability operations adequate numbers of military are increasingly becoming an issue due to personnel reductions and shortages. Realism dictates that in the near future the EU will not be able to autonomously conduct high-end military operations that require advanced intelligence, surveillance and reconnaissance (ISR) and other assets. Stabilisation operations have to remain restricted in size and/or duration.<sup>32</sup> It is important to note that EU member states have capabilities to conduct high spectrum operations for collective defence. However, not all of these capabilities can be deployed under the EU flag, because the EU is lacking standing military command structures, including combined air command centres (CAOCs) as well as all

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32 Stability or stabilisation operations – in the UN referred to as post-conflict peace support or peace-building operations – involve military forces providing security and support to other security actors while ensuring that armed fighting is suppressed and contributing to the establishment of long-term stability. NATO and EU military operations in Bosnia & Herzegovina and in Kosovo are examples.

necessary enabling capabilities – in particular space-based capabilities. On the other hand, high intensity operations against irregular opponents are already being carried out at present by European countries, such as in the Sahel area. Thus, the EU should be able to conduct operations like Operation Barkhane, in which special forces form the central element. The French proposal for a brigade-plus formation of approximately 5,000 military for initial entry operations with all required enablers – comparable to the intervention of France in Mali in 2013 – fits in the same category. In terms of geography, the EU's focus in the short term should be on the southern neighbourhood for crisis management and on the African waters and the Indian Ocean. This does not exclude the presence of naval forces from European countries in the Indo-Pacific, in line with the 'EU Strategy for cooperation in the Indo-Pacific' which refers to the option of establishing "Maritime Areas of interest" in that region.<sup>33</sup> Limitations in available naval forces would argue for concentration on the Indian Ocean in the short term.

**Figure 4 Main Maritime Shipping Routes<sup>34</sup>**



Dr. Jean-Paul Rodrigue, Dept. of Global Studies & Geography, Hofstra University

The EU's 'strategic approach' to resilience is primarily focussed on enhancing resilience externally. For that reason, the comprehensive or integrated approach of coherently deploying the broad range of military and civilian crisis management instruments as well as the European Commission's tools remains essential. Although enhancing resilience abroad is critical in safeguarding the EU's security interests, this outward focus poses the risk that the EU's internal resilience might become neglected. Furthermore,

33 Council of the European Union, *EU Strategy for cooperation in the Indo-Pacific – Council Conclusions*, 7914/21, (Brussels: 16 April 2021).

34 See: "[Main Maritime Shipping Routes](#)", *Port Economics, Management and Policy*.

member states have different views and priorities when it comes to resilience.<sup>35</sup> The Strategic Compass has to bring clarity to the meaning of resilience and what sorts of challenges can be listed under this heading. The short-term level of ambition in the field of resilience should be aimed at fostering the EU's internal level of resilience, the importance of which is acknowledged by various EU member states<sup>36</sup>, while continuing to improve resilience abroad. In this regard, EU member states could rely on existing Treaty articles, by employing Article 42.7 TEU in the case of e.g. a cyberattack or in response to other hybrid threats.

The military can make a valuable contribution to strengthening resilience in multiple ways, e.g. in disaster relief (large-scale forest fires; earthquakes; flooding; etc.) for which coordination structures are already in place inside the EUMS. However, this coordination role is related to external missions in which civilian and military capabilities can be deployed together.<sup>37</sup> For internal EU assistance the (European) Union Civil Protection Mechanism (UPCM)<sup>38</sup> is available with at its heart the Emergency Response Coordination Centre (ERCC)<sup>39</sup>, which upon request mobilises and coordinates the provision of assistance in cases of an emergency. Military support can be called upon in support of the civil protection mechanism, but only as a last resort<sup>40</sup>. The solidarity clause (Art. 222 TFEU) can be used in case of man-made or natural disasters and terrorist attacks, in which case the UPCM will be activated. In the case of the Bataclan terrorist attack in 2015 France opted for activating Art. 42.7 TEU, which left the coordination of assistance to Paris. Nevertheless, the option of using Art. 222 TFEU still exists and might be more attractive to other member states which have to rely on EU coordination of assistance. In order to be better prepared for delivering military support in both legal cases, it is recommendable to develop arrangements and lists of the available military resources of the EU member states for various scenarios. Military contributions to fighting pandemics is another area which should be taken into account as Covid-19 has shown that in most EU member states the armed forces had an important if not a key role in addressing the crisis. A starting point could be for the EUMS to develop a catalogue of medical tools, equipment and personnel that

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35 Information from interviews.

36 Information from interviews.

37 The Joint Support Coordination Cell (JSCC) brings together military and civilian expertise at the strategic level, but related to external missions. See: European External Action Service, [Factsheet: The Military Planning and Conduct Capability](#), November 2018. For the COVID-19 pandemic, an ad hoc EEAS/EUMS Task Force was established.

38 European Commission, [Factsheet: EU Civil Protection Mechanism](#), last updated: 27 April 2021.

39 European Commission, [Factsheet: Emergency Response Coordination Centre \(ERCC\) - European Civil Protection and Humanitarian Aid Operations](#), last updated: 15 January 2021.

40 European Commission, [Civil-Military Cooperation in Emergencies - European Civil Protection and Humanitarian Aid Operations](#), last updated: 24 November 2020.

the armed forces of the member states have available. Exercising EU-coordinated medical assistance in cases of pandemics could be a next step. In the first instance, the EUMS should be the body to develop these new coordination mechanisms for military assistance inside the EU.

### **Article 42.7 Treaty on the European Union and Article 222 Treaty on the Functioning of the European Union**

Article 42.7 TEU, the mutual defence clause, outlines that if a member state becomes a victim of armed aggression on its territory, “the other member states shall have an obligation of aid and assistance by all the means in their power”. In the Strategic Compass process, the question of in which cases this article will be applicable should be answered. Is it ‘only’ applicable in cases like terrorist and cyberattacks, or also in the case of an armed attack against a non-NATO EU member?

The provision in Article 42.7 is supplemented by the solidarity clause (Article 222 TFEU), whose origins can be traced back to the European Convention debates on a draft constitution for the EU (2002-2003). It states that EU countries are obliged to act jointly when an EU country is the victim of a terrorist attack or a natural or man-made disaster.

Depending on the situation at hand, for instance a terrorist attack, EU countries could have a choice as to which Article they want to call upon – although the activation of Art. 42.7 after the Bataclan terrorist attacks in France in 2015 point to the use of this article in such cases. For natural disasters and man-made disasters Article 222 is the only appropriate article to call upon.

The same argument for the need for increased EU coordination of military assistance applies to cybersecurity and countering hybrid threats. The recently published EU Cyber Security Strategy (EUCSS) (December 2020) and the 2018 Joint Framework on countering hybrid threats can serve as excellent starting points in enhancing resilience in European societies. These documents already contain far-reaching proposals for improving the ability to address challenges like cyberattacks and hybrid threats. In the field of cybersecurity, the new EU Cyber Strategy tries to tackle the increased risk that is posed by the acceleration of digitalisation following the Covid-19 pandemic. This is addressed through several progressive initiatives, for which a military contribution

is critical for eventually enhancing the EU's resilience to cyber threats.<sup>41</sup> For example, the EUCSS pledges the creation of a Joint Cyber Unit. The cyber units of EU member states could exchange and share information within this Joint Cyber Unit, which could also foster cyber cooperation among them. Moreover, further cooperation is encouraged by the EUCSS through setting up a military Computer Emergency Response Team (CERT) network to guide defence cooperation. The set-up of a military CERT network – by the European Defence Agency – is a response to an objective from the 2018 Cyber Defence Policy Framework and aims at promoting active interaction and information exchange between EU Member States' military CERTs.<sup>42</sup> The PESCO project on Cyber Rapid Response Teams and Mutual Assistance in Cyber Security (CRTT) is related to this effort. Currently, only seven member states participate in this project<sup>43</sup>; others could join, however. Looking at the hybrid security area, the Joint Framework acknowledges that the EU is increasingly facing challenges of a mixed nature: both conventional and unconventional. Hybrid threats destabilise European society and undermine European core values. In that context, the Framework emphasises the need for reinforced counterintelligence expertise<sup>44</sup>, a field where the military can be of added value. Beyond the domains of cybersecurity and hybrid threats, improving the sharing of intelligence between military and civilian actors is important to increase awareness and to be able to prevent the worst from happening.

In sum, the above-mentioned examples demonstrate that there are plenty of capabilities, projects and initiatives already available that can contribute to the EU's ability to conduct certain full-spectrum operations and to enhance the EU's level of resilience. In order to be of most benefit, it is necessary that these opportunities are fully used in the short term. In doing so, it is especially important that a whole-of-society approach is adopted, in which both civilian and military actors have to be connected, at the national as well as at the EU level.

## The long term

In the long term, 2030 and beyond, the EU should be able to execute a higher military level of ambition. NATO remains responsible for collective defence, but a higher ambition level for EU external action will equally require capabilities that the member states are lacking in the short term. In crisis management, including in protecting and defending its interests in the global commons, the EU should be able to operate across the full

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41 Oliver Nayon, *The New EU Cyber Security Strategy – Exploring Ways to Shape Europe's Digital Future*, (FINABEL, 8 April 2021).

42 European Commission, *Joint Communication to the European Parliament and The Council. The EU's Cybersecurity Strategy for the Digital Decade*, JOIN(2020) 18 final, (Brussels: 16 December 2020).

43 "PESCO projects. Cyber Rapid Response Teams and Mutual Assistance in Cyber Security (CRTT)", *PESCO*.

44 European External Action Service, *Factsheet: A Europe that protects: Countering Hybrid Threats*, June 2018.

spectrum in all domains (air, land, sea, cyber, space). Although operations may have to be executed jointly, this higher military level of ambition could be expressed as follows for the different domains:

- Air: in addition to the short-term goals, the ability to conduct other air operations up to the highest level of the spectrum including the full package of air tasks – reconnaissance, suppression of air defence, interdiction, close air support, air-to-air refuelling, etc.
- Land: in addition to the short-term goals, the ability to conduct military operations up to corps level or comparable levels (task forces), from stability-type operations up to the high-level interventions with all the necessary capabilities available – fire and (long-range) fire support, engineering, air defence including drone defence, etc.
- Sea: in addition to the short-term goals, the ability to conduct large-scale naval operations up to the level of a carrier-centred strike force or comparable naval task forces – able to conduct the full range of maritime operations.
- Cyber: the ability to protect and defend EU forces & military infrastructure against cyberattacks and to conduct offensive cyber operations against an identified opponent; furthermore, military cyber commands and cyber assets will be available to assist EU-coordinated cybersecurity activities.
- Space: full use of the Galileo global positioning system and the Copernicus observation capacities in support of military operations; furthermore, an EU capacity in space for secure governmental satellite communications (GovSatCom).

Naturally, such a high military level of ambition will have serious consequences for defence investment, for EU command & control structures and for European defence cooperation and integration. This is assessed in chapter 4.

The other aspect of the long-term ambition level is geographical range. The focus should be extended from the European neighbourhood to a worldwide range as stated in the EUGS. Naturally, this would not imply a permanent European military presence around the globe. In contrast, the focus should lie on supporting partners anywhere in the world to provide security for their own population, to show a military presence in areas of tension and conflict, to extract EU citizens when their lives are in danger or to intervene for other reasons. If needed, such operations should cover the whole spectrum. Furthermore, the use of emerging and disruptive technologies in e.g., military applications of artificial intelligence, unmanned systems and robotics, will be of particular importance to address the challenges posed by this higher military level of ambition and the continued declining numbers of personnel.

In the long term, the level of ambition with regard to resilience should also be increased. Ideally, the EU would have made significant steps to improve its level of resilience by implementing the objectives outlined in the various strategic documents. However, as the security landscape will continue to evolve and threats will change in nature, it can be

expected that subsequent action will be necessary. In this regard, the EU should focus on expanding already existing initiatives that enhance the EU's level of resilience. Ideally, the EU's role should change from coordination between EU member states towards an increased degree of integration. One of the reasons behind this is that the presence of obstacles to further integration, e.g., too much red tape, would reduce the ability of the EU to respond rapidly to sudden threats and challenges. Taking into account the quickly changing nature of threats, especially for the forthcoming 10-15 years, this is all the more relevant. A lack of ability to quickly respond to threats and crises would undermine European security. In order to remain resilient and to address (new) security challenges, increased integration is recommendable. One area where this could be realised is intelligence-sharing.



## 4 What is needed to get there

In order to act or to realise ‘what the EU should be able to do’, several elements come into play: speeding up decision-making; increasing operational preparedness; aligning capability development instruments; maximising dual-use capabilities; and strengthening the defence technological and industrial base. In all these areas steps have been taken in the past, but there is still room for improvement to make the instruments more tailor-made to the requirements set by the new military level of ambition. However, instruments are just instruments. More is needed to realise the higher military level of ambition for 2030 and beyond. One area not receiving a great deal of attention in all the discussions on European defence is how to structure the armed forces of the EU member state countries, that is by not approaching the question from a national point of view but from an overall European perspective. This will be addressed below in the section on structuring European armed forces. Finally, the greatest obstacle to EU inertia in security and defence is the lack of political will. Thus, a quantum leap forward is only possible when political pressure will be increased.

### Speeding up decision-making

According to the EU Treaty, decisions in the context of CSDP are taken by unanimity (Art. 31 TEU). The unanimity rule has often been regarded as slowing down the speed of decision-making and ending up with the lowest common denominator. Thus, for crisis management – in particular when urgent action is required – alternative decision-making formulas should be considered. What alternatives come into play? Qualified majority voting (QMV) is not allowed for CSDP decisions according to the EU Treaty.<sup>45</sup> Options that can be used are constructive abstention (Art. 31-1 TEU), Article 44 TEU and the Coordinated Maritime Presences concept.

### Constructive abstention

In cases when an EU member state cannot agree with a decision but, on the other hand, does not want to block it, constructive abstention offers ‘a way out’. By abstaining member states can dissociate themselves from a Council decision, for example when

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45 The European Council and the Council of the European Union (Article 42 TEU) take decisions relating to the CSDP. These decisions are taken by unanimity, with some notable exceptions relating to the European Defence Agency (EDA, Article 45 TEU) and permanent structured cooperation (PESCO, Article 46 TEU), to which majority voting applies. See: European Parliament, [Factsheet: Common Security and Defence Policy](#), 2020.

the required political support at home is missing. However, there are limits to the applicability of the mechanism. In particular in situations of strong political objections against a Council decision, the use of constructive abstention is less likely. In other words, the higher the political sensitivities are, the lower the chance that a member state will make use of constructive abstention. Nevertheless, the potential use of constructive abstention should be further explored. For example, member states using constructive abstention and not participating in the operation could be offered the option of non-contribution to the common costs of the EU operation, but this might require an amendment to the European Peace Facility rules.<sup>46</sup>

## Article 44 TEU

According to Article 44 TEU, the Council, deciding by unanimity, can entrust the implementation of a CSDP operation to a smaller group of member states. In reality, fewer than the total number of EU member states contribute forces to CSDP operations. Thus, one could argue that practice already follows theory. Clearly, this is not what the originators of Article 44 had in mind. Although the origins of Article 44 remain unclear it is believed that the text was drafted to create more flexibility and to allow for some sort of coalition of the willing.<sup>47</sup> The French military intervention in Mali in 2013, supported by several European countries, was one of the reasons to assess whether Article 44 could be applied for comparable operations. Discussions in the Politico-Military Group of the EU in 2015 resulted in a restrictive interpretation, based on advice from the Council Legal Service: all elements during the operational planning phase – including the planning documents and the identification of the Operations and Force Headquarters (OHQ/FHQ) – would have to be submitted to the Council for approval. It might well be that (some) member states embraced the advice of the Legal Service as they opposed Article 44 anyhow.<sup>48</sup> In the end, how to interpret Article 44 is a matter of political will, naturally within the legal boundaries of the Treaty. If the member states were willing to grant the authority of the operational planning to a smaller group – in practice led by one of the larger member states – this would certainly help to speed up the preparation

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46 The European Peace Facility (EPF) replaces the African Peace Facility for providing assistance to organisations and partners to strengthen their capacities for ensuring peace and security. This can include the provision of military equipment. The EPF also replaces the Athena Mechanism which was the previous arrangement to finance the common costs of military EU-led operations to which the EU member states contributed based on the GNP key system. See: European External Action Service, [Factsheet: The European Peace Facility](#), March 2021.

47 Thierry Tardi, [In groups we trust – Implementing Article 44 of the Lisbon Treaty](#), (Brussels: EU Institute for Security Studies, Brief 27, 7 October 2014).

48 Major General (RET) Maurice de Langlois and Bénédicte Ara, [Article 44 of the Treaty on European Union: enhancing efficiency in EU operations. Content, benefits and limits](#), (Institut de Recherche Stratégique de l'Ecole Militaire, Note de recherche stratégique no. 26, November 2015), p. 3.

phase and decision-making. Also, force contributions could perhaps be more quickly available. Another option could be to use Art. 44 TEU in the case of an emergency when the EU has to act quickly in areas where it is already present with other missions or operations – e.g. in a neighbouring country – which would create a mix of different operational formats but all under the EU flag.

### Coordinated Maritime Presences concept

The Coordinated Maritime Presences (CMP) concept also offers a route to more flexibility. As a pilot scheme the Council has declared a “Maritime Area of Interest” for the Gulf of Guinea.<sup>49</sup> With this concept the long and cumbersome EU process of planning the operation, force generation and appointing the Operation Commander can be avoided. EU member states keep their assets (ships, aircraft) under national command and coordinate the employment with other nations that are present in the Maritime Area of Interest. Furthermore, this concept offers Denmark with its opt-out on the military aspects of CSDP the option to participate (Denmark will send a naval vessel to the Gulf of Guinea in the autumn of 2021 to participate<sup>50</sup>). As the Gulf of Guinea example has shown, the CMP concept can be made operational very quickly because it does not require a common command and control structure. The model is based on information exchange through the ‘Maritime Area of Interest Coordination Cell’ at the EUMS in Brussels which is connected to the national naval staffs of the participating member states.<sup>51</sup> Naturally, this relatively simple solution in terms of command and control might not apply to more complicated operations, unless integrated command and control arrangements would be available. However, the protection of sea lines of communication (SLOC) or power projection ‘to show the flag’ can be arranged in such a way. The relatively simple procedure could also be applied to other cases. The Council has already decided to examine the applicability of the CMP concept to the Indo-Pacific.<sup>52</sup> For example, for extracting EU citizens from a crisis area or for humanitarian support operations. One could also think of a ‘Coordinated Air Presences concept’, e.g. for intelligence, surveillance and reconnaissance purposes.

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49 [Council Conclusions launching the pilot case of the Coordinated Maritime Presences concept in the Gulf of Guinea](#), 5387/21, (Brussels, 25 January 2021).

50 [Denmark deploys a vessel contribution in order to fight pirates in the Gulf of Guinea](#), Ministry of Foreign Affairs of Denmark.

51 For further details, see: Nicolas Gros-Verheyde, [Coordonner les marines dans le golfe de Guinée: nécessaire \(contre-amiral Hervé Hamelin\)](#), Bruxelles2, 4 mai 2021 ; Nicolas Gros-Verheyde, [Les présences maritimes coordonnées. Concept et premier projet pilote \(fiche\)](#), Bruxelles2, 16 mai 2021.

52 Council of the European Union, [Council Conclusions on Security and Defence](#), 8396/21, (Brussels: 10 May 2021), para. 23.

Ultimately, there will be crises in which the EU cannot act militarily as the preconditions for a Council decision by unanimity – which is also required to use Article 44 or the Coordinated Maritime Presences concept – will be absent. A legal basis under international law is required for any CSDP operation. Even if such a mandate would exist, one or more member states could still have political objections to launching an operation under the EU flag. In that case, the only remaining option would be a Coalition of the Willing (CoW), operating outside the EU context. Operation Barkhane with its Takuba Task Force – both led by France – are existing examples. Here, the distinction between European and EU operations is relevant. Most interventions higher in the spectrum have been CoW operations, such as the anti-ISIS air campaign. If only a limited number of European countries are politically and militarily able and willing to intervene, this remains an essential option allowing for quick and decisive responses in emerging crisis situations.

### **Increasing operational readiness**

Another way to speed up the launching of EU military operations is to increase operational preparedness. In that context, the EU should be able to plan, deploy and execute military operations much quicker and more often, including when taking place simultaneously. The first step to be taken is to agree on a common rule that member states make their armed forces available to the EU in their totality and not just a dedicated part thereof. There is a clear contradiction between the often repeated statement that countries only have 'one set of forces' (for both the EU and NATO), while making a distinction as to what is available to both organisations. In other words, the new buzzword should be 'the same set of forces for the EU and NATO'. Furthermore, it is necessary to take at least three other significant steps. First, the EU's existing military-strategic command and control structure has to be adjusted. Second, the EU has to be enabled to conduct contingency planning, advance planning and scenario planning. Third, the EU needs to conduct live exercises.

### **Enlarging the MPCC**

The establishment of the Military Planning and Conduct Capability (MPCC) was part of the implementation of the EUGS in order to strengthen the EU's security and defence. This permanent command and control structure at the military-strategic level resides, as a short-term and cost-efficient measure, within the EUMS, which is part of the EEAS. Up until now, the MPCC is responsible for the operational planning and conduct of non-executive missions, and it should be able to plan and conduct one executive military

operation of the size of an EU Battlegroup<sup>53</sup>. The MPCC is for a large part manned with augmentees from the member states and suffers from many vacancies since its establishment.

In order to provide the EU with the required military-strategic operational planning and command & control structure for its military level of ambition – as defined in chapter 3 – the MPCC has to be stepped up gradually to a full EU Headquarters. In the near term, the MPCC should be enlarged to be able to plan and command all EU military operations and, when needed, several operations simultaneously. To this end, the MPCC should not only be enlarged, but its manning should have a permanent character instead of partly relying on augmentees. Furthermore, in order to develop into a fully-fledged Headquarters in the long term the enlarged MPCC should no longer be part of the EUMS. As a result, the Operations Division of the EUMS could perhaps be reduced. The focus should not only be on mere quantitative manning of the enlarged MPCC but also on qualitative improvement. For example, cyber, hybrid and climate impact expertise should be added to the staff requirements. Once the enlargement is complete the national HQs should no longer be used for EU-led operations. An absolute priority is to urgently establish encrypted communication channels between the MPCC and the field level of EU operations. For the long term the EU Governmental Satellite Communications (GovSatCom) programme – part of the EU Space Programme 2021-2027 – has to provide secure and reliable communication for member states and EU agencies and institutions.<sup>54</sup>

There seems to be (modest) support for the enlargement of the MPCC, although not all member states have the same view on the ultimate objective.<sup>55</sup> Thus, enlargement is the first step, perhaps with retaining the title of MPCC or another term such as EU Military Operations Centre (MOC). The enlarged MPCC needs to be Brussels based, and ideally collocated with the Civilian Planning and Conduct Capability (CPCC) in order to ensure civil-military coordination of EU operations and missions to the maximum extent. At the moment, the Joint Support Coordination Cell (JSCC) coordinates civilian and military expertise and sharing at the strategic level, but coordination is still a big step away from integration. Collocation of the CPCC and MPCC is a requirement to fully exploit both the

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53 European External Action Service, [Factsheet: The Military Planning and Conduct Capability](#), November 2018. Due to a lack of personnel and secure communications the MPCC is currently not able to plan and conduct a Battlegroup-sized executive operation. Thus, for the moment the Operation HQ for such operations has to be made available by member states.

54 User requirements are identified in the ENTRUSTED project, launched by the Commission in September 2020 under the Horizon 2020 programme. EDA participates in the project and will contribute to a consolidated reply for EU defence users. See: [“New survey launched to identify EU Govsatcom user needs”](#), EDA News Release, 19 April 2020.

55 Information from interviews.

soft and hard power that the EU can bring forth. In that way, a comprehensive operation/mission plan can be developed which includes all phases and encompasses all civilian and military components. In the long term an EU Civil-Military Headquarters with a civilian and a military component for the planning and command of civilian missions and military operations should be the way to proceed. Within such an EU Civilian-Military HQ two separate components would plan and conduct civilian missions and military operations respectively, but the format would facilitate civilian-military coordination from the start of the planning.<sup>56</sup> The importance of an integrated strategic level of command and control is also underlined by Vice-Adm. Ben Bekkering (see [Annex 1](#)).

### **Contingency planning, advance planning and scenarios**

Contingency planning, advance planning and developing scenarios is a necessary prerequisite to enhance the EU's capacity for responding faster and more efficiently to a sudden conflict or crisis. This is the overall aim of the MPCC.<sup>57</sup> Thus, the enlarged MPCC should start with contingency and advance planning, based on the list of operations the EU should be able to conduct and the geographic parameters for the short term. As for scenarios, the EU should principally concentrate its efforts on the most urgent and pressing threats, as can be derived from the threat analysis of November 2020. For crisis management, several scenarios could be developed with a focus on threats to the southern neighbourhood. For resilience, geography comes into play in the near term, such as for maritime or air presence operations. But there are other cases in which it plays less of a role or indeed no role at all, e.g. if the EU were to be confronted with a large-scale cyber threat. These scenarios, once developed and discussed, could then be used for contingency and advanced planning. Equally, they could be used for exercises, both virtual as well as live. For contingency and advance planning, the EU should start with the most likely 'what ifs'. The contingency and advance planning should not be executed only once or every couple of years; instead this should be a continuous effort. The ever faster changing and unpredictable world nowadays demands that the EU adapts its contingency plans accordingly.

### **Live exercises**

To further enhance operational preparedness the EU should execute not only virtual, but also live exercises. Only during live exercises can one discover all the mismatches and differences between countries when it comes to interoperability. For the EU, they

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56 More than ten years ago, the authors of a Clingendael Paper recommended such an integrated EU Civil-Military Headquarters. See: Margriet Drent and Dick Zandee, [Breaking pillars – Towards a civil-military security approach for the European Union](#), (The Hague: The Clingendael Institute, Security Paper No. 13, January 2010).

57 European External Action Service, [Factsheet: The Military Planning and Conduct Capability](#), November 2018.

would have added value to test the military-strategic command and control structures as well as the civil-military interfaces. Exercise evaluation and lessons learned activities can help to solve those interoperability problems. Live exercises can furthermore help to overcome cultural differences and contribute to building trust and overcoming institutional and organisational differences. Just like contingency and advanced planning, those exercises should be conducted regularly in order to fully benefit from their advantages. The EU should start with small-scale exercises in the short term, and enlarge the scale of the exercises with the growth of the MPCC and the development of EU operations.

## Aligning capability development

Since the start of the European Security and Defence Policy in 2000, capability development has occupied a central role. Unfortunately, the record of the last two decades shows too limited progress.<sup>58</sup> This is not just a matter of more funding: European countries spent between €200 and €300 billion on defence in 2020.<sup>59</sup> The key problem of 'little bang for the buck' is intra-European fragmentation with member states looking for national solutions instead of coordinated and collaborative capability improvement at the European level. As a result, serious shortfalls still exist, in particular for high-end operations and additional investment is also needed in emerging and disruptive technologies such as robotics, unmanned systems and artificial intelligence "which must be in the centre of our capability development."<sup>60</sup> So far, the effect of the new instruments – CARD, PESCO and the EDF – is limited, but this should not lead to the conclusion that they have failed. The EDF has not even started. The solution lies in the further improvement of these tools and, above all, in the better use thereof by the member states.

## CARD

The first CARD report has clearly shown that "Europe's defence landscape remains fragmented and lacks coherence in several aspects" and "that only a few Member States

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58 For a more detailed overview, see: Dick Zandee, "[Quo vadis EDA?](#)", *European Defence Matters*, no. 17(2019): 44-46.

59 The European NATO countries plus Canada spent USD 311 billion on defence in 2020. See: *Defence Expenditure of NATO Countries (2013-2020)*, NATO Press Release, 16 March 2021. The European Defence Agency reports a total defence expenditure by EU member states (minus Denmark) of €186 billion in 2019. It should be noted that non-EU NATO members such as Norway and the United Kingdom are not included. See: *Defence Data 2018-2019 – Key Findings and Analysis*, European Defence Agency.

60 According to EDA Chief Executive Ji Šedivý, see: [High Level conference discussed impact of emerging disruptive technologies on defence](#), EDA News Release, 20 April 2020.

consider multinational cooperation in capability development as a key characteristic of their national capability profile and/or have the national ambition to actively contribute to shaping the European capability landscape.”<sup>61</sup> On the other hand, with the CARD reporting the EU now has a cyclical method to assess progress and to identify systematically opportunities for collaboration in close consultation with the participating member states. The regularity of the reporting is important, but two important measures could further improve the added value of CARD:

- First, a shorter assessment of what member states have achieved should be presented to the European Council – on every occasion of a new CARD report – to ensure the involvement and steering of the highest political level in the EU.
- Second, CARD is channelling capability development in ‘focus areas’ instead of through single projects. These six focus areas – main battle tank, European patrol class surface ship, soldier systems, counter UAS / A2/AD<sup>62</sup>, defence in space and enhanced military mobility – are considered favourable, timely from a planning perspective and can be linked to already existing programmes of the member states. Broad participation can be expected.<sup>63</sup> Ideally, member states should take the lead in those areas. The EDA has requested that member states become ‘area facilitators’.<sup>64</sup> The Netherlands – already coordinating the PESCO project on military mobility – should broaden its role to lead all the activities in the relevant focus area. Perhaps other member states could provide support by coordinating specific PESCO activities. Such a construction will enhance ownership by the member states.

## PESCO

The 2020 PESCO Strategic Review was rather critical of the progress made in the fulfilment of the more binding commitments, in particular with regard “to operational commitments and (...) those related to the European collaborative approach”. Taking the Strategic Compass into account, a review of the Council recommendations on the sequencing of more binding commitments and on specifying the more precise objectives will take place at the beginning of the next PESCO phase in 2021.<sup>65</sup> The EU member

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61 “*First CARD report published. Wake-up call and pathfinder: analysis of the main CARD findings & recommendations*”, *European Defence Matters*, no. 20(2020): 6.

62 Unmanned Aircraft Systems; Anti-Access/Aerial Denial.

63 *First CARD report published. Wake-up call and pathfinder: analysis of the main CARD findings & recommendations*”, *European Defence Matters*, 9.

64 Information from interviews.

65 Council of the European Union, *Council Conclusions on the PESCO Strategic Review 2020*, 13188/20, (Brussels: 20 November 2020). On 10 May 2021 the Council decided that Canada, Norway and the US could join the PESCO project Military Mobility, which is the first example of participation by third countries in PESCO.



states participating in PESCO are providing National Implementation Plans (NIPs) on their realisation of the commitments. These NIPs could be made public in order to increase peer pressure – comparable to the NATO Defence Planning Capability Reviews that some Allies are making public.

The Strategic Compass, when it succeeds in defining the higher military level of ambition, could become an important 'driver' for more binding (operational) commitments. As almost all EU member states participate in PESCO<sup>66</sup>, the instrument should be used to 'translate' the Compass' operational goals into more binding commitments. Member states should be held accountable, not only collectively but also on an individual basis.<sup>67</sup> Although a proportionate contribution – based on the Gross National Income (GNI) key – can never be the sole criterion for assessing if member states contribute with a fair share to EU military operations, it certainly can be one of the measurement tools. For example, the Netherlands is currently contributing 10 percent of what its contribution to military EU operations should be, based on the GNI key.<sup>68</sup> Other operational output criteria could be introduced alongside this, such as the frequency, duration and composition of contributions to EU operations. The Crisis Response Operation Core (CROC) project could provide the context for defining a more elaborated military full spectrum force for crisis management operations, in particular the proposal for an EU initial-entry force of about 5,000 military with all required enablers.

## EDF

Generally speaking, the EDF's pilot programmes have been a success, but the real test of the Fund is yet to come in the timeframe 2021-2027.<sup>69</sup> In particular large programmes will be dependent on co-financing by member states and industries taking part in them. Thus, close coordination between governments and industries will be an absolute prerequisite, and this requires both of them to transfer national practices to the European level. Perhaps an EU Governments-Industries Forum should be created to provide a framework for such coordination. Furthermore, the EDF's success will also very much depend on integrating Small and Medium-sized Enterprises (SMEs) located in smaller member states into the supply chains of platform-producing defence companies

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66 Only Malta and Denmark (opt-out on the military aspects of CSDP) do not participate in PESCO.

67 [The Council Conclusions of 10 May 2021](#) (para. 16) state "that there is a need for the PESCO participating Member States to improve the fulfillment of all the more binding commitments, with a particular focus on collaborative approach and operational readiness (...)".

68 Ministerie van Defensie, "[Bijleveld: 'EU-defensiesamenwerking moet nog beter in vezels organisatie' \(video\)](#)", 24 March 2021. It should be noted that the Netherlands contributes substantially to civilian EU missions.

69 The Preparatory Action on Defence Research (PADR, 2017-2019) and the European Defence Industrial Development Programme (EDIDP, 2018-2020). See: Dick Zandee, [European Defence Fund – The real test is yet to come](#), (The Hague: The Clingendael Institute, February 2021).

in the larger European countries. The EDF can be the crucial instrument for change in this respect as explained in the written contribution of Edouard Bellais in [Annex 3](#). The Strategic Compass should help to steer the EDF in a capability-driven way in order to focus investment on the future needs, which implies a choice for European priorities instead of listing the combined total of national capability goals.<sup>70</sup>

### Streamlining the tools

CARD, PESCO and the EDF have been developed alongside each other by the EDA, member states and the Commission. There is a relationship between them – in short speak the trilogy of landscaping-projects-funding – but there is also a need “to streamline and simplify the EU’s capability prioritization process”.<sup>71</sup> The following steps can be considered:

- First, the main characteristics of CARD and PESCO – voluntary and binding respectively – should be aligned. Except for Malta and Denmark (opt-out on the military aspects of CSDP) all EU member states have joined PESCO. There is clearly a difference in the purpose of both instruments, but there is also a great deal of overlap in terms of monitoring, reporting and assessment. The best way forward would be to combine CARD and PESCO politically and to develop one system of binding commitments, monitoring and reviewing, while at the same time retaining their separate purposes (CARD to indicate opportunities for collaboration; PESCO to launch projects).
- Second, the capability-driven approach has to take a more central place. PESCO’s second level of project groups should remain as it is, but the selection of and agreement on projects has to be driven by the EU’s capability priorities. In the latter case there has been a proliferation of supportive tools (the Capability Development Plan, Capability High Impact Goals, the six focus areas of CARD, etc.), which need to be merged into one set of European capability priorities. The revision of the Capability Development Plan could be used for this purpose. The European capabilities priorities also have to feed the European Commission (for EDF programming), other European collaborative projects and national plans. The EDA has to play the central role in developing this one set of European capability priorities.

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70 Information from interviews.

71 Dr. Daniel Fiott, “[Capability development](#)”, in: Christian Mölling and Torben Schütz, *The EU’s Strategic Compass and Its Four Baskets – Recommendations to Make the Most of It*, DGAP Report no. 13 (November 2020): 11.

## National implementation

Improved instruments for EU capability development will have little impact if the member states do not use them to the full extent. In order to address the conclusion of the first CARD report on continued fragmentation in the European defence landscape, it is of the utmost importance that all member states start to integrate these instruments into their defence and procurement planning. The method has to change from 'national planning and then explore what we can do with partners' to 'explore with partners what can be done collaboratively and then insert it into national planning'. Planning processes in capitals need to be adjusted accordingly. Integration rather than the separation of national 'Plans' and International Military Cooperation (IMC) departments under the Chief-of-Defence Staff should be aimed at. A true European capability-driven approach requires integrated organisation models in which planners take both multinational and national needs and requirements into account. Co-financing of EDF programmes also demands integration into the defence and procurement planning processes. In order to realise this change, the mindset has to be adapted. In many Ministries of Defence the EU is still a strange bedfellow and bureaucracies often have a natural habit to resist change. In order to increase EU awareness, Ministries of Defence should internally promote EU agendas and instruments more actively. 'Europe Days', already organised in several capitals (among them The Hague), are an excellent tool, but have to be scheduled regularly. Other means to overcome a lack of understanding are: the organisation of debates; the distribution of information; speeches by ministers and the military top brass; and inserting European defence topics in the curricula of training and education programmes at all levels in the armed forces. The EEAS and the EDA could provide assistance by elaborating an EU Guide for Defence Ministries, which could list all the measures to be taken.

## Maximising dual-use capabilities

There is wide recognition in the world of research & technology (R&T) of dual-use applications. However, when it comes to development and procurement, the defence sector often goes its own way neglecting that many capabilities for civilian and commercial customers can also be used by the military. This applies in particular to the military-enabling capabilities: transport, communications, reconnaissance and observation, etc. The emerging and disruptive technologies (EDTs) fall within the same dual-use category: the military are already exploring the use of artificial intelligence, robotics and unmanned systems, but much is driven in terms of R&T by the civilian side. Cyber and space: same story. Currently, the EU relies to a large extent upon US satellites. With the Galileo programme the EU has built a global positioning system (GPS) primarily

for civilian use, but this is also available to the military (the encrypted PRS signal<sup>72</sup>). Such military use should be expanded by the armed forces of all EU member states. A good starting point would be the deepening of the Galileo cybersecurity strategy for the next generation of Global Navigation Satellite System services, as already touched upon in the EU's Cybersecurity Strategy.<sup>73</sup> The EU's Copernicus satellite observation programme could also be connected more closely to the needs of EU military operations. In terms of investment, a much broader and integrated EU approach is needed. This should start with structural (not ad hoc, as is now the case) coordination of civil and military research in order to avoid duplication and to use spin-ins from civil technology research into defence and spin-offs of defence research into civilian users' life. The European Commission has launched the 'Action plan on synergies and cross-fertilisation between the civil, defence and space sectors' for enhancing the complementarity between the various EU programmes and instruments. Three identified flag ships are: drone technology, space-based secure connectivity and space traffic management.<sup>74</sup> The next step is the development of a technology roadmap on key technologies for security and defence to boost research & development and innovation while at the same time reducing dependencies.<sup>75</sup> This roadmap, to be presented by October 2021, should help to steer the selection of investment under these EU programmes. However, the success of civil-military research coordination is also dependent on the actors at three levels: 1) the internal coordination between the relevant Directorates-General of the Commission for formulating coordinated programme content and research calls has to be maximised; 2) the same applies to the interaction between various national ministries which often operate in a stove-piped manner; and 3) the government-to-industry contacts have to be improved where they are absent or weak, both nationally but also at the EU level (see the proposal above for an EU Governments-Industries Forum).

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72 The Galileo Public Regulated Service (PRS) is an encrypted navigation service for governmental authorised users and sensitive application that require high continuity. See: "[PRS](#)", European Union Agency for the Space Programme.

73 European Commission, [Joint Communication to the European Parliament and the Council. The EU's Cybersecurity Strategy for the Digital Decade](#), JOIN(2020)18 final, (Brussels: 16 December 2020).

74 European Commission, [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Action plan on synergies between civil, defence and space industries](#), European Commission, COM(2021) 70 final, (Brussels: 22 February 2021).

75 According to Stephen Quest, Director of the General Joint Research Centre. See: [High Level conference discussed impact of emerging disruptive technologies on defence](#), EDA News Release, 20 April 2020.

## Strengthening the technological and industrial base

The defence industry has specific characteristics: demand is driven by governments – not by commercial customers – and in the EU the sector is exempted from the common market rules under Article 346 of the TFEU. As a result, the procurement of defence equipment shows a higher price index growth in comparison to products on the commercial market. One of the reasons is the limited quantity of production numbers. Naval ships, tanks and fighter aircraft are ordered by tens or hundreds at best, while on the civilian-commercial side e.g. cars are sold on the market in their millions. National fragmentation adds on to what is sometimes called ‘defence inflation’ due to intra-European duplication. In the case of multinational programmes, costs have often turned out to be much higher than anticipated. The main reason for the high price ticket of the A400M military transport aircraft or the NH-90 helicopter lies in the member states’ behaviour to add on ‘national requirements’ and to demand an equal share for their defence industry participation (*juste retour*).<sup>76</sup>

Better use of the available tools (CARD, PESCO, EDF) will certainly help to prevent a repetition of the failures of the past. This has to go hand-in-hand with increasing industrial cross-border cooperation and, when and where possible, integration. The best chances for success in larger groups may lie with equipment for enabling capabilities, such as transport aircraft, communications, reconnaissance assets, medical and other logistical material. In these categories, standardisation and interoperability at the European level is much needed.<sup>77</sup> As already mentioned, such equipment often has a dual-use application which enlarges the market for selling the product (e.g. drones, transport aircraft, medical supplies, etc.). For combat equipment, multinational programmes are more challenging due to a higher rate of divergency of national demand and a more limited number of national user communities (armed forces). Smaller groups have to be formed, with France and Germany often providing the core. Future Air Combat Systems (FCAS) and Main Ground Combat Systems (MGCS) – starting as bilateral programmes<sup>78</sup> – should be opened up to the participation of other European countries at the appropriate moment, that is when the initial study phase has been completed. By joining such programmes countries with a defence industrial base predominantly consisting of Small and Medium-sized Enterprises (SMEs) should also be given the opportunity to receive a fair share in industrial participation – rather than based on ‘juste retour’.

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76 See the written contribution by Renaud Bellais ([Annex 3](#)).

77 It is equally needed for combat equipment, but standardising the enablers is the first priority in order to speed up deployment and to streamline logistical support to national contingents in multinational operations.

78 Spain is a partner in the FCAS programme.

## Structuring European armed forces

Numerous articles have been written on European defence fragmentation, the duplication of capability development efforts and wasting taxpayers' money. Very little is written about how European armed forces could be better structured in order to steer European defence cooperation and, thus, capability development. The term 'role or task specialisation' raises eyebrows as something to be avoided with the argument that a nation may never be dependent on the military capabilities of another state. In reality, such dependencies have existed for decades, with the dependency of European allies on American nuclear weapons and conventional forces as the clearest example. Also within Europe they exist: the Baltic States are dependent on NATO partners which carry out the air policing task of their airspace on rotation; Belgium and the Netherlands are completely dependent on each other's education/training and maintenance facilities for minehunters (in Belgium) and M-frigates (in the Netherlands). Sharing sovereignty as a solution to maintain capabilities – with the benefit of full interoperability – is by definition better than absolute sovereignty with losing capabilities.

In the Dutch Defence Vision 2035 'specialisation' (not task specialisation!) is one of the 'Design principles'. The text states: "Each country has a natural leaning towards certain capabilities and type of deployment. (...) Specialisation often begins with the intensification of cooperation and with the pooling and sharing of capabilities. (...) The preconditions for specialisation are (...) risk sharing and burden sharing."<sup>79</sup> If these principles are applied to the European level, ongoing defence efforts point to the following:

- The restructuring of the armed forces and related capability development in Germany and the countries to its East (Poland and the Baltic States) is mainly focused on strengthening heavy full spectrum armed forces. The core is to be provided by Germany – the realisation of a three heavy divisions strong force by 2030, based on the Framework Nation Concept which implies that smaller countries such as the Czech Republic, Denmark and the Netherlands can hook up with brigade-sized contributions to a German division. In the case of the Netherlands: the 43rd Mechanized Brigade which is under the command of the 1<sup>st</sup> German Armoured Division.<sup>80</sup>
- France and the other Mediterranean countries continue to invest in lighter and more mobile capabilities as well as strong naval forces, focused on rapid deployment – such as in Africa – or for all kinds of maritime tasks, from border protection to

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79 Ministry of Defence of the Netherlands, "[Design principle 9: Focus on further specialization within NATO and the EU](#)", *Defence Vision 2035*, p. 37.

80 A German tank battalion is integrated in the 43rd Mechanized Brigade. A Dutch tank company is part of the German tank battalion.

protecting commercial shipping routes. Naturally, these countries also maintain heavy armed land units, but they do not constitute the dominating part of their armies. Although a non-EU country, it is important to note that the UK also falls into this category. The latest announcement in London on defence reform points to a further reduction of the British Army to 72,500 full-time trained military by 2025 – the lowest figure since 1714. The number of tanks will be further reduced from 227 to 148. New investment will focus on drones, cyber warfare and other high-technology capabilities, including in space.<sup>81</sup>

This different orientation of structuring armed forces is reflecting the security and defence priorities of European countries, but also their strategic culture, history and geographical location. Rather than spreading the burden of capability improvement equally over all EU member states, it makes much more sense to build on these priorities when looking at how European forces all together could best be structured. This is not to imply a clear separation line between ‘the collective defence club’ and the ‘crisis management or expeditionary club’. Quickly deployable forces play a major role to reinforce NATO’s enhanced Forward Presence in Eastern Europe (in particular by deploying the Very High Readiness Joint Task Force, followed by the remainder of the NATO Response Force). Heavy armed forces can also be needed in crisis management operations, when these are taking place in an environment of confrontation with a well-armed opponent. Drones, cyber capabilities and unarmed systems are increasingly playing a central role in almost any type of operation. Nevertheless, EU member states have different armed forces profiles and they will continue to steer their defence planning. Logically, European capability development has to take this into account for channelling collaborative investment. Equally, this has an impact on contributions to CSDP operations as member states’ contributions can be larger or smaller, depending on the type of operation. The European Intervention Initiative (EI2) could also deliver input to the EU in this respect. For example, it already has various geographically-oriented working groups (Sahel, Caribbean, Baltic area).<sup>82</sup>

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81 [“Defence review: British army to be reduced to 72,500 troops by 2025”, BBC News, 22 March 2021.](#)

82 For further reading: Dick Zandee and Kimberley Kruijver, [Another solution with added value? The European Intervention Initiative as a new kid on the block of multinational defence cooperation](#), (The Hague: The Clingendael Institute, December 2019); Dick Zandee and Kimberley Kruijver, [The challenge of a shared strategic culture in Europe](#), (The Hague: The Clingendael Spectator, 28 October 2019); Dick Zandee and Kimberley Kruijver, [The European Intervention Initiative – Developing a shared strategic culture for European defence](#), (The Hague: The Clingendael Institute, September 2019).

## Increasing high-level political pressure

Breakthrough projects in the EU have mainly been realised once they were made *Chefsache* – a matter for the highest political level: EU Heads of State and Government represented in the European Council. The creation of the Eurozone, the migration deal with Turkey and the EU Corona Fund are examples thereof. For too long, security and defence has been discussed mainly by Ministers of Foreign Affairs and Defence. Often, progress has been slow due to bureaucratic resistance within ministries and armed forces, to circumventing instead of solving problems and to avoid difficulties in generating wider political support in the home country. As a result security and defence – originally launched in the EU at the level of the European Council in 1999-2000 – became increasingly a matter for only the Foreign Affairs and Defence Ministries, lacking higher-level political attention and steering.

In recent years, this has started to change. Member states – in particular France and Germany – have launched new European defence initiatives and have brought these into European Council debates while the European Commission has made its own contributions, such as with the European Defence Fund. However, there is a danger of losing interest and focusing on other urgent matters, if (a) concrete results are not shown, and (b) a regular assessment at European Council level is lacking. Thus, a first condition for realising a higher level of ambition in the EU is sustained political steering by the highest political level. In order to keep security and defence a *Chefsache* and to embed it in the wider responsibilities of the EU, it is key that the European Council agrees on the Strategic Compass and regularly reviews the progress made – based on agreed targets and milestones – and adjusts ‘what needs to be done’ as necessary. This applies in particular to capability development in order to ensure that the EU member states are consistently working towards improving European capabilities. The European Council does not need complicated reports or documents but rather simple statistics on milestones and the targets realised, partially realised or not realised at all. On that basis the Heads of State and Government are kept abreast, but, more importantly, they can give the political impetus for sustained efforts to realise a higher ambition for European security and defence. Furthermore, it will help to give the allocation of EU funding to defence a more prominent place in the negotiations on the EU's Multi-annual Financial Framework.



# 5 How to better cooperate with NATO

The EU is not the only organisation that is struggling to adjust its strategies to the new security challenges facing the Euro-Atlantic area. NATO faces the same challenges and, hence, is embarking on its own strategic reflection process. The 2020 report of the ‘Reflection Group’, appointed by the NATO Secretary General, sets forward a vision for the alliance in 2030 and has included as its first recommendation the need to update NATO’s 2010 Strategic Concept<sup>83</sup>, a process that will be launched at the NATO Summit of 14 June 2021. Even though NATO’s update of the Strategic Concept is a markedly different exercise from the EU’s Strategic Compass, both processes are designed to rally member states around a common strategic vision based on a shared threat perception. Given the overlap in membership, both processes also largely concern the same armed forces, the well-known ‘single set of forces’. Long-held concerns that more EU defence co-operation could be detrimental to cohesion within NATO still linger in the background and the Turkish-Cypriot dispute continues to pose a significant obstacle to more institutionalised forms of cooperation. In other words: even with a new Strategic Compass and a new Strategic Concept there will be no smooth sailing. However, the increasing realisation on both sides of the Atlantic that “a stronger EU leads to a stronger NATO”<sup>84</sup> offers prospects for closer relations based on the principle of the single set of forces, the desire to avoid unnecessary duplication and the need for pragmatic co-operation to meet the many emerging security challenges.

## Stronger European defence equals better NATO burden-sharing

The first months of the Biden administration have shown that Washington fully supports NATO, both in terms of its Article 5 commitment as well as with strengthening US forces in Europe. Nevertheless, the US pressure on Europe to deliver a larger share of the NATO force posture will remain. In Washington’s view, less American military involvement in the Middle East and Africa also has to be compensated by more

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83 [NATO 2030: United for a New Era. Analysis and Recommendations of the Reflection Group Appointed by the NATO Secretary General](#), 25 November 2020.

84 For a more in-depth discussion on EU-NATO co-operation as part of the European security architecture and evolving views of member states, see: Dick Zandee, Bob Deen, Kimberley Kruijver and Adája Stoetman, [European strategic autonomy in security and defence – Now the going gets tough, it’s time to get going](#), (The Hague: The Clingendael Institute, December 2020), pp. 15-18.

European action. Furthermore, American and European interests in countering hybrid threats and to guarantee free access to the global commons are commensurate. Two objectives can now be brought together: a stronger EU security and defence effort and an increased European contribution to NATO to realise a better burden-sharing. As such, this is nothing new. Many countries, member states of both organisations, have underlined that it is not 'either/or' but 'and/and'. Subsequently, the Strategic Compass and the Strategic Concept processes offer the opportunity to transfer the EU-NATO strategic partnership to a renewed transatlantic bargain for the decades to come.

Proposals have been made on connecting the EU's military level of ambition and related capability development to those of NATO. In essence, they encompass two key elements: (a) complementarity with regard to operational tasks, and (b) to connect the EU's enhanced defence effort to NATO. The first element entails a priority focus of NATO on collective defence and of the EU on crisis management, in particular in the southern neighbourhood (for further detail, see the section below on crisis management). The second element has implications for capability development: the EU can no longer treat the strengthening of the military capabilities of its member states solely in the context of crisis management (for further detail, see the section below on capability development). It should be noted that the European contribution to NATO is more than the sum of the defence output of all EU member states that are also NATO Allies. The European share of NATO's burden also includes, for example, Norway and the United Kingdom. Thus, it is the total of European countries – that is the EU plus non-EU European countries – that have to realise a fair burden-sharing in NATO.<sup>85</sup>

## Potential for enhanced EU-NATO Cooperation

Cooperation between the EU and NATO already has a long history<sup>86</sup>, which is not surprising as both organisations share a majority of their members (21), have common values and face common challenges. The first EU-NATO Joint Declaration of July 2016 identified seven areas for increased cooperation between the two organisations: countering hybrid threats; operational cooperation; cyber security and defence; defence capabilities; defence industry and research; exercises; and supporting eastern and southern partners' capacity-building efforts. In an attempt to implement enhanced cooperation in these areas, the EU and NATO have since then endorsed a

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85 This concept has been detailed in: Zandee, e.a., *European strategic autonomy in security and defence – Now the going gets tough, it's time to get going*, Clingendael Report, December 2020.

86 For an overview of the history of EU-NATO cooperation see: Tania Latici, [\*Understanding EU-NATO Cooperation. Theory and Practice\*](#), European Parliamentary Research Service, October 2020.

common set of 74 concrete proposals.<sup>87</sup> Subsequently, five progress reports have been released elaborating on the main achievements with regard to the implementation of the 74 proposals, the last one dating from June 2020.<sup>88</sup> While not wanting to offer an exhaustive evaluation of the degree of implementation of the EU's and NATO's good intentions across the board, where relevant this report will extract concrete examples of intensified co-operation under the different headers pertinent to the EU's Strategic Compass: mutual and collective defence, crisis management operations, resilience and capability development.

The main question in this context continues to be which organisation should be responsible for which aspects of security. Generally, the premise should be that the organisation that possesses the comparative advantage to fulfil certain tasks should take the lead accordingly. The other organisation can provide support when necessary. For example, the EU has a comparative advantage when it comes to tasks with both a civilian and military dimension, while NATO has a comparative advantage in implementing tasks of a predominantly military nature. Applying the logic of a comparative advantage will lead to avoiding unnecessary duplication and will result in the most efficient output in the end, where both organisations operate complementary to each other.

## Mutual and collective defence

The EU Treaty acknowledges that the Alliance is the main forum for the collective defence of its members as defined in Article 5 of the NATO Treaty. However, there has been considerable debate on how this affects the EU, considering that the EU has its own mutual defence clause: Article 42.7 TEU (see chapter 3). Despite the degree of ambiguity surrounding Article 42.7, EU member states agree that the Alliance should remain the principal organisation for safeguarding collective defence.<sup>89</sup> Not only is there a widely held view that the EU lacks the necessary means and capabilities to autonomously defend its territory, but a majority also believe that deterrence and collective defence are only credible because of the pivotal role of the US.<sup>90</sup>

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87 The concrete proposals can be found here: proposals dating from [December 2016](#) & proposals dating from [December 2017](#).

88 European Union & North Atlantic Treaty Organization, [Fifth progress report on the implementation of the common set of proposals endorsed by the EU and NATO Councils on 6 December 2016 and 5 December 2017](#), 16 June 2020.

89 Supported by the interviews.

90 Sven Biscop, [EU and NATO strategy: A Compass, a Concept, and a Concordat](#), (Brussels: The Egmont Institute, March 2021), p. 1.

However, Article 42.7 TEU has already been invoked in response to a terrorist attack in the past and could also be called upon in the nearby future, for example when an EU member state is under attack, which is in particular relevant for the cyber domain. This applies specifically to non-NATO EU member states such as Finland and Sweden. Even though these countries work closely with NATO, Article 5 would not apply if they were to be attacked. Thus, it is important to clarify what the EU's responsibilities could be. As stated in chapter 3, when cyberattacks hit non-military infrastructure and other targets, it seems preferable that the EU acts instead of NATO in case international assistance is needed. In other words, what is already the case for activating Article 42.7 TEU when an EU member state is under a terrorist attack should equally apply to cyberattacks targeted at the civilian infrastructure. In order to clarify what sort of cyberattacks would fall under the Article 42.7 TEU or under NATO's Article 5 clause, both organisations should discuss scenario-planning and attend each other's relevant exercises. Furthermore, the case of an armed attack against an EU member state can raise questions for which the answer is not to refer to NATO's collective defence task because the EU member state under an armed attack is not a NATO Ally or the Alliance is not capable of responding collectively. What will happen if an EU member state invokes Article 42.7 in such cases? In sum, while the principle holds that NATO is the primary organisation responsible for collective defence, as part of the Strategic Compass process the EU should not overlook the importance of operationalising and clarifying the applicability of Article 42.7 TEU.

### **Crisis management operations**

Taking into account the EU's broader toolbox of military and civilian instruments, it makes sense that the EU should be the lead organisation for crisis management operations. As stated in chapter 3, the geographical focus in the short term would lie on the Mediterranean area (taking into account border protection), the southern neighbourhood – including North Africa, the Sahel and African waters (due to border protection and piracy) – and the Indo-Pacific (the protection of the SLOC). NATO would concentrate on its core task of collective defence, with the geographical focus to the East, which naturally includes the Black Sea and the Baltic Sea areas. There could still be important contributions by the Alliance to crisis management, for example if high-end operations were to be required with the participation or back-up support of the US in the near term. Clearly, there is also a complementary role for the EU in support of NATO's collective defence task, such as in the non-military hybrid area.

Closely linked to crisis management operations, and to a certain extent also to mutual assistance, are contingency and advance planning and the development of scenarios. As stated in chapter 4, the EU has to catch up with NATO in this respect. Therefore, the EU should build on the contingency and advance planning and the scenarios that already exist within the NATO framework, of course with its own accents depending on the type of operations it is going to conduct. However, asking for NATO's documents

will face the well-known obstacle of information sharing. EU member states that are also NATO members should take the lead in trying to find a solution. In addition, it is advisable to intensify the military-to-military contacts between the EU and NATO, through directly linking SHAPE/ACO and the MPCC/EUMS. Another element of extended EU-NATO cooperation in crisis management could be live exercises. Although the NATO exercise focus has shifted to Article 5 scenarios, it could be useful to consider cross-participation or the attendance of EU and NATO military staff. The benefits of increased EU-NATO cooperation with regard to live exercises will primarily be improved interoperability and trust-building.

## **Resilience**

Chapter 3 assesses the potential for EU military action in the context of resilience, both externally and internally. For NATO, Article 3 of the North Atlantic Treaty describes that the Allies “separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack”. Both organisations therefore clearly have a role to play when it comes to strengthening resilience, and this is one of the focus areas where practical co-operation has vastly expanded in recent years.

Given the broad nature of resilience and the complex and interlocking nature of hybrid threats, it is neither feasible nor desirable to outline a clear division of responsibilities between NATO and the EU. However, given the specificities of the toolboxes that the two organisations have at their disposal, there are areas where it is more logical for one to take the lead and the other to support. Following the nature of the EU and its partnerships, the Union is better equipped to cooperate with civilian actors. In that regard, in those areas where civil-military cooperation is necessary and most urgent, it would make sense that the EU would take the lead, potentially with the support of NATO where necessary. Moreover, the EU should oversee the protection of its own critical infrastructure. In addition, the EU also has incorporated enhancing resilience as an essential part of its external action, as resilience abroad helps to guarantee security at home. Given the nature of these operations, the EU is better suited to continue to conduct those missions and operations where resilience forms an essential part. In contrast, NATO is primarily a military organisation that has, over the years, established an all-encompassing military infrastructure. It is self-evident that NATO should therefore be responsible for the protection of that infrastructure.

In addition to these diverging responsibilities, resilience is also an area that inhabits a lot of potential for increased EU-NATO cooperation, partially because this area is not yet very politicised. The EU and NATO increasingly cooperate on issues such as cyber security, including participation in each other's exercises such as NATO's Cyber Defence Exercise Locked Shields 19. There is also a Technical Arrangement on Cyber Defence between specialised NATO and EU institutions that could be further expanded

upon.<sup>91</sup> One of the possibilities would be to rely on the model of Centres of Excellence (CoE). NATO has already accredited a vast network of 27 such centres that could be more closely integrated with relevant agencies or institutions of the European Union. Perhaps a joint Cyber Centre of Excellence could be established, institutionally similar to the Hybrid CoE in Helsinki.<sup>92</sup> The Hybrid CoE is an international, independent and network-based organisation, which also serves as an important hub for the EU and NATO, providing a forum for strategic discussions, joint training and exercises.<sup>93</sup> The establishment of a Cyber Centre of Excellence could fulfil a similar purpose. Establishing such a centre could be based on the already existing Cyber Centre that is located in Tallinn (Estonia) and operates within the NATO framework. This Centre could then be transformed into a Cyber Centre of Excellence and would from then onwards function as a platform between the EU and NATO. Another opportunity in the field of resilience would be to reinforce coordination and cooperation when it comes to disaster relief. Recently, the EU's Emergency Response Coordination Centre (ERCC) and the Euro-Atlantic Disaster Response Coordination Centre (EADRCC) have demonstrated, in the context of the Coronavirus pandemic, that cooperation is possible. Building on this experience and further developing the coordination would enhance increased cooperation between the ERCC and the EADRCC, which could give a boost to further EU-NATO cooperation.

## Capability development

In particular since the establishment of the European Defence Agency (EDA), efforts to align capability development in the EU and NATO have increased, in particular through a growing network of staff-to-staff contacts, mutual attendance at meetings and, last but not least, the high-level steering of the EU-NATO common set of actions by the EU High Representative and the NATO Secretary General. However, closer cooperation is hindered by the fact that the CSDP is limited to crisis management with the result that the EU/EDA is formally not informed of the collective defence requirements of its participating member states that are also NATO Allies. If the EU instruments for capability development have to be used to their full potential and if the EU defence effort also has to reinforce NATO, then it would be desirable to take the NATO collective defence requirements into account in the EU/EDA capability development processes (see [Annex 2](#), in which Michael Simm also advocates this). The military mobility case has shown that NATO military requirements can be brought into the EU realm and how the two organisations make a combined effort to speed up the transfer of military equipment

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91 For a more detailed overview of EU-NATO co-operation in the cyber field see: [Fifth progress report on the implementation of the common set of proposals endorsed by the EU and NATO Councils on 6 December 2016 and 5 December 2017](#), p. 6.

92 The same concept could be applied to other resilience categories, such as space.

93 ["What is Hybrid CoE"](#), *Hybrid CoE*, accessed on 22 April 2021.

across Europe. The same procedure could be applied to the collective defence force requirements of the Alliance. In other words: NATO force goals for Allies that are also members of the EU would consequently also become EU capability priorities.

This would constitute the first step to align the NATO Defence Planning Process more to the EU capability development processes. While noting that the two have different purposes and characteristics<sup>94</sup>, there is also scope for more alignment with regard to accountability. With CARD and PESCO, the EU now has tools to review the member states' defence planning against EU capability priorities and the PESCO commitments respectively. There is already an overlap with NATO, e.g., with regard to the 20% defence investment target for the Alliance which is also a PESCO commitment. In case NATO collective defence requirements were to be completely shared with the EU – not to become EU targets but to be taken into account in capability development – it would be logical to align the monitoring, assessment and review processes to the maximum extent. Next to commonly written reports (but issued separately in each organisation), this alignment could also include EU-NATO consultations with the defence planning communities in the capitals of countries that belong to both organisations.

Finally, emerging and disruptive technologies (EDTs) are recognised by both organisations as a key element to future capabilities. As the EU is approaching EDTs from a wider civilian and military users' perspective, the coordination with Alliance efforts is all the more important to avoid a duplication of investment, to channel resources and the make optimum use by the military of dual-use capability development. Together, the EU and NATO should constitute a technology and innovation partnership to combine efforts in an area that is likely to be decisive in the next decades for the security and defence of all of their member states.

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94 The NDPP has its focus on directing and accounting for the Allies' defence planning efforts for their contribution to the NATO (collective) force requirements. The EU is focused on increasing European military capabilities by promoting and supporting collaborative programmes and projects.

## 6 Recommendations

The Netherlands is playing an active role in the development of the EU Strategic Compass. The following ten recommendations are made based on this report:

1. As a founding member of both NATO and the EU, the Netherlands should **actively promote the connectivity between the EU's Strategic Compass and the Alliance's Strategic Concept** in terms of a better US-European burden-sharing through increased EU security and defence cooperation.
2. An **ambitious yet realistic EU military level of ambition** requires The Hague to **argue in the EU for a phased approach** of:
  - improving the use of existing capabilities for the full range of EU operations in the **short term**, recognising limitations in geographical reach and high-end operations; and
  - working towards a higher military level of ambition for the **long term**, that is from the end of the Strategic Compass timeframe (2030) and beyond in which the EU is able to carry out the full range of operations without limitations in geographical reach and the force spectrum.
3. The Hague has to **increase its fair share in European military operations** (currently 10% of the personnel contribution target based on the GNI key), including in the Coordinated Maritime Presences concept and Coalitions of the Willing. After the withdrawal of Dutch armed forces from Afghanistan has been completed, the preparation of a contribution of special forces to Operation Barkhane/Task Force Takuba could be the first priority as well as to EU operations such as the EU Training Mission in Mali.
4. The position of The Hague in favour of a step-by-step build-up of the Military Planning and Conduct Capability (MPCC) has to be accompanied by **contributing a Dutch fair share to the increased staffing**, based on the GNI key.
5. The Netherlands should **extend its lead nation role** in the PESCO project on **Military Mobility** (MM) by becoming an 'area facilitator' for the broader MM focus area of the European Defence Agency to enhance European efforts for this key enabler serving the EU and NATO.
6. The Hague should promote the further development of **peer pressure** tools, such as by **proposing to make the PESCO National Implementation Plans** publicly available.



7. **European capability priorities and targets** have to be **integrated in the national defence planning processes of the Netherlands**. Instruments such as PESCO and the EDF have to be integrated in the planning instead of being treated as an add-on with a separate financing line.
8. The Netherlands should explore, together with European partners, further scope for **specialisation**, building on the capability profiles of their armed forces. For heavy land forces, this requires the further integration of the Dutch armed forces with **the German Bundeswehr**, while for quickly deployable intervention capabilities teaming up with **France** is preferable (including for the 5,000 military-strong initial entry capability). Best practices should be shared with other EU member states.
9. The European-first capability development priority has to be mirrored by **increased participation in European defence equipment programmes**, also to explore, as early as possible, the potential for cross-border defence technological and industrial cooperation, in particular for **Small and Medium-sized Enterprises**. National co-financing has to be part of this effort.
10. Elevated political pressure at the EU level requires full involvement by the Prime Minister of the new Dutch government in order to **ensure government-wide support** for an ambitious EU security and defence agenda. Equally, **Parliament** has to be closely involved, which requires a proactive **Defence Committee**. Using modern communication tools and methods, the awareness of **Dutch society as a whole** has to be increased to generate sustained public support. Finally, the new Dutch government will have to **increase defence spending** if the Netherlands wants to turn words into deeds with regard to improving European security and defence.

# Annex 1

## Written contribution by Vice-Adm. (Ret.) Ben Bekkering

*Towards a credible military instrument of a strategically adept EU*

### Problems in Puntland

The modern Habo Tuna Factory, on the shore of the Somalian north coast just off the Punt, offers work directly to 400 people from the nearby village of Quoor Felug and indirectly to another 1000 persons. These are substantial numbers, considering the area's limited economic opportunities. In 2012 I spoke with the manager on board one of HNLMS Rotterdam's landing craft, during a coastal patrol. With their camps on the east coast deserted, pirates appeared to have moved into the villages on the north coast, hiding amongst and living off the people. Through engagements with the locals, we hoped to learn from them and to gain their support.

The manager confirmed the presence of pirates in the region. He also warned against other criminal and extremist activities. He mentioned the lack of good governance and the rule of law. He expressed concerns over the proxy war in Yemen and the growing influence of regional powers. He complained about EU trade restrictions preventing exports to the EU, despite the fact that his factory was co-funded by European nations and complied with all EU standards. He described the effects of climate change: fish fleeing the warming waters of the Gulf of Aden, village wells silting and unusual torrential rains destroying crops. All in all, the people of Puntland were existentially threatened, despite their proverbial resilience and positive character.

### The EU's response

The EU did act. It started a naval counter-piracy operation in 2008 (*Atalanta*), a military training mission in 2010 (*EUTM Somalia*) and a civilian capacity-building mission in 2012 (*EUCAP*). All three can make justifiable claims of success. However, *Atalanta* was limited

to counter-piracy only. This invited criminal organisations to shift to other maritime crime business models. EUTM had to compete with other training missions, for instance from Turkey and the United Arab Emirates, both with less restrictive mandates and thus with more appealing programmes. EUCAP had difficulty in gaining a footprint in Somalia, but is now modestly active in building maritime governance. Coordination between the three missions was and still is limited at best. Lacking is an overall, regional, strategic approach, thereby reducing the value of the progress made 'on the ground'.

## **Bigger picture, bigger problem**

The situation in the Horn is not unique. In the Sahel, the Middle East, Central Asia and even the Balkans we see similar patterns: a combination of weak governance, social, ethnic and demographic imbalance and economic underperformance driving poverty and subsequent oppression, instability and migration. The effects of climate change further limit the sparse opportunities for economic and social development. This makes regions vulnerable to extremist and criminal organisations seeking impunity and bases from which to operate and export their activities.

Nor are these unstable regions isolated pockets. Instability in one region creates effects in adjacent ones. This has created two 'highways of instability'. Each one follows well developed and crime-infested smuggling routes. Originating in Latin America and Central Asia respectively, they cross oceans and move overland before merging in Northern Africa. From there, the Mediterranean is crossed and Southern Europe is entered.

These highways of instability also attract global and regional powers, aiming to further their political and economic self-interests through financial, technical and military support, sometimes even sponsoring proxies. They apply loose interpretations of the rules-based international order and seem to perceive the unstable regions as just another global commons, where jurisdiction is not explicitly defined, is difficult to enforce or is open to interpretation. Given the available resources, the unstable regions thus become an ideal ground for strategic competition, much like the seas and cyberspace. Consequently, these regions do not just need help to eradicate the root causes of instability, but also to prevent them from becoming pawns on a strategic competition chessboard.

## **Shaping the military instrument of power**

With the available mix of policy instruments, the EU is potentially well positioned to act as a strategic competitor. The level of integration of those instruments, including the military, determines their effectiveness and credibility which are needed to address the

cocktail of local suffering, regional instability and global competition. The EU Global Strategy provides ample direction, but so far it has proved to be difficult to translate it into a truly integrated approach.

The military cannot wait until the Strategic Compass provides additional direction. Given the dynamics of the security environment and the time needed to equip, field and ready military capabilities, the military needs to plan and prepare now. Acknowledging that the military is unlikely to be a root cause or a single solution, the focus should be on delivering crucial contributions to an overall effort by creating conditions and providing support. This calls for a military strategic framework, an effective command and control organisation and credible force capabilities. The following is an outline of how that could look.

## **A military strategic framework**

The military instrument of power of the EU sits under a separate decision-making process. As a result, it lacks a wider understanding and even an appreciation within the EU of role play and impact, in all phases of a crisis and alongside economic, diplomatic, financial, information and legal instruments. An accessible military strategic framework on the relevance of the military instrument, the possible contributions it can make to a comprehensive, integrated approach and the conditions under which it can be employed is much needed.

The framework opens with a succinct and well-informed situational awareness and understanding of all drivers of instability, be they environmental, social, political or geopolitical. It would then deduct the threats and risks, from civil unrest, terrorism and crime to confrontation with regional and global competitors. Each region, from contested seas and cyberspace to the unstable regions on Europe's periphery, is likely to have a typical mix. By confronting this analysis with the ends established in the EU Global Strategy, the military ways can be derived. They include forging partnerships through combined exercises, establishing a presence, performing military diplomacy, enforcing freedom of movement, providing humanitarian assistance and disaster relief, conducting security and counter-terrorism operations and ultimately interventions. To maintain its currency, the framework should be revisited every two years.

From there, the framework informs the two processes that define the necessary means. First, it provides guidance for the planning of current and future missions and operations: how to train, prepare, command and operate. As such, it would replace the quantitative Helsinki Headline Goal with more substantial and relevant design features for force capabilities. Second, it would provide guidance to the capability development process by informing and shaping the scenarios and criteria now in use to define the required capabilities and existing shortfalls.

## Effective command and control

For the EU to become a credible and forceful strategic actor, it must develop a truly strategic level, an integrated command and control capability, close to the political decision-making, augmenting rather than copying NATO's structures. In addition, the current Operations Headquarters needs revision.

The EU has many elements in place, across the institutions, which together could form the nucleus of such an integrated strategic level, informing and responding to the political (strategic) level. To address the most pressing and likely security issues, for instance structural instability and increasingly frequent relief, this could start with close coordination between, if not the integration of elements of the European External Action Service (planning and conduct capabilities) and the Directorate General for Civil Protection and Humanitarian Aid Operations. Another avenue would be increased cooperation with the EU's border control agency (Frontex). This is a must if the EU wants all instruments to be brought to bear in a concerted effort to achieve tangible effects. This integrated strategic level of command and control monitors strategic risks, signals issues that need addressing and produces theatre-wide strategic campaign plans, on order or in the shape of contingency plans. It also monitors the effects and advises the political level on necessary changes and interacts with other global and regional stakeholders and institutions.

Likewise, the current operational level of command and control requires a redesign. The current Operations' HQs in the EU are an awkward hybrid of the strategic and operational level. Required are headquarters that can design lines of operations within a designated area that will support the integrated campaign plan by addressing concrete security challenges. These joint and combined military headquarters incorporate all military domains and establish close liaison with other EU actors and stakeholders active in the area. They are activated as part of a campaign plan, which includes a clear command and control relationship and a designated area. Member states could be asked to nominate on-call (multinational) operational headquarters. They would normally not be required to deploy into theatre.

The tactical level headquarters remains largely unchanged. They report to the operational headquarters and execute tasks within the operating area and within a line of operation. They are force-generated and normally deploy with their allocated forces into theatre.

## Credible forces

The EU has a full plate of security issues to deal with, within and on its borders, on the periphery and perhaps even beyond. This will require attention to be paid to and involvement in many areas and regions. At the same time the smallest possible footprint

is desired. To achieve this, military capability should be built around small and highly connected units, conducting dispersed operations, suitable for flexible employment and swift decision making, delivering on-call concentrated effect, requiring a limited logistic footprint and being environmentally resilient. This requires superior and robust C4I (command, control, communications and intelligence), adequate tactical and operational mobility, the ability to rapidly reinforce, and last but not least a superior understanding of the operating environment.

Preparing these force packages requires regular combined and joint training and a high level of interoperability. Developing concepts, doctrine, procedures and even equipment should occur 'on the move', becoming a continuous process, calling for close cooperation between users, research and industry. Using a platform and systems approach would allow all EU nations to bring forward niche technologies and equipment to keep EU-wide capabilities leading edge and also to open avenues for the wider application of the PESCO (Permanent Structured Cooperation) instrument. An emphasis on minimum manning, reach-back support and a simple man-machine interface would ease training requirements and reduce the operational footprint. Creating fossil-fuel independence would reduce the associated logistic footprint as well.

Instead of 60,000 troops in 60 days some 6,000 miles from home, an unsustainable and unnecessary concept, the EU should focus on these smaller but highly capable land, maritime and air task groups, deployed or at high readiness to be deployed for a variety of most probable tasks. Conducting exercises with local security forces could forge partnerships. Establishing a presence could help weaker states to display their authority. Widening the current training missions to include assistance and advice and accompanying troops in the field would help to create the necessary effect. A permanent maritime presence with the widest possible maritime security mandate could break smuggling chains, demonstrate freedom of navigation and rightful legal claims in contested waters and deliver on-call humanitarian assistance and disaster relief.

Force generation and decision making within the EU have so far been cumbersome. To overcome the hurdles and to speed up action, the EU could stimulate willing and able nations to prepare and deliver spearheads. The European Intervention Initiative and perhaps even the Joint Expeditionary Force are strong examples thereof.

## **Back to Puntland**

The people of Puntland, and in many other regions, continue to face considerable challenges. Piracy may have been suppressed, but criminal and terrorist activities, the nearby war in Yemen, the ongoing effects of climate change and the persistent activities of regional and global actors cast shadows over the region. If the EU wants to live up to

its ambition of being a global, strategic actor for the good, it needs to act more. This will require some tough political hurdles and some considerable legal challenges, too quickly branded as unrealistic and unsurmountable by Brussels insiders. But if the manager of the Habo Tuna Factory, hopefully still running his successful business, is able to demonstrate one thing, it is that nothing is impossible when the need is felt and the will is there.

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## Annex 2

# Written contribution by Michael Simm

### *What the Strategic Compass can do for defence capabilities: advancing clarity, commitment, consistency*

While European capability development undoubtedly requires patience and humility, the unprecedented efforts undertaken by the EU and its member states since the release of the EU Global Strategy in 2016 represent a noticeable achievement in addressing the wider stakes involved in European security and defence. These advances included, for the first time ever, a comprehensive and coherent capability development process at the EU level: from setting the EU Capability Development Priorities in 2018 based on a revised Capability Development Plan (CDP), the launching of the Coordinated Annual Review on Defence (CARD) to the landmark decisions on establishing Permanent Structured Cooperation (PESCO) and the European Defence Fund (EDF). Structured prioritisation at the EU level, the identification of key collaborative opportunities, cyclical reporting to Ministers on the commitments taken and EU-funded defence projects were not a given even as recently as five years ago.

And yet, the real litmus test is still to come. For it is true that after decades of missing out on more coordinated spending, planning and cooperation among member states, *“the European defence landscape continues to be fragmented and lacks coherence in several aspects notably as regards defence capabilities and their development.”*<sup>95</sup> Turning the tide, making some deep-rooted patterns evolve and, after all, delivering concrete and game-changing results will require endurance and a sense of direction. The Strategic Compass therefore emerges at a most decisive moment and represents a unique opportunity to provide impetus and guidance at the strategic-political level, including towards reaching a new level in the progressive framing of a common

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95 [2020 CARD Report - Executive Summary](#), November 2021.



Union defence policy.<sup>96</sup> As regards defence capabilities, it would add distinct value by (i) providing additional **clarity** on the EU's Level of Ambition and shared strategic vision for European capability development for the decade ahead; (ii) reinvigorating the **commitment** to a holistic<sup>97</sup> approach towards capability development; and (iii) reinforcing **consistency** in the implementation of EU defence initiatives and sectoral strategies, so as to unlock their full potential. The Compass should thereby set out a sufficiently detailed vision to guide and trigger concrete actions, yet without entering the realm of process engineering. It should drive a point of no return whereby the different “beauties” cannot be sent back to sleep, but will be taken forward with increased vigour and buy-in by member states’ defence administrations.

### Providing additional clarity on the ‘what for’ – a strategic vision for capability development

With a view to calibrating capability development to clearly stated orientations and objectives – both politically and militarily –, **the EU Level of Ambition** agreed in 2016 would profit from being further specified, notably in terms of *‘responding to conflict and crisis’* and *‘protecting the EU and its citizens’*. Based on the recently presented threat analysis, the Strategic Compass should spell out what it means for the EU and its member states to provide a meaningful contribution to the full spectrum of security tasks in its neighbourhood and beyond. It should provide clear indications about how the EU intends to be able to shape the security of the global commons, including outer space, cyber, and the maritime and air domain. Furthermore, it should set out a clear path towards becoming a stronger partner with NATO while operationalising in a mutually reinforcing manner the ‘still sleeping beauties’ in the Treaties.<sup>98</sup> Such a broader approach should clearly go beyond traditional terms of crisis management and favour an extensive reading of security and resilience in a global context. It would thereby deliver on a much-needed strategic vision on what the European capability landscape should prepare for.

The Compass could add granularity in terms of what **abilities and effects** EU member states want to achieve in operational terms by 2030 and beyond. It could thereby set out a political commitment to enhance their ability to anticipate, assess, deter and

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96 In their Notification on PESCO to the Council and the High Representative of the Union for Foreign Affairs and Security Policy, and with reference to related Treaty provisions under Art. 42.2 TEU, PESCO participating member states declared themselves “determined” in this respect.

97 Understood as an integrated approach across the operational, capability, technological and industrial dimensions.

98 Reference is made here in particular to Art. 42.7 (invoked only once by France in 2015) and Art. 222 of the Treaties on which discussions among member states should lead to operationalising related provisions.

disrupt threats and risks posed to European territory, citizens and the freedom of the global commons. This would strengthen both the CSDP and raise member states' ability to conduct jointly a wider range of multinational military operations, based on scalable force postures and enhanced military mobility. In light of at times persistent misperceptions, it would also be key to re-emphasise the **overall direction of EU capability development**: reinforcing EU member states' single set of forces – including high-end capabilities – be they employed in a national, multinational, EU or NATO context. The contribution to collective defence by addressing relevant NATO shortfalls should therefore be made more explicit, in tune with aspirations to become a more credible security provider *and* responding to the call for greater burden-sharing within the Alliance.

With increased clarity about the EU Level of Ambition, the intended military abilities and effects and the relationship with NATO, the Strategic Compass would issue additional strategic guidance for future revisions of the Capability Development Plan. This would allow for a further sharpening and strengthening of EU Capability Development Priorities as a reference point for national planning processes, while providing a sense of direction regarding the evolution of PESCO commitments and projects taken forward in the PESCO and EDF frameworks.

### Reinvigorating the commitment on the 'what' – a holistic approach to European capabilities

With a view to reinforcing Europe's ability to become a more autonomous security provider, the Compass should equally provide concrete orientations for further developing a fully integrated approach across the operational, capability, technological and industrial dimensions – similar to other global powers. EU member states should thereby politically reaffirm and operationalise their intention to design and develop a **full spectrum European capability landscape** that works towards deployable, sustainable and interoperable forces and capabilities. This should be accompanied by spelling out the objectives to be achieved within the next decade, involving a **considerably greater degree of cooperation, interoperability and reduced fragmentation**. Reaffirming such priorities at the highest political level would be all the more important to ensure that PESCO commitments are taken forward with the right level of proactiveness and buy-in.

Spelling out the ambition to keep a military edge and to **make European capabilities fit for the security environment of the 21<sup>st</sup> century**, the Strategic Compass should provide further avenues for the EU and its member states to address the growing digitisation, networked approach and **integration of emerging and disruptive technologies**. From artificial intelligence and big data to cyber, quantum, biotech, automation and robotics, new materials and other cutting-edge technologies, the

Compass should provide clear orientations about developing technological leadership and narrowing the gap with regard to other global powers in specific areas, based on coordinated action and sustained investment.

In support of the above, the Compass should also induce a more strategic approach towards the **industrial dimension as an integral part of defence capability development**. It could thereby provide direction for the development of a European defence industrial strategy, based on a more systematic approach in assessing and reducing European dependencies and calling for existing mitigating actions (skills, security of supply, industrial manufacturing capacities) and investments to be brought to new levels. This would include industrial actors from beyond the traditional defence industry, contributing with their supplies and innovation to the EU's freedom of action and resilience.

### Reinforcing consistency on the 'how' – strengthened implementation of defence initiatives

The Strategic Compass should act as a **catalyst for EU defence initiatives** to unfold a more substantial impact on national planning and decision-making processes, while resisting temptations to see "strategic patience" or the "streamlining of processes" as a way to dilute the level of ambition.<sup>99</sup> Putting a premium on **operationalising and accelerating** the implementation of hitherto agreed initiatives, it should direct the EU's prioritisation framework<sup>100</sup> to translate the threat analysis, the orientations provided under the EU Level of Ambition, the military effects and the technology-industrial dimension into further specified guidance for capability planners. In parallel, the Compass should issue a strong **call for action** on the recently identified CARD focus areas where the de-fragmentation of the European capability landscape and operational benefits should be pursued through intensified cooperation, joint planning and increased effort for next generation capabilities.<sup>101</sup> With a view to further strengthening CARD as a 360-degree 'defence semester' at the EU level, the next CARD cycle should identify further evolved and detailed recommendations across the full spectrum of operational, capability, technology and industrial aspects. In doing so, the Compass should also

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99 The coherence and fine tuning of the interplay between different tools and processes can be further developed as experience will be gained and best practices will be established by the defence planning community, including with a view to easing their integration into national processes, and can be taken forward in the context of regular 'Coherence reports' by the High Representative/Vice President/Head of the EDA.

100 The forthcoming revision of the Capability Development Plan, the further development of an Overarching Strategic Research Agenda and the identification of Key Strategic Activities.

101 These are initially 'Main Battle Tank' and 'Soldier Systems', 'Patrol Class Surface Ships', 'Counter-UAS as initial focus of A2/AD', 'Defence in Space', and 'Enhanced Military Mobility'.

accelerate the implementation of PESCO commitments and the emergence of structuring PESCO projects. It should provide clear guidance for reinforcing and interconnecting relevant EU funding tools, and setting the scene for an EDF with considerably increased multiplier effects by the end of the decade.

While **coherence with NATO** should be reaffirmed, given the difference of approach between capability development at the EU level and the apportionment-driven and more force planning-oriented character of the NATO Defence Planning Process (NDPP), the solution should not however be sought in trying to merge respective processes. Based on the understanding that the EU defence initiatives directly reinforce the Alliance, the Compass could possibly pave the way towards a strengthened and more formalised European (capability) pillar as part of the Defence Investment Pledge. The related avenue of a further evolved EU-NATO Joint Declaration could be explored after the publication of both the Strategic Compass and the new NATO Strategic Concept within comparable timeframes.

Given that many EU sectoral strategies (and action plans) comprise a defence capability dimension – in areas such as military mobility, hybrid, cyber, maritime security, space or climate and defence – the EU and its member states would also gain in making these efforts more visible, structured and interconnected. A more strategic approach could be instilled by **raising the profile** and linking the **evolution of sectoral security strategies** more directly to the EU Level of Ambition in security and defence. This should include reinforcing the concept of global maritime security with more robust responses towards mounting threats, developing a genuine space defence strategy by systematically including defence-related requirements in EU space programmes, and further stepping up responses in the areas of hybrid and cyber as cross-cutting drivers. A wider concept of *Coordinated Member States' Presences* (so far limited to the maritime domain) could be explored to address also the air domain and A2/AD more widely, thereby triggering additional requirements for member states' capability development. It would need to go along with prioritising the number of actions and strengthening their review mechanism, with groups of Member States taking the lead on different operational and capability-related aspects.

## From strategic orientation to implementation

“Strengthening available capabilities in Europe will therefore be the principal challenge faced in the years ahead. In a tough budgetary environment, such a goal can only be achieved through a joint, sustained and shared effort which meets operational needs.”<sup>102</sup> The words from 2008 have certainly not lost their relevance and time is of the essence

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102 Council of the European Union, [Declaration on strengthening capabilities](#), (Brussels: 11 December 2008).

for the EU and its member states to practise what is preached. Clarity, commitment and consistency should be the trigger for member states to further **build a common strategic culture** in the area of security and defence and to avail themselves of all the initiatives and tools that the EU can offer to become a more credible security provider. The Strategic Compass would therefore gain in being endorsed by the Heads of States and Government, who just recently expressed their commitment to pursue a **more strategic course of action** and to increase the EU's capacity to act autonomously, including in terms of capabilities.<sup>103</sup> **Strong accountability** during implementation should be ensured by regularly reverting to the level of Heads of State and Government. With a view to successfully supporting member states in their endeavours, the different EU institutional actors – be they intergovernmental or community-driven – will be required themselves to bring their **cooperation and synergies to unprecedented levels**. This means, more than ever, putting all relevant policy, regulatory, programmatic and investment-related instruments at the service of a common vision for European defence capability development.

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103 [Statement of the Members of the European Council](#), SN 2/21, 26 February 2021.

## Annex 3

# Written contribution by Dr. (Hab) Renaud Bellais

### *The European Defence Fund: an integrative factor of the EU defence industry*

The definition of the European Union's (EU's) Strategic Compass constitutes a step forward to empower European nations as key players in international relations. Nevertheless, identifying risks and threats together is only a first step, which must go along with developing the ability and capacities to act. Consequently, European countries need to generate appropriate military capabilities and be able to use them autonomously. The European Defence Fund (EDF) constitutes complementary action that is necessary to transform the analysis of the Strategic Compass into programmes that enable an effective CSDP.

The European Commission regularly underlines 'the cost of non-Europe', that is the loss of effectiveness in managing capability acquisition due to the fragmentation of the EU defence market. The EU adopted a 'Defence Package'<sup>104</sup> in 2009 to favour cross-border activities, but its outcomes appear to be quite disappointing up to now<sup>105</sup>. Establishing a new regulatory framework at the EU level is a necessary but not sufficient step to transform the defence market structurally. National programmes remain the main drivers of this market on the demand side; and they are delivered through domestic defence industrial and technological bases (DTIB) on the supply side.

This is why the EDF raises many expectations since this initiative could eventually give birth to a 'single defence market' resulting in cross-border links between national industrial bases. What should be the conditions that could help the EDF to achieve this objective? Appropriate funding constitutes a major incentive, as many European

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104 The EU defence package consists of the Defence Procurement Directive 2009/81/EC and the Intra-Community Transfers Directive 2009/43/EC.

105 Jean-Pierre Maulny, Edouard Simon and Alessandro Marrone, [\*Defence Package: Defence Procurement and Intra-Community Transfers Directives, European Implementation Assessment\*](#), IRIS and IAI study for the EPRS, (Brussels: European Parliamentary Research Service, October 2020).

countries face budget constraints to commit to new collaborative capability projects. This financial support could also counterbalance related additional costs: "collaboration is costlier than a similar national project and that the 'square root rule' still applies to collaborative programmes"<sup>106</sup>. However, additional funding cannot be sufficient. Getting incentives right is required if Europeans want to create a truly European DTIB.

## **PADR and EDIDP: revealing the potential for cross-border partnerships**

The EDF can benefit from lessons learnt from the Preparatory Action on Defence Research (PADR) and the European Defence Industrial Development Programme (EDIDP), even though the EDF has been launched before the closing of these actions. PADR and EDIDP are important since they induce integrators to unbundle their existing value chains and look for new partners beyond domestic borders.

One could consider that the defence industry has already engaged in Europeanisation. However, traditional cooperative programmes result in limited cross-border partnerships. States require from integrators – companies that build platforms such as ships, aircraft and vehicles – that they include local partners in their supply chain and often designate the lower tier suppliers. In other words, more cross-border partnerships do not result from a choice of integrators, and any 'forced' cooperation is unlikely to become sustainable. The global workshare across participating countries also hides the fact that, for each work package, suppliers are primarily located within the country in charge. Similarly, offset requirements could favour cross-border cooperation but integrators tend to preserve their initial suppliers as preferred partners, notably for export markets.

These specific features of cross-border cooperation in armaments production lead to an apparent integration of DTIBs at the European level, but which remains dependent on specific cooperative programmes. Therefore, they tend to vanish when multinational programmes end. In addition, due to the absence of vivid cross-border links, yesterday's partners can become tomorrow's competitors for another programme.

Nevertheless, PADR and even more so EDIDP projects prove that an alternative dynamic is possible when the demand side leaves it to the supply side to organise consortia. While both programmes deal with small projects, they promote new rules of the game and they help to change the mind-set of stakeholders. States have to accept as a counterpart for community funding that the workshare of an integrator is

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106 Keith Hartley, *The industrial and economic benefits of Eurofighter Typhoon*, Centre for Defence Economics, (York: University of York, 2008), p. 22.

not fully located inside its own DTIB. Integrators must look for new partners in several countries to fulfil eligibility rules and then open up their supply chain. While originally these changes were met with scepticism, the first projects show positive impacts on states (now exploring additional ideas) and companies (having discovered new capable partners).

The LynKEUs project can illustrate this positive impact. It aims to define a preliminary concept of operations for a beyond-line-of-sight European capability and demonstrate it through a full-scale firing campaign. The project consists of a land missile, a turret to support and set up the missile using an Unmanned Aerial Vehicle (UAV) for target designation, a land platform, and a UAV system providing a cyber-secured targeting location. In order to build a consortium, MBDA<sup>107</sup> looked for partners throughout the EU and it eventually discovered valuable Small and Medium-sized Enterprises (SMEs) like Xenics (Belgium), Aditess (Cyprus) or Signal Generix (Cyprus), which were not its suppliers previously. Without EDIDP requirements, it is unlikely that MBDA would look for these new partners, although they turned out to propose innovative solutions and provided added value to the initial concept.

LynKEUs demonstrates that Mid-caps<sup>108</sup> and SMEs can bring innovation and agility through a bottom-up approach that differs from the classical top-down capability design characterising classical relations between states, integrators and their supply chain.

## Ambitious projects but based on modularity and open architecture

The EDF's success will depend on the ability to target the right scale for its projects that satisfies most EU states and provides access to enough companies whatever their size. "The bulk of the money has to come from the member states. To a large extent the success of the EDF will depend on the investment of the member states and their national defence companies."<sup>109</sup> Identifying the right balance is then essential to gather all stakeholders.

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107 MBDA is the only integrated company to produce missiles and missile systems for armed forces, see: "[About us](#)", MBDA.

108 'Mid-cap' (or 'Middle-capitalisation company') means an enterprise that is not an SME and that has up to 3,000 employees, according to the European Commission. See: European Commission, [European Defence Industrial Development Programme \(EDIDP\) – 2020 calls for proposals, and terms for the calls and annexes](#), 19 March 2020, p. 119.

109 Dick Zandee, [European Defence Fund - The real test is yet to come](#), (The Hague: The Clingendael Institute, February 2021) p. 3.



Major projects, such as Future Combat Air Systems (FCAS) and Main Ground Combat Systems (MGCS), could fill capability gaps, but they represent long-term deliveries. Due to their complexity and advanced technology, opening supply chains does not seem easy and the biggest arms-producing countries already have specialised suppliers domestically. Such ambitious but exclusive projects would miss an integrative power, in particular if they are conceived around an ad hoc, customised architecture, as is the case for most advanced defence capabilities up to now. Since each part is specifically designed for this capability, rather than through an open architecture, such a conception fosters a quasi-vertical integration between the integrator and its partners, which represents a major obstacle to open the supply chain to new partners.

Choosing small projects could offer potential to many countries whose DTIB is limited and provide 'quick wins' for the EDF. However, their integrative factor could be limited in scope and in time. First, these projects are not structured around pivotal programmes such as e.g. Clean Sky in civilian aeronautics. Only these latter can nurture sustainable cross-border partnerships.

Second, as EU Framework Programmes for Research and Innovation have revealed over time, small projects favour a logic of 'juste retour' (geographic distribution and fair return): each member state wants to secure a share of funding for its national actors that is proportional to the country's contribution to the corresponding budget. The principle of 'juste retour' is also commonly applied – explicitly or implicitly – to major cooperative defence programmes (e.g. Eurofighter, NH90, A400M or F35). As national workshares must strictly correspond to each country's share of the programme funding, participating states tend to impose national champions or suppliers or even create a new domestic competence, even though such competence can already exist within the DTIB of another participating country.

When this political logic predominates over industrial rationale, the 'forced' selection of contributors is likely to result in a second-best solution, since the project leader cannot select industrial partners according to 'best athlete'<sup>110</sup> or 'best value for money' criteria. Such bias can explain many issues experienced by many cooperative programmes in defence, space or any other domain. It is unlikely that a cooperative programme based on 'juste retour' would nurture sustainable and fruitful cross-border partnerships.

The EDF should look for ambitious enough projects but without high barriers to entry, which prevents Mid-caps and SMEs outside the largest arms-producing countries from participating, and based on an industrial rationale. A compromise is possible with a two-stage process. The European Commission can select large companies, even

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110 This means selecting the most efficient players in the supply chain that provide the most appropriate skills and technologies and the best guarantees to be able to achieve the goals.

through direct awards, for their competencies of system integrators are essential to propose pivotal programmes (e.g. the Galileo and Copernicus space programmes). In return, they must guarantee that their supply chain will remain open to leave room for Mid-caps and SMEs, in particular from small arms-producing countries, through an exploratory and open competition for workshares based on a 'best athlete' principle.

European countries have a major opportunity to reinvent cooperative programmes thanks to a new conception of defence capabilities and a more permissive technological and industrial environment.<sup>111</sup>

First, future capabilities are not based on a unique platform but are composed of a network of platforms and systems. For instance, FCAS is not merely a new combat aircraft, but a system of systems (aircraft, drones, remote carriers, missiles, etc.). Such a configuration opens up room for a contribution by several companies of various sizes. Different components can be developed separately from a technical, industrial and geographical point of view. Each participating company can contribute according to its own competences and expectations in the field of R&D and production. This change of concept is an opportunity to invent agile and scalable forms for cooperation (vs vertical and hierarchical ones).

Second, modularity and open architectures provide an opportunity to depart from a "one fits all" design characterising complex capabilities. This latter requires an intertwined combination of different components, which requires a strict definition of the role of each partner and leads to hierarchically structured supply chains. An open architecture would give more flexibility in the design and manufacturing of end products. Companies could contribute to capabilities at different stages by developing 'technological bricks' and producing components and subsystems fitting into a capability or a complex platform without requiring that these components be specifically developed for a unique programme.

## Be my date: matching integrators and SMEs across Europe

European defence companies have been practising cooperative programmes for decades, some of them even leading to cross-border mergers (Airbus, Thales, KNDS<sup>112</sup>, etc.) but almost only at the integrator level. While relying on cooperative programmes for reducing acquisition costs, states also favour the preservation of their domestic DTIB. Therefore, classical cooperative programmes used to split workshares between

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111 Renaud Bellais, *Combat air systems for the 21st century: A shared stake for Europe*, Security Policy Brief 131, (Brussels: Egmont Institute, November 2020).

112 KNDS is the merger of Krauss-Maffei Wegmann and Nexter Defense Systems.

participating countries, creating cross-border flows of subsystems. However, inside a given work package, the supply chain is usually organised vertically within a given country. Thus, the internationalisation of defence supply chains remains limited to system or major subsystem integrators, each of them continuing working with its domestic legacy suppliers.

Opening supply chains is a major challenge in the defence industry, notably because the state takes many decisions regarding defence companies' strategies while these decisions rest strictly with the competence of companies in the civilian sector<sup>113</sup>, including the choice of key suppliers. Integrators must guarantee states that their industrial partners are trustworthy in terms of performance and the security of supply, hence a bias in favour of legacy and domestic suppliers that are already approved by the domestic defence procurement agency. In order to change this 'home bias'<sup>114</sup>, it is necessary that states give integrators some room for manoeuvre to involve new partners from other European countries.

In addition, defence Mid-caps and SMEs are not used to looking for customers abroad, since they are part of domestic programmes co-organised by states and integrators. Crossing the border is difficult for them due to high transaction costs resulting from the need to develop local business contacts, to overcome cultural, institutional and linguistic differences, to adapt to the specificities of supply chains, to understand public market rules and functioning, to adjust to local regulatory framework, and so on. These transaction costs constitute an important barrier to expand abroad for SMEs and Mid-caps in general<sup>115</sup> but even more so regarding defence markets. Therefore, they need help to be able to become visible vis-à-vis consortia leaders to be selected and thus to join an EDF project.

The EDF creates a window of opportunity to overcome the partitioning of the European defence base since it introduces financial incentives with regard to the number of countries and SMEs involved in a given project. However, this eligibility criterion is necessary but not sufficient to move from domestic DTIBs towards a European DTIB. Another condition is required: we need a matchmaker that lowers transaction costs

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113 Randolph Beard, 'Industrial Organization and the Defense Industry: A Research Agenda', in Jim Leitzel (ed.), *Economics and National Security*, (Boulder: Westview Press, 1993): 29-43.

114 McCallum underlined that Canadian companies tended to work much more with other Canadian companies than with American ones despite the absence of trade barriers between Canada and the United States. He qualified this observed phenomenon as a 'home bias'. Kohn McCallum, '[National Borders Matter: Canada-U.S. Regional Trade Patterns](#)', in: *American Economic Review*, 85, no. 3(1995): 615-623.

115 For a general perspective in international economics, see: Mathieu Crozet and Thierry Mayer, *The very select club of exporting firms*, La Lettre du CEPII 271, Paris: CEPII, 2007.

between integrators of systems and subsystems, on the one side, and Mid-caps and SMEs, on the other.

Granted that states give integrators more room for manoeuvre in selecting their industrial partners, looking for them abroad appears to be challenging. Large companies lack relevant information on Mid-caps and SMEs in other European countries. They face adverse selection when constituting consortia, which leads them to make conservative choices in selecting possible partners. At the same time, defence Mid-caps and SMEs are not prepared to promote their competences and added value. They do not know how they could join complex multinational projects.

Therefore, it is likely that, at least for the initial years of EDF, integrators miss new relevant suppliers due to insufficient information and market transparency when Mid-caps and SMEs appear unable to make themselves identifiable and proactive vis-à-vis integrators.

The European Commission (and EU member states) cannot rely on a *laissez-faire* doctrine. It must act as a catalyst for the integration of national DTIBs into cross-border partnerships. The European Commission must become proactive and behave as a “matchmaker” that reduces transaction costs between would-be partners. One solution could consist of setting up a dating platform that reduces information asymmetry on projects and partners and favours mutual understanding between all actors of the European DTIB.

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