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- The 2016 December European Council will discuss a bundle of measures to strengthen the EU's security and defence policy. While the Brexit vote and the US elections raised the ambitions of some member states, the measures largely represent a readjustment and repackaging of existing policies rather than a conceptual overhaul.

- With or without the UK, EU member states continue to have diverse views on the relationship between the EU and NATO, the priorities of the EU's security and defence policy and the level of EU involvement in defence in general.

- However, if implemented, the proposed steps may help member states to coordinate their capability development plans and to jointly finance research into and procurement of key defence technologies. This development would not question NATO's role in defending Europe but, on the contrary, would help contribute towards transatlantic burden-sharing.

- As some of the member states are more ambitious in pooling defence capabilities, the emergence of a multi-speed Europe in defence matters is a real possibility. This could deepen the divides that already exist between the member states.

In December 2016, the European Council is set to discuss ways to strengthen the EU's role as a security provider and enhance the Union's Common Security and Defence Policy (CSDP). The political momentum for deepening cooperation in security and defence matters has increased as a result of Europe's deteriorating security environment, including an uncertain relationship with Russia and instability in the Middle East, Northern Africa and the Sahel. In order to adapt the EU's policies to the challenges at hand, the EU member states tasked Federica Mogherini, the High Representative of the Union for Foreign Affairs and Security Policy, to compose a new foreign and security policy strategy for the EU.[1] The Global Strategy on Foreign and Security Policy (EUGS), unveiled in June 2016, makes security a key priority of the EU's external action and calls the Union to increase its credibility in the area of security and defence.

The idea of turning the EU into a more credible security provider has gained further relevance in view of two recent developments. First, the result of the EU referendum in the UK means that one of the most persistent critics of EU defence cooperation – and the Union's biggest military spender – seems destined to leave the club. Second, the future of Europe's primary security provider, NATO, has become more uncertain due to Donald Trump's victory in the US presidential election. All of this will impact the preferences of the member states as to the extent to which they want the EU to do more on defence matters.

Currently, the EU's agenda in the area of security and defence consists of three main elements. The first covers the reform proposals adopted by the Foreign Affairs Council in November 2016 as part of the implementation of the EUGS in the area of security and defence.[2] The second builds on the European Commission's Defence Action Plan, which puts forward measures to strengthen Europe's defence industry.[3] The third aims at improving cooperation between the EU and NATO and is underpinned by a joint declaration signed by the two at the Warsaw summit in July 2016.[4]

In this paper, we explore the dynamics in the EU's security and defence policy and evaluate whether the current plans introduce significant changes to existing practices and policies. Our analysis concludes that despite the challenging security environment and the recent political developments, EU defence cooperation continues to progress very slowly. This reflects the fact that there is still a wide variety of views within the EU when it comes to the role of the Union in security and defence matters. Irrespective of the projected UK exit, sovereignty concerns and sensitivities related to the relationship between the EU and NATO in particular remain major hurdles on the way towards a more 'EUropean' security and defence policy. As a consequence, the bundle of measures currently on the table is largely a readjustment and repackaging of existing policies rather than a conceptual overhaul.

That said, many of the proposals represent small steps in the right direction. If implemented, they would allow member states to better coordinate their capability development plans and jointly finance defence research and procurement, thereby creating the potential for spending national defence budgets and organising national capabilities in a more efficient manner. Rather than creating unnecessary duplications of EU and NATO structures, these measures could contribute to greater transatlantic burden-sharing. The EU might also see the establishment of limited strategic planning structures that might improve the planning and conduct of future EU civilian-military crisis management operations.

1 *Shared Vision, Common Action: A Stronger Europe.* A Global Strategy for the European Union's Foreign and Security Policy, June 2016, available at *https://europa.eu/globalstrategy/en/global-strategy-foreign-and-security-policy-european-union*, last accessed 13 Dec 2016.

2 Council of the EU: Council conclusions on implementing the EU global strategy in the area of security and defence, 14 November 2016, available at *http://www.consilium.europa.eu/en/press/press-releases/2016/11/14-conclusions-eu-global-strategy-security-defence*, last accessed 13 Dec 2016.

3 European Commission: European Defence Action Plan, 30 November 2016, available at *http://ec.europa.eu/DocsRoom/documents/20372*, last accessed 13 Dec 2016.

4 Joint declaration by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization, 8 July 2016, available at *http://www.nato.int/cps/en/natohq/official_texts_133163.htm*, last accessed 13 Dec 2016.

Finally, more than ever, the current agenda leaves the door open for a core group of like-minded member states to advance faster than the rest, although the concrete proposals for such cooperation remain limited in scope and ambition. Moving to a multi-speed Europe could change the dynamics of EU defence cooperation, but also risks deepening the divides that already exist between the member states.

Persisting divides

Despite the pressures arising from Europe's security environment, member states remain deeply divided on key questions, such as the relationship between the EU and NATO, the geographic and thematic priorities of the EU's security and defence policy and the level of EU involvement in security and defence matters in general. Aware of these differences, most member states want to stay firmly in the driving seat when security and defence matters are being discussed. This was again very clearly demonstrated by the Foreign Affairs Council of November 2016. The ministers did not formally endorse Mogherini's 'Implementation Plan on Security and Defence'. Instead, they selected those elements of Mogherini's plan that they could all agree on and carefully crafted their own Council conclusions.

Although the dividing lines between the member states are not always clear-cut or cross-cutting, some of them have proved to be very durable. Thus, many Central and Eastern European member states – above all the Baltic states and Poland – highlight the role of NATO and the importance of deterring Russia. From their perspective, the EU is of limited value in security and defence policy terms, which is why they tend to be interested in only some aspects of the EU's security and defence agenda. Poland, led by a Eurosceptic government, has a particularly reserved attitude towards EU defence cooperation. The Czech Republic and Slovakia, by contrast, have proved to be more open to strengthening the EU's role.

Another group is formed by some of the EU's non-NATO countries, especially Ireland and Austria. These states are worried that measures to ramp up EU defence could compromise their non-allied status. Despite its concerns about Russian military activity, Sweden also belongs to the more sceptical member states, being fearful of the involvement of the Commission in the defence sector and determined to confine the EU's security and defence policy to the area of crisis management. While loudly threatening to veto any steps towards an 'EU army', the UK has not played a major role in recent EU discussions. To its satisfaction, the UK has realized that the reservations of some member states make any quick advances in the EU's security and defence policy unlikely even after an eventual Brexit.

The most influential advocates of enhancing the CSDP are four large member states, namely Germany, France, Italy and Spain. During the preparations for Mogherini's implementation plan, the four members came up with a number of common proposals, suggesting for example the establishment of a European medical command and a logistics hub. However, even within this group, there are important differences: Paris, Rome and Madrid are mainly concerned about instability in Northern Africa and the Sahel and the resulting migration flows. With NATO's role in Africa being limited, they see the EU as potentially having much to offer in terms of crisis management. Germany, for its part, tries to balance the different concerns in the east and south of Europe. Its approach is driven by a strong commitment to both NATO and the EU and efforts to make them work for mutual benefit. The supporters of a stronger EU security and defence policy also include Belgium, Finland and the Netherlands.

Old ambitions, new will?

One of the central questions concerning the development of the EU's security and defence policy continues to be the exact role of the Union and the resulting level of ambition. When Mogherini presented the EUGS to the European Council, many observers were surprised by its emphasis on European 'strategic autonomy'. While acknowledging the importance of the transatlantic alliance, the EUGS argued that EU member states should be able to act autonomously if need be. That would require them to have 'full-spectrum land, air, space and maritime capabilities', which would allow them to respond to external crises without the infrastructure and capabilities of the US.

Unsurprisingly, the idea of strategic autonomy and the EU's level of ambition remain contentious topics

among the member states. Thus, the latest decisions do not reflect the high aims of the EUGS. Notably, both Mogherini's implementation plan and the Council conclusions of November 2016 shied away from formulating any quantitative benchmarks for the EU, such as troop numbers or expenditure goals. The risk of failing to live up to concrete expectations was too high, especially considering that the EU's defence posture will be further weakened after a possible Brexit.

Instead, the EU's level of ambition was defined qualitatively with respect to three areas: responding to external conflicts and crises; building the capacities of partners; and protecting the Union and its citizens. The third area represents a formally new addition to the oeuvre of the EU's security and defence policy, which has so far largely revolved around external crisis management.[5] However, the EU's aims in all three areas were formulated in a way that is consistent with previously agreed policies and current practice and does not exceed the legal base provided by the Lisbon Treaty.

The EU's response to external conflict and crises is a case in point. The EU plans to respond 'in all phases of the conflict cycle' and emphasizes 'rapid and decisive action through the whole spectrum of crisis management tasks'. These formulations mirror existing, but never fully realized ambitions, for example the EU's comprehensive approach to external conflict and crises and the various headline goals.

The EU's ambition in capacity building with partners covers efforts to assist crisis-hit states in reforming their security sector and other state functions. The EU has undertaken such activities in the framework of a number of CSDP missions. The new elements included in the Council conclusions are mostly about fine-tuning the existing framework, for example by ensuring closer coordination between the member states and EU delegations, CSDP missions and EU funding instruments. Strengthening the partners' resilience and countering hybrid threats were also added as new priorities, referring to areas such as strategic communication, cyber and border security.

The ambition to protect the Union and is citizens marks a major new area of EU engagement. However, the definition of 'protecting the Union' is abstract and remains contested among the member states. So far, NATO has been responsible for territorial defence, whereas the EU has only engaged in external crisis management and capacity-building. For many member states, including the Baltic and Central European NATO allies as well as Germany, any fundamental change to this division of labour is unacceptable. A proposal in Mogherini's implementation plan to 'explore the possibilities' of how CSDP operations can contribute to mutual defence under Article 42(7) TEU was not included in the Council conclusions, which make only a vague reference to the clause.

Instead, the Council conclusions emphasize that external CSDP operations contribute to the stability in Europe's neighbourhood and thus indirectly to the protection of EU citizens. At the same time, the EU military operation Sophia, which disrupts human trafficking in the Mediterranean Sea, serves as an example of possible CSDP ties with Justice and Home Affairs actors, such as the newly established European Coast and Border Guard.

The EU's ambition to be able to effectively counter cyber and hybrid threats from state and non-state actors could prove more interesting. Given the increasing awareness of the possibility of cyber-attacks and misinformation campaigns, the field of counter-hybrid warfare is developing dynamically and could offer a new area for the EU to provide added value. The decision to set up a 'hybrid threat centre' in Helsinki exemplifies that member states are interested in developing joint capabilities in this area.[6]

While it is hard to argue that the recent decisions raise the EU's level of ambition, it would already be an important step forward if the member states

5 For a discussion of the changing focus of European Security and Defence Policy, see Teija Tiilikainen, *The EU's Security and Defence Policy: Will the new strategy bear fruit?* FIIA Briefing Paper 210, available at http://www.fiia.fi/en/publication/643/the_eu_s_security_and_defence_policy, last accessed 13 Dec 216.

6 The centre is expected to start operating in spring 2017 as a joint initiative by several states (including Finland, Germany, France, the UK, Spain, the Baltic countries, Sweden, Poland and the United States) to strengthen preparedness against hybrid attacks, such as disinformation campaigns.

took the current level of ambition seriously and used the existing instruments. In November, the Council agreed in more detail what kind of missions and operations the EU should be able to conduct to fulfill the level of ambition. It specifically named high security risk operations in the regions surrounding the EU, air and special operations, as well as executive civilian missions authorized to take over government functions.

While legally possible, the EU has so far shied away from authorizing operations that involve high risks. For example in Mali, France moved ahead unilaterally in early 2013 to intervene in the civil war, whereas the EU needed more time to assemble an operation. Even now, the EU's engagement is focused on a non-executive military training mission in the stable southern part of the country. Stronger military ambition would allow the EU to move more quickly to stabilize countries with violent conflicts – an overdue step for the EU, especially in the Sahel region. The current decisions signal a political will to do more, but whether action will follow remains an open question.

Small steps, some new potential

In November 2016, the member states agreed on a list of actions to be implemented in the coming years. The bulk of the proposed actions reflect earlier decisions taken either in the run-up to, or in the aftermath of the December 2013 European Council on security and defence. A large proportion of the 'actions' can also hardly be defined as such: instead, the Council conclusions of November 2016 are full of calls to 'consider', 'explore', 'review' or 'specify' different instruments, plans or proposals. Nevertheless, if implemented, many of the actions represent sensible steps to strengthen EU defence cooperation and the CSDP.

In light of the current security environment, the EU acknowledges that it needs to review its priorities in terms of both civilian and military capabilities. As far as the civilian capabilities are concerned, the EU highlights a wide variety of issues, including irregular migration, hybrid threats, cyber security, terrorism, radicalization, organized crime and border management. However, considering both the range of topics and past experiences, quick results are unlikely to follow.

In terms of military capabilities, the member states listed 'priority areas in which Europe needs to invest adequately and develop collaborative approaches'. Many of these, such as remotely piloted aircraft systems; satellite communication; intelligence, surveillance and reconnaissance; and cyber defence capabilities, have already been included in previous EU documents. Europe's lack of strategic enablers, such as transport aircraft, has long been recognized as a problem as well. Capabilities to respond to hybrid threats, by contrast, represent a new addition to the list. Despite wide-reaching agreement on key shortfalls at the European level, getting the member states to launch concrete collaborative capability development projects is still very difficult and can in most priority areas be considered a mid-term objective at best.

One of the potentially important innovations of the EU's current security and defence policy agenda could be the idea to create a permanent mechanism to coordinate the procurement and capability development plans of the member states. The member states invited High Representative Mogherini to propose a 'Member States-driven Coordinated Annual Review on Defence'. The annual review could increase and systematize the exchange of information between the member states, create the potential for collaboration in capability development, and make it possible to avoid redundancies. However, the member states want the annual review to work on a voluntary basis, which makes its prospects insecure.

Member states also proposed adjustments to the structures, tools and financing of the EU's crisis management activities. The most ambitious proposal regarding the structures has long been the idea to establish a 'permanent EU headquarters' for CSDP missions and operations. After the publication of the EUGS and the Brexit vote, this idea was again put forward by France and Germany.

However, as many member states are concerned about the possible duplication of existing national and NATO structures, they eventually resorted to setting up a 'permanent operational planning and conduct capability at the strategic level for non-executive military missions' in the first half of 2017. The 'headquarters' will only assist with civilian-military training missions, while operations such as the anti-piracy operation off the Somalian coast or

the maritime operation Sophia in the Mediterranean will continue to be run from national headquarters.

In terms of financing, the EU is preparing for the next review of the so-called Athena mechanism for financing military CSDP operations. Currently, most of the costs for operations have to be carried by the participating member states, making many member states unwilling to commit troops or agree to the development of the EU Battlegroups. Some member states would like to expand joint financing through the Athena mechanism, while others remain opposed. The same issue was already addressed in the context of the previous review, but the results were meagre.

As far as the EU's rapid response is concerned, Italy has recently advocated the idea of a 'joint permanent European multinational force'. However, nothing resembling such an 'EU army' is in sight. Instead, Mogherini was invited to propose ways to increase 'the relevance, usability and deployability of the EU's Rapid Response toolbox, including the EU Battlegroups'. Questions related to the usability of the Battlegroups have been discussed several times during the last years, but no breakthrough has been achieved.

As a result of the persistent divides, some member states are more interested than ever in the possibility of deepening defence cooperation within a smaller group of capable and willing member states. In the Council conclusions of November 2016, the member states agreed to explore the potential of an '*inclusive* Permanent Structured Cooperation'. The emphasis on inclusiveness indicates that the idea of a multi-speed Europe remains a politically sensitive matter, with the potential outsiders fearful of losing influence on the future trajectory of EU defence cooperation. The proposals on setting up a Permanent Structured Cooperation, which Mogherini was tasked with putting forward as soon as possible, should take these concerns into account.

Finally, the Council asked Mogherini to present proposals on how to develop cooperation with partners that share the EU's values and are willing to cooperate with the Union in the framework of CSDP missions and operations. This is already an important aspect of the CSDP, with many non-EU states contributing to operations. CSDP partnerships could also become a central instrument after an eventual UK exit, as they would provide one possible channel for the EU and the UK to continue working together on security and defence matters.

More Commission in defence

In parallel with actions announced by the Council, the Commission prepared new proposals to strengthen Europe's defence industry and markets. The content of the Commission's Defence Action Plan, published in November 2016, consists largely of issues that were already on the agenda in previous years. Thus, the Commission continues to emphasize its willingness to create a more open defence market in Europe. To this end, the Commission vows to do more in terms of implementing its two defence directives, which aim at fostering intra-EU trade and competition in the defence sector.

However, the real selling point of the Commission's Defence Action Plan is the idea of a European Defence Fund, which consists of two elements. The first is a plan to fund collaborative research projects on innovative defence technologies. It was already unveiled in 2013, with a test phase – under the name Preparatory Action for defence research – set to be launched in 2017. According to the Commission's new plans, the Preparatory Action should subsequently make way for a full-scale defence research programme with an estimated budget of EUR 500 million a year. However, the details of the research programme are likely to be subject to intense negotiations – both among the member states and between the Commission, the Council and the European Parliament.

The second element of the Defence Fund is a new financial tool to help the member states set up joint capability development projects. According to the Commission, the 'capability window' of the Defence Fund should be able to mobilize EUR 5 billion per year. However, the money would mostly come from national contributions, making the scheme's success again crucially dependent on the commitment of the member states. Nevertheless, the Commission's proposal could create some new possibilities for the member states to cooperate in procurement and capability development.

Finally, the Commission suggests, somewhat controversially, new funding opportunities for defence

supply chains by expanding the activities of the European Structural and Investment Funds and the European Investment Bank into the defence sector.

Conclusions

The new plans to foster the EU's cooperation on security and defence consist for the most part of earlier initiatives and proposals, some of which have been updated or readjusted. The fundamental differences between member states' visions for the future of European defence prohibit any qualitative transformation of the EU as a security provider. Instead, the member states can agree on using the EU framework to some degree to coordinate their national defence policies and capability development.

The new security environment, the imminent Brexit or the prospect of a hardening US position on transatlantic burden-sharing have not changed the EU's security and defence policy agenda, only its importance. The member states have discussed similar plans for closer coordination, the pooling of capabilities, and common command structures since the Lisbon Treaty entered into force in 2009. However, it would be a significant step forward if the member states finally agreed to implement these plans.

The fact that the member states defined a clear timeline for many of the above-mentioned reforms is a positive sign. In conjunction with the Bratislava process that the EU started as a result of the Brexit vote, the member states agreed on starting the implementation right away. Concrete proposals for the coordinated annual review and the planning and conduct capability are due as early as the first half of 2017. Mogherini will also table the first annual progress report in June 2017. However, a clear timetable does not gloss over the fact that many of the proposals will be subject to controversial discussions among the member states.

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