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Report

EU-NATO Relations: Inching forward?

Julia Himmrich
Denitsa Raynova

EXECUTIVE SUMMARY

Improved collaboration between NATO and the EU is once again a political imperative. Although previous efforts have been stymied by political hurdles, the most recent attempt to re-energise the relationship was the EU-NATO Joint Declaration in July 2016 and the 42 Implementation Action Points of December 2016. For the first time in over a decade, this represents a significant step forward for EU-NATO cooperation.

This report assesses the progress made since the July 2016 Joint Declaration. It sets out the limits of the current Joint Declaration framework and offers recommendations for next steps by the institutions and their member states. It takes two key areas of the Joint Declaration as case studies: exercising and capacity building. These case studies identify some general areas for achievable further EU-NATO cooperation as well as further possible steps specific to exercising and capacity building.

The report concludes that further constructive and pragmatic development of the EU-NATO relationship is possible despite the political constraints and that member states should raise ambitions for the two institutions to not just cooperate - working together on goals which happen to overlap- but to collaborate - working together towards a common goal.

Key findings

- After the Joint Declaration, informal structures were enhanced between the EU and NATO to improve cooperation. Although this has improved the relationship of the two organisations, they still operate mainly on an *ad hoc* basis, an issue which staff in both institutions are actively addressing.
- Within the EU, the European Commission's role in defence and security matters is growing considerably. However, its operational capacity is limited given the limited number of staff who are trained to work with sensitive information, and its underdeveloped secure communications infrastructure. This affects all cooperation activities with NATO, in particular the development of shared responses to hybrid attack.
- In the area of exercises, staffs are providing pragmatic solutions to facilitate as close cooperation as possible within the limitations on information sharing. The new process of parallel and coordinated exercises (PACE) and its modular structure allows member states of both organisations to take part in different aspects of the exercises, whereas institutions' staffs can interact in both exercises and at all levels.
- In the area of capacity building in partner countries, the two institutions are engaging in a process of information exchange to map their activities. More effort should be made towards better defining the level of ambition of EU-NATO cooperation in this area, and ensuring sustainability of their activities, particularly when managing the

relations with partner countries.

- While political differences between member states impose sharp constraints, better cooperation could be achieved if practical obstacles such as security, mutual education and resourcing of the relationship were addressed.
- Information sharing between the two institutions is greatly constrained by treaty limitations as well as political divisions among member states.
- Although the process is led by the institutions, successful implementation of the Joint Declaration depends on the political will of all member states throughout.

Key recommendations

Institutions

Resourcing

- Highlight to member states the need to properly resource the implementation of the Joint Declaration, which currently has no allocated budget or staff.

Education

- Prioritise mutual education among staff of each other's organisation with a long-term vision and integrated methods for building institutional knowledge, particularly at staff to staff level.

Communication

- Develop coherent EU-NATO strategic communication about the process, addressing the concerns of member and partners.

Further actions

- Consider integrating partners further in relevant areas of collaboration.
- Promote member state ownership of EU-NATO collaboration including by encouraging the development of shared Centres of Excellence and by encouraging member states to lead on cooperation projects or on activities with partner countries;
- Expand EU capacity by investing in expanding secure communications, security clearing more staff and training them to work with classified information.

Member States

Resourcing

- Provide NATO and the EU with the resources and staffing necessary for improving institutional cooperation.

Further actions

- Support for institutional progress by engaging the EU and NATO permanent representations in Brussels and in relevant partner countries.
- Explore opportunities for establishing additional Centres of Excellence.
- Facilitate EU-NATO collaboration in partner countries where possible. Consider on the ground cooperation to bridge institutional obstacles.

Raising Ambitions

- Member States and institutions should consider intensifying joint action beyond the 2016 Declaration. This could include joint planning of activities, use of funds for common projects and increasing political reciprocity.
- Formalise the EU-NATO relationship by designating permanent coordinators at junior and senior levels.
- Expand the areas of cooperation beyond the seven already identified. The two institutions could consider joint programming, even if this is facilitated by an independent implementing agency. This would provide a buffer against opposition from countries outside the 22 common members and reduce legitimacy issues when working with local stakeholders.
- Clarify the goal of EU-NATO relations should not merely be cooperation between the institutions but collaboration for better security in Europe.

EU-NATO relations: Inching forward?

Julia Himmrich & Denitsa Raynova¹

INTRODUCTION

Growing tensions with Russia, hybrid threats and increasing terrorist activities in Europe, among other issues, have given a new impetus to better institutional cooperation between the EU and NATO.

The Joint Declaration by the Presidents of the European Council and the European Commission and the NATO Secretary General on the future of EU-NATO collaboration in July 2016 and the 42 Implementation Action Points agreed by all member states in December 2016 are a significant step forward.²

This report reviews and assesses developments since the Joint Declaration by focussing on two areas: exercising and capacity building in partner countries.³ We conclude that there has been significant progress at staff-to-staff level in the implementation of the Joint Declaration, and provide recommendations how this could be supported further. Finally, we argue **that member states should raise the level of ambition from *cooperation between the two institutions - working together on goals which happen to overlap - to collaboration - working together towards a common goal.***

The report draws on interviews and focus groups with EU and NATO staff involved in the implementation of the Joint Declaration as well as with representatives of member states.

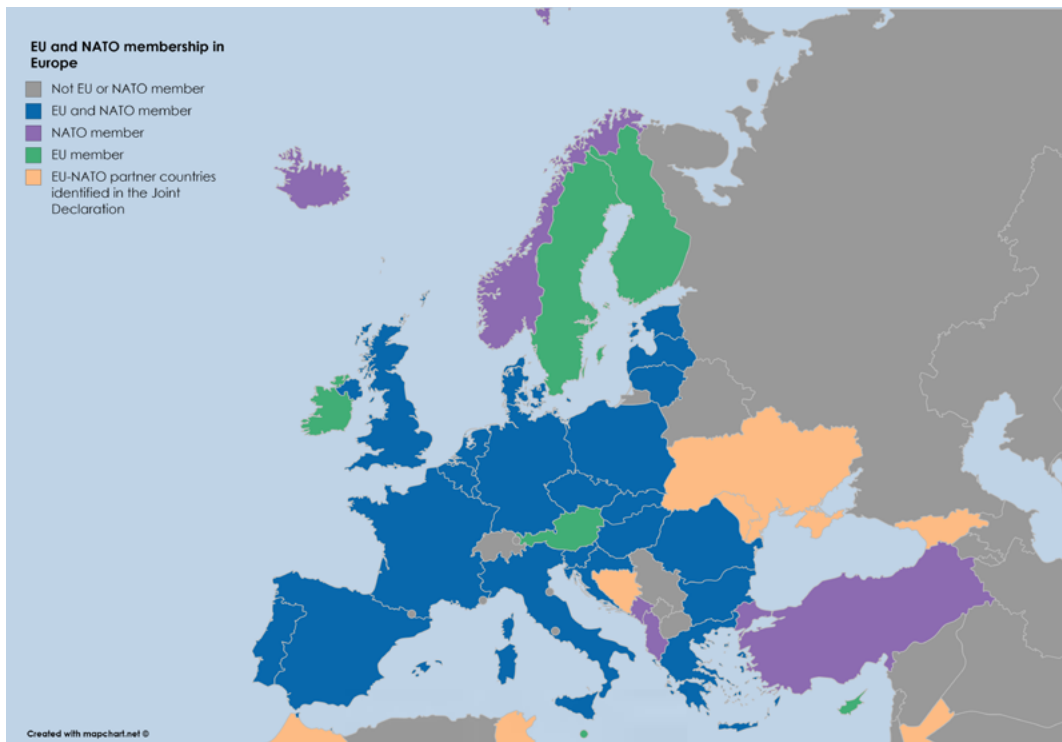
1 This report was first published on 15 May 2017, the opinions articulated within are the views of the author(s), and do not necessarily reflect the position of the European Leadership Network or any of its members.

2 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, http://www.nato.int/cps/en/natohq/official_texts_133163.htm; Statement on the implementation of the Joint Declaration signed by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization, 6 December 2016, http://www.nato.int/cps/en/natohq/official_texts_138829.htm, Accessed 04/05/2017

3 Joint Declaration (2016)

BENEFITS AND OBSTACLES TO A STRATEGIC EU-NATO RELATIONSHIP

Genuine collaboration between EU and NATO has great potential. The institutions and their member states realise that neither institution on its own has all the tools to meet the challenges they face from the East and South. The EU and NATO working together is not just about avoiding duplication, increasing efficiency or optimising defence spending. It is about Europe's future security and well-being, cohesion, joined-up responses to threats, coherent planning and communication, greater sustainability of operations and stronger relationships with partner countries.



The relationship has been complicated by treaty limitations and political division. After political support for greater institutional collaboration in the late 1990s and early 2000s,⁴ it was constrained by the so-called 'participation problem' after Cyprus joined the EU in 2004. This imported the unresolved dispute over the status of Northern Cyprus into EU – NATO relations. Since then, given the requirement for consensus in decision making,

⁴ The declaration of St Malo, in 1998, seemingly heralded greater collaboration in the EU-NATO relationship, but political obstacles have hampered extensive progress. After the 2002 EU-NATO Declaration on a European Security and Defence Policy, the purpose of the Berlin Plus Agreement of 2003 was to enable EU access to NATO assets and capabilities. It was invoked twice in the Western Balkans, first in the FRY of Macedonia and later in Bosnia and Herzegovina, where Operation Althea is still continuing.

EU access to NATO's assets and capabilities as had been agreed in 2002,⁵ has become almost impossible. This also affects the sharing of information between the two institutions. Since 2004, formal diplomatic collaboration at ambassadorial level of the NATO Joint North Atlantic Council (NAC) and the EU Political and Security Committee (PSC) may only deal with issues prior to the Cyprus' EU accession.⁶ Until the dispute is resolved a full, constructive EU-NATO relationship appears infeasible.

There is also additional division among the members of the two institutions. NATO and the EU share 22 member states. Access to classified information for countries that are not part of the EU⁷ or NATO⁸ is governed by their respective national agreements.⁹

To overcome these obstacles, *ad hoc* solutions exist. Regular informal NAC-PSC meetings to address a wider range of issues and mutual invitations to relevant ministerial meetings have become established practice. Equally, informal cooperation in EU and NATO operations in partner countries takes place. This demonstrates that closer integration between NATO and the EU is considered necessary and desirable by their members and why the Joint Declaration was long overdue.¹⁰

In an ideal scenario, the Joint Declaration would be the starting point for a genuinely strategic EU-NATO collaboration, not just cooperation. It would begin to deliver real political, diplomatic and security synergies instead of the present latent institutional competition and the high transaction costs of doing business with each other. Integrated planning at political and operational level could offer productive divisions of labour and the use of capabilities which would foster cohesion and collaboration, not merely cooperation.¹¹ Political problems and uncertainties bar the way. Nevertheless, the Joint Declaration provides a step-by-step approach to establish closer practical cooperation of real value.

5 In the Berlin Plus agreement.

6 This applies only to the Operation Althea in Bosnia and Herzegovina

7 Albania, Canada, Iceland, Norway, Turkey, the United States, and soon Montenegro.

8 Austria, Cyprus, Finland, Ireland, Malta, and Sweden.

9 Except for Cyprus, all non-NATO EU members are part of the Partnership for Peace framework (PfP) see also Simon John Smith (2011) EU-NATO cooperation: a case of institutional fatigue?, *European Security*, 20:2, 243-264; p.247 EU members Finland and Sweden have an even deeper relationship with NATO as they are part of the NATO Enhanced Opportunities Program (EOP) and the Interoperability Initiative (PII).

10 Smith (2011)

11 'Judy Asks: Can NATO and the EU Cooperate?' December 07, 2016 Carnegie Europe, <http://carnegieeurope.eu/strategieurope/66369>, Accessed 04/05/2017

THE JOINT DECLARATION

The Joint Declaration of July 2016 focuses on seven areas in which EU-NATO relations should be improved: (1) **hybrid threat**, (2) **operational cooperation**, (3) **cyber security and defence**, (4) **defence capabilities**, (5) **defence industry and research**, (6) **exercises**, and (7) **defence and security capacity building**.

In December 2016, 42 specific action points across those seven areas were agreed.¹² The new focus on hybrid threats - the combination of conventional operations and subversive efforts from state and non-state actors - helped provide impetus for this re-launch of EU-NATO cooperation. By April 2016 the EU and NATO had already published a Joint Communication on Countering Hybrid Threats.¹³ Furthermore, the EU-NATO collaboration was an essential part of the EU Operational Protocol for Countering Hybrid Threats, the so-called 'EU playbook'.¹⁴ Responding to hybrid threats and building resilience requires a wide array of policy responses which both NATO and the EU are still developing. This presents significant opportunity for the two organisations to work more closely together.

The Joint Declaration includes a commitment to involve member states while the institutions work to agreed priorities. It also explicitly integrates the formal and informal NAC-PSC meetings into the process. **An informal implementation three-layer staff-to-staff mechanism has been set up with the participation of the European External Action Service (EEAS), the European Commission, the European Defence Agency (EDA) and NATO comprising:** 1) designated officers in charge of implementation of the respective actions in all entities concerned; 2) a 'core group' to ensure horizontal overview, operational guidance and coordination; and 3) a 'steering group' at Principal level to give strategic

12 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, http://www.nato.int/cps/en/natohq/official_texts_133163.htm; Statement on the implementation of the Joint Declaration signed by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization, 6 December 2016, http://www.nato.int/cps/en/natohq/official_texts_138829.htm, Accessed 04/05/2017

13 The EU defines hybrid threat as 'Hybrid threats refer to mixture of activities often combining conventional and unconventional methods that can be used in a coordinated manner by state and non-state actors while remaining below the threshold of formally declared warfare.' See European Commission, 'Joint Framework on countering hybrid threats' April 2016 <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52016JC0018> Accessed 04/05/2017

14 See EU Operational Protocol for Countering Hybrid Threats 5 July 2016, <http://statewatch.org/news/2016/jul/eu-com-countering-hybrid-threats-playbook-swd-227-16.pdf>, Accessed 04/05/2017

oversight and political guidance. Implementation will be reviewed for the first time in mid-2017 and biannually thereafter.

For the EU, the Joint Declaration is framed as a vital part of improving European defence, alongside greater cooperation and integration on defence within the Union itself. It is also part of the package for institutional reforms to European security structures,¹⁵ which was initiated with the EU's June 2016 Global Security Strategy.¹⁶ For NATO, the institutional cooperation is framed as an important element in the development of an international "Comprehensive Approach" to crisis management and operations, which requires the effective application of both military and civilian means.¹⁷

EXERCISING AND CAPACITY BUILDING

Exercises and Capacity Building are two of the seven agreed areas for engagement between NATO and the EU. We focus on these two areas as they highlight different opportunities for, and challenges to, cooperation between the two institutions.

Exercising is a powerful way of aligning the EU and NATO over time. It can be advanced by the staffs in both institutions but is hampered by the high classification of exercise scenarios and the need for inter-institutional understanding. Joint capacity building will be a slower process but is the single best way, outside a crisis, of establishing an operational relationship and publicly demonstrating its benefits.

By reviewing the progress in these two areas, we can consider what broader successes can be accomplished within the current political and institutional restrictions and identify the limits to wider EU-NATO cooperation.

EXERCISING

15 European External Action Service, Implementation Plan on Security and Defence and the European Defence Action Plan, November 2016, https://eeas.europa.eu/sites/eeas/files/implementation_plan_on_security_and_defence_06_03_2017.pdf, Accessed 04/05/2017

16 This was followed by the informal meeting of EU foreign ministers in Bratislava, see EU Bratislava Declaration and Roadmap <http://www.consilium.europa.eu/en/press/press-releases/2016/09/16-bratislava-declaration-and-roadmap/>, 16 September 2016, accessed 04/05/2017, and the EEAS Implementation Plan on Security and Defence and the European Defence Action Plan in November, https://eeas.europa.eu/sites/eeas/files/eugs_implementation_plan_st14392.en16_0.pdf, 15 November 2016, Accessed 04/05/2017.

17 'NATO, 'NATO - EU Relations Factsheet', July 2016 http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_07/20160630_1607-factsheet-nato-eu-en.pdf Accessed 04/05/2017.

Exercising has been central to NATO's planning and operations since its creation but is a newer experience for the EU. Since the early 2000s, NATO and the EU were meant to exercise jointly every four years. But this has occurred only once (in 2003, before Cyprus joined the European Union) and the exercises have been postponed since then. Nonetheless, the EU has been able to observe NATO exercises. With the 2016 Joint Declaration, exercising was reintroduced as an area for cooperation between the two institutions.¹⁸

The most substantial action point in the implementation of the Joint Declaration was to establish so-called Parallel and Coordinated Exercises (PACE) as a pilot project for 2017 and 2018. This will be done with NATO in the lead and the EU as the non-leading organisation through the Crisis Management Exercise 2017 (CMX 17) and vice versa in 2018 with the EU Multi-Layer Crisis Management Exercise 2018 (ML 18) or other types of exercises in 2018. From the EU perspective it is an opportunity to test the EU-NATO aspects in its EU playbook on hybrid threats.¹⁹

Beyond PACE, progress has also been made in all the other exercise action points. These include increased EU-NATO staff-to-staff exercises. Staff have also conducted joint workshops and training seminars to address specific areas for greater cooperation. In accordance with the implementation action points, EU institutions have been invited to observe NATO military exercises and are exploring opportunities for NATO to observe EU military exercises, while NATO already has been observing table top exercises led by the European Defence Agency.

A review of these efforts unsurprisingly points to the difficulties. But it also demonstrates that the institutions have nevertheless managed to find productive ways forward. The following sections highlight the main challenges and the responses so far.

Overcoming institutional differences through Parallel and Coordinated Exercises (PACE)

As NATO and the EU have different mandates, membership and structures, there are clear institutional obstacles to be overcome to allow for smooth planning of parallel exercises. Nonetheless, the two institutions have been able to establish PACE, building on 'principles of inclusiveness and reciprocity'. This allows for the greatest possible information sharing and

18 See 6. Exercises in the Statement on the implementation of the Joint Declaration signed by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization, 6 December 2016, http://www.nato.int/cps/en/natohq/official_texts_138829.htm, Accessed 04/05/2017

19 EU Operational Protocol for Countering Hybrid Threats 5 July 2016, <http://statewatch.org/news/2016/jul/eu-com-countering-hybrid-threats-playbook-swd-227-16.pdf>, Accessed 04/05/2017

inclusion of each other's staff in the preparation of the scenarios. As the exercises focus on hybrid threats, the following four areas are the main focus of PACE: (1) Early Warning/Situational Awareness, (2) Strategic communication, (3) Cyber, and (4) Crisis prevention and response.

Preparations are on track for the 2017 CMX led by NATO and the EU Multi-Layer Crisis Management Exercise (ML 18) in 2018. Parallel exercises are being developed in line with the security needs and the relevant tools of each organisation but are set in the same geopolitical scenario. After the first round of PACE, the institutions will each conduct their own lessons-learned process and will share results with each other to the extent possible. This should ideally take place in time to inform the exercise led by the EU in 2018. After this first round of PACE in 2018, the process will be reviewed to consider potential formalisation from the following year onwards. Furthermore, NATO and the EU will provide input into each other's exercises, and invite each other to exercise in parallel and provide joint training.

Identifying institutional partners

As in all of the seven areas of the Joint Declaration, cooperation between NATO and the EU on exercises is led by specific units in each organisation. Among NATO officials, this is mainly driven by the Operations Division of the International Staff. In the EU, the process involves a multitude of actors. A small core team in the Crisis Management and Planning Directorate of the European External Action Service, specifically the Exercise Section, is a central part of the EU effort.

In the EU, the Hybrid Fusion Cell (in the EEAS) acts as a single entry point for hybrid threat-related information received from Member states' intelligence services, Commission services (including agencies), the EEAS (including EU delegations) and NATO counterparts. Due to the hybrid aspect of the scenarios for the exercises, Directorates General (DGs) of the European Commission play a significant part. Here, the DG of Migration and Home Affairs is central. Among the other Directorates, DG Grow leads the Commission network on hybrid threat, and DGs Health and Food Security, DG Energy, and DG Mobility and Transport are also involved. Furthermore, the Secretariat of the Council is a point of contact. The extent to which, all would need to become part of the exercise in 2017 is still being explored.

Addressing the limits to information sharing

On exercises, the participation issue has been the most constraining political obstacle between the two organisations. This is due to the classified nature of the exercises and restrictions on sharing details about scenarios and evaluation with the institutions and all member states. As a workaround, through the parallel structure the EU is exploring ways to adopt a scenario to allow all of its members to participate in an exercise coordinated with the

NATO-led CMX without contravening the limitations on information sharing. Furthermore, due to the modular structure of the exercise, some non-NATO members will be able to participate in parts of the CMX up to a certain level of crisis. But the political obstacles mean a less joined-up PACE, which limits inclusivity. However, it does allow the closest possible approximation to a joint exercise within the political restrictions by enabling similar scenarios without disclosing any NATO classified information to non-NATO member states.

Political concerns of Member States

Member states have divergent visions about the extent to which NATO and the EU should be exercising together. While they are committed to greater cooperation between NATO and the EU, exercising raises concerns among some member states on threat perceptions, what scenarios should be deemed realistic and the extent of cooperation between the two organisations. There are also political concerns over whether the civilian nature of the European Union will be affected by planning with NATO. Much of this stems from misperceptions about what the exercises entail. Rather than being a tool to develop new capabilities, exercising is a process to test existing procedures and capabilities in scenarios in which the institutions have a clear mandate.

Capacity constraints within the EU – Human Resources

On exercises, the EU has much smaller capacity and resources, spread between different EU institutions. This is a particular concern over the planning of the EU-led exercise in 2018. The cooperation with NATO is therefore very much a test of the EU's own ability to deal with hybrid threats. Equally, NATO, although larger and experienced in exercises, needs to adapt to exercise with the EU.

Security clearance and training for Commission staff is currently limited, thus only a very restricted number can access EU classified information. The clearing of individuals is slow because it is handled by their country of citizenship and processing times differ significantly among member states. Additionally, the handling of classified information requires significant training and development within the EU. While within the EEAS there is more experience and capacity for this, the Commission needs to build experience of working on security and defence matters. DGs with very little or no exposure to security operations are rapidly becoming central actors in the new world of hybrid threats. Building the EU's capacity will therefore require a longer term approach, tied to its wider Human Resource policy.

Capacity constraints within the EU – Secure Communications

To develop its capacity, the EU needs to invest in expanding its secure communications, not only to be able to interact securely with NATO, but also for an internal institutional dialogue

between the Commission, the Council and the EEAS on classified matters. This requires investment in secure telephone lines, email accounts as well as secure locations in which classified information can be received and shared.

Lack of familiarity between institutions

There is generally limited knowledge among EU and NATO staff about each other's organisations and limited understanding of the tools available to the other. Cultural differences also arise because NATO is a security organisation with a heavy emphasis on the military dimension, while the EU is not. In all areas, including exercising, much of the effort between the two institutions has been in identifying relevant counterparts and establishing a common language on the issues at hand.

There is also remarkably little knowledge about one institution among the officials of member states working with the other. This is not due to classification restrictions but to working practices. For example, delegations of the 22 common member states to NATO and the EU may come from different perspectives and not coordinate or update each other on progress. This creates an overall disjointed approach to cooperation between the two institutions.

Lack of familiarity with hybrid issues

The focus within the EU on hybrid threats is quite recent. In the preparation of the hybrid scenarios of PACE, it has become evident that the understanding among member states of hybrid threat and its relevance to EU-NATO cooperation is quite limited. The lack of awareness among member states of hybrid threat or the need for greater resilience is also reflected in very limited participation in the hybrid threats survey contained in the EU's Joint Framework on countering hybrid threats from April 2016.²⁰ A deeper engagement with the issue of hybrid threat across all members would strengthen EU-NATO cooperation on exercises.

Assessment

Cooperation on exercises is being approached as an experiment to explore to what extent EU-NATO can work together on such a sensitive area. As it has been hampered by political restrictions for so long and is highly affected by the information sharing limitations between the two institutions, the progress on staff-to-staff level and engagement of member states can already be considered a success. This has established greater knowledge and greater

20 Joint Communication To the European Parliament And The Council Joint Framework on countering hybrid threats a European Union response, Brussels, 6.4.2016 JOIN (2016) 18 final <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52016JC0018>, Accessed 04/05/2017

trust between the two organisations. The political restrictions on staff are clear but still allow progress and creative solutions, while respecting the required levels of classification. Step-by-step progress has given optimism for future pragmatic cooperation.

After having established a core group of EU and NATO staff benefitting from this cooperation, it is now necessary to maintain the political will to provide additional education between these institutions. As we point out in the final recommendations there is scope to explore how to improve cooperation within existing political parameters and think in a more strategic manner about the cooperation. Equally, support from member states for implementation and a more ambitious relationship in the future is critical.

CAPACITY BUILDING IN PARTNER COUNTRIES

NATO and the EU also agreed on implementing action points on defence and security capacity-building in the Western Balkans as well as the Eastern and Southern Neighbourhoods, including Georgia, Republic of Moldova, Ukraine, Jordan, Morocco and Tunisia.

The aims are to foster cooperation on building partners' capacity and resilience; to encourage cooperation and exchange of expertise through respective Centres of Excellence (CoE) and other relevant training activities and programmes; identify possibilities for participation in respective projects and practical partnership programmes; and to ensure complementarity of maritime capacity building efforts.²¹

This marks a significant step in fostering trust and forging a new relationship between two institutions that have had limited experience of working together in capacity building, most notably during crisis management operations. Beyond the two Berlin Plus missions to date, Operation Concordia and EUFOR Althea, and the *ad hoc* cooperation in joint theatres of operation, such as Darfur, Afghanistan and the Gulf of Aden, relations in the field have remained stagnant due to the wider political obstacles. *Ad-hoc* cooperation is also developing in countries where both organisations have a more permanent presence, such as Ukraine, and to a lesser extent, Georgia.

21 NATO Website, 2016, Statement on the implementation of the Joint Declaration signed by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization http://www.nato.int/cps/en/natohq/official_texts_138829.htm, Accessed 04/05/2017

Unlike exercising where the EU has had visibly less experience than NATO, capacity building in partner countries is an area where each organisation has built its individual institutional expertise and experience.

Three key documents draw the contours of the EU approach to capacity building abroad and define the core strategic interests of the Union in this area.²² Notably, key elements of the agenda, such as the Union's needs in the area of Capacity Building in support of Security and Development (CBSD) and the nature and scope of the new projects, are still under consideration. A decision is yet to be made by the European Parliament and the European Council who will clarify amendments to the Instrument contributing to Stability and Peace and will review key implementation milestones of the Joint Staff Working Document Impact Assessment on Capacity Building.²³

At the same time NATO has developed its approach to supporting partner states through two main policy tools. The first is the Defence and Related Security Capacity Building (DCB) Initiative, with which the Alliance assists partner governments and their security apparatuses more specifically. It aims to enhance local ownership and effective security governance.²⁴ The second, the Building Integrity (BI) Initiative, aims to protect the security and defence sector from undue influence, ensuring greater stability deriving from civilian oversight

22 The documents are 'Establishing an instrument contributing to stability and peace' (legislative initiative), 'Enabling partners to prevent and manage crises' (communication), and the EU-wide strategic framework to support Security Sector Reform (communication), which underpin the core principles and objectives of the Union. For further information please see, REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 230/2014 of the European Parliament and of the Council of 11 March 2014, https://ec.europa.eu/europeaid/sites/devco/files/com-2016-477-20160706-proposal-for-regulation-icsp_en.pdf; JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL, Capacity building in support of security and development, 2015, <http://data.consilium.europa.eu/doc/document/ST-8504-2015-INIT/en/pdf>, and JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL, 2016, https://ec.europa.eu/europeaid/sites/devco/files/joint-communication-ssr-20160705-p1-854572_en.pdf, Accessed 04/05/2017

23 European Council, 2017, Council conclusions on progress in implementing the EU Global Strategy in the area of Security and Defence, <http://www.consilium.europa.eu/en/press/press-releases/2017/03/06-conclusions-security-defence/>. European Commission, 2016, JOINT STAFF WORKING DOCUMENT IMPACT ASSESSMENT, Capacity Building in support of Security and Development, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52016SC0222>, Accessed 04/05/2017

24 The document was agreed at the Wales Summit in 2014, with which the Alliance offers 'strategic advice on defence and security sector reform and institution building, development of local forces through education and training, or advice and assistance in specialised areas such as logistics or cyber defence'. Please see the NATO Website, 2014, Defence and Related Security Capacity Building Initiative, http://www.nato.int/cps/en/natohq/topics_132756.htm, Accessed 04/05/2017

and control.²⁵ This initiative has the greatest congruence with the EU's attitude to capacity building and the Union's development practices of good governance and sustainability.

While important, NATO's and the EU's shared and individual experiences and lessons identified still have to confront an array of challenges in doing capacity building abroad together.

Calibrating the right level of ambition

Implementing the December proposals is underway and the staffs have set their priorities against four pragmatic levels of ambition: raising awareness, de-confliction of activities, complementarity of effort, and collaboration. These constitute an informal framework which will guide the operationalisation of all EU-NATO capacity building efforts.

But given the complexity and sensitivity of doing more beyond merely exchanging information in Brussels, the two institutions must develop a common understanding of what constitutes success and agree, in partnership with the host country, the elements where their cooperation can be of benefit. This will take time. Staffs are acutely aware of the political pressure to demonstrate early results. But they are wisely taking a step-by-step approach, focusing on pilot projects. They see the advantages of presenting this early stage of cooperation as experimental.

Currently, the EU and NATO are mapping their activities in areas of common operations and are considering broader engagement with special focus on Eastern and Southern common neighbourhoods. The aim is to improve awareness of their staffs and establish common understanding of their core interests, dependencies and externalities. This will in turn facilitate future communication and de-confliction of actions should the two institutions choose to act independently. However, mapping should also allow them to identify areas of converging interest where the political leadership can devise complementary activities, be it in Brussels or in-theatre.

Finally, accumulated knowledge and experience, combined with a shared vision of good practices, could pave the way to joint action, free from structural bias. This would be the step with the biggest potential to deliver substantial change in the way capacity building is offered. Without underestimating serious challenges such as the political sensitivities of all stakeholders and the different programme cycles according to which the EU and NATO

25 It is designed to 'promote and implement the principles of integrity, transparency and accountability in accordance with international norms and practices'. Further information is available on the NATO Website, 2016, Building integrity, http://www.nato.int/cps/en/natolive/topics_68368.htm, Accessed 04/05/2017

operate, a single programme of activities approved or adopted by both would be resource efficient, would avoid duplication, and would send a strong message of unity and solidarity.

Clarifying core objectives and principles

Despite the progress made along the mentioned levels of ambition, one of the remaining ambiguities surrounding the EU-NATO capacity building efforts is the end goal of their cooperation. Policy leaders on both sides are yet to clarify whether their aim is merely to demonstrate that EU-NATO collaboration can be of mutual benefit to all their stakeholders or if it is actually to achieve better capacity building in partner countries.

Agreeing on an unambiguous rationale would be a challenge for diplomacy. A clear objective of serving partner countries better would address concerns about the visibility and legitimacy of their efforts and would tackle concerns about local ownership and sustainability. Moreover, it would shed light on the future activities needed to make this initiative a success. Mapping capacity building-related activities, which for the moment underpins the EU-NATO strategy in the field, as accurate as it can be, is not a comprehensive assessment informed by the host country position or the local and regional environments.

Should the end goal simply be better coordination in Brussels, any further analysis of the circumstances may not be a priority. However, in-theatre coordination and balancing between implementation and local ownership, in line with the two organisations' commitments to international treaties, require longevity and a more comprehensive grasp of the conditions, and more importantly, in the recipient country.

The problem of sustainability

More importantly, uncertainty over the guiding principles and the end goal of the EU-NATO cooperation has revealed the difficulty in balancing between short and long-term objectives. Finding the equilibrium between achieving inter-institutional successes in domestic audiences in the short term and delivering long-lasting results requires careful diplomatic and political handling.

Clarity on the aim of EU-NATO capacity building cooperation will also dispel suspicions that might preclude the review of current EU funding restrictions. According to current plans, development aid should account for approximately 90% of the overall EU external assistance

budget.²⁶ However, Article 3(13) of Regulation (EU) No 233/2014 of the European Parliament and of the Council and Article 41.2 of TEU (under the CFSP heading) preclude the financing of 'operations having military or defence purposes' by the development aid budget. Without a clear mandate to use existing funding frameworks, EU-NATO cooperation activities will be difficult to resource.

Relationship with host countries

With regards to operationalising capacity building, the two institutions would have to determine the nature of their relationship with the host country, establish whether and how their cooperation can be of benefit to all stakeholders and agree on a constructive narrative, which underpins the value-added of working together. Political support and rigorous evaluation, be it through gap analysis or sector-wide needs assessment, should be followed with a mapping of all major interested parties working in the same area. Managing the expectations of the country recipient of assistance and the various international organisations such as the UN, the OSCE and the individual donors will also be necessary.

EU-NATO dynamics will also be affected by the individual interests of the constituent member states and Allies engaged in capacity building on a bilateral basis. In that regard, better coordination and even cooperation between the two organisations can mitigate any significant clash of activities and offer a consistent communication channel with the host nation as well. That, however, can only be achieved if political will and capital are put towards making a real difference on the ground.

Assessment

While it is clear that the EU capacity building efforts come in different shapes and forms from the assistance that NATO can offer, it is also evident that both organisations are invested in helping their neighbours. The differences in their rationales, the diverging missions scopes and tools available should not be a reason for less engagement, be it in Brussels, or in the field. While it may not always be needed, better coordination between the two institutions where and when possible would deliver a positive net effect in several important areas, either through complementarity or through synergy of actions. It would also be of greater benefit to the international taxpayer, thus helping to better justify the role of both institutions and the broader need for increased spending on security and defence.

26 JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL, Capacity building in support of security and development - Enabling partners to prevent and manage crises, <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52015JC0017>, Accessed 04/05/2017

On complementarity, while NATO can offer strategic advice on defence sector reform and institution building, and provide assistance in specialised areas, the EU can offer wider security sector reform support taking stock of political, justice, and development issues. Working towards the same end goal by employing different means is an easier 'sell' to constituents and can offer the short-term benefits the two institutions seek.

With regards to attaining synergy of their activities, the value added of collaboration is not a call to merge the work of the two institutions, nor an attempt to diminish either of their respective structures. Instead, it is a recognition that synergy translates into smoother, more structured decision-making processes capable of managing risks and unintended consequences better.

CONCLUSION

Regional and global security threats as well as budgetary concerns have injected much-needed energy into the EU-NATO relationship. The initiatives and programmes adopted over the past nine months have already delivered positive change with visible results considered nearly impossible just two years ago. In this regard, the *Joint Declaration* and the *Implementation of the Common Set of Proposals* represent significant achievements for both organisations.

The political capital invested so far not only communicates confidence in the ability of the two organisations to adapt to the changing environment, but stands as proof that practical solutions can be found despite continuing sensitive political dynamics. So the political difficulties can no longer be used as an excuse for immobility on EU-NATO cooperation. From the evidence of the work so far on exercising and on capacity building, it is clear that, even if there were no political obstacles, a significant number of difficult practical and cultural challenges have to be addressed if EU-NATO cooperation is to flourish.

The seven cooperation areas the subsequent 42 action points offer a solid basis for further developing the EU-NATO partnership. Regular reviews and monitoring will ensure that this is not a 'one-off'. While representatives from both institutions acknowledge that developing the EU-NATO relationship is an ongoing process and an experiment, it provides political transparency for all key stakeholders who have been previously suspicious or reluctant to support the process. In addition, each further success would create trust, not just among the 22 common members, but among the remaining EU member states and NATO Allies as well. If and until the political obstacles are addressed, every solution towards more effective and advantageous working dynamic beyond the overlapping membership is a key and useful accomplishment.

It is clear from the remaining uncertainties among member states on exercising and from the challenges of coordination on capacity building that the EU and NATO would benefit from an even stronger and more sustained common narrative than that provided by the *Joint Declaration* and last December's *Implementation Statement*. This could help protect and encourage the process of cooperation and give staffs clearer direction. A narrative that

spoke not just of inward-looking pragmatic cooperation between the organisations but of outward facing collaboration by them for the benefit of Europe's security and neighbourhood would be powerful.

With regards to exercising, the PACE pilot projects provide an opportunity to demonstrate successes in the short-term as the EU and NATO are the main driving forces behind these activities with member states supporting the process or taking the lead on particular exercising components. Going through the process has fostered more in-depth knowledge of the workings of each organisation by their own staff as well as their counterparts and greater awareness of the dynamics influencing their respective decision-making.

Collaboration on capacity building entails a longer-term vision and programme of action, which are to a large extent contingent on the willingness and readiness of member states. Most importantly, success will be determined by the extent to which member states and Allies will decide to work with either or both institutions, and the ways in which they manage their bilateral relations with the recipient countries. The delivery of results in this area is likely to be less tangible in the short term, confined to institutional cooperation in Brussels and limited cooperation, if any, on the ground.

Discussions and operationalisation of exercising and capacity building also reflect on wider aspects of the EU-NATO relationship. On cooperation, both organisations have transformed over the course of the past year and their joined activities extend beyond the remit of the 'usual suspects' divisions and departments to involve more institutional branches. These changes will have lasting impact on the ways in which each organisations functions creating stronger cohesion between the two main security providers in Europe.

RECOMMENDATIONS ON ENHANCING EU-NATO RELATIONS

Having analysed the work on actioning two of the seven areas of cooperation, it is clear that progress on EU-NATO cooperation can be made despite the political constraints. But it also appears that, despite the current pragmatic solutions and the visible benefits, there are limits to what this form of EU-NATO cooperation can achieve. The Joint Declaration's more structured relationship will need further political direction and sustained financial support if the cooperation process is to move forward and overcome the practical challenges of implementing what has already been agreed upon.

Institutions and member states should continue to make use of the momentum that has been generated so far; learn how to work together in an increasingly efficient and effective manner; and channel all successes towards closer institutional collaboration. In this section, we offer three sets of recommendations for making cooperation between the two organisations a success. We then focus on the opportunities for greater collaboration. Further integration of EU and NATO activities, however, requires a long-term and strategic approach towards their interinstitutional relationship.

The Institutions

Resourcing

- Highlight to member states priorities for investment such as support capacities and on-the-ground activities.
- Highlight to member states the need to properly resource the implementation of the Joint Declaration which currently has no allocated budget or staff.

Education

- Prioritise mutual education among staff of each other's organisation with a long-term vision and integrated methods of building institutional knowledge, particularly at staff to staff level.
- Consider short-term exchange of staff working on similar issues.

Communication

- Develop coherent strategic communications on the progress made so far, addressing the concerns of member and partners.
- Highlight opportunities for greater collaboration and its long-term benefit.

Further actions

- Consider integrating partners in relevant areas of collaboration, particularly on:
 - Hybrid threats;
 - Operational cooperation;
 - Cyber security and defence;
 - Exercises;
 - Defence and security capacity building.
- Promote member state ownership in the collaboration between EU and NATO by:
 - Encouraging and support member states in development of Centres of Excellence. This would follow Finland's examples and its national CoE. It is open to staff from all EU and NATO members, and it offers greater flexibility of action. Such independent centres can identify best practice from both institutions as well as international agencies. In addition, they can engage with third party experts and the wider capacity building community avoiding the EU's and NATO's political constraints.
 - Encouraging member states to take the lead on cooperation projects or on activities with partner countries;
- The EU will have to increase its capacity by providing more EU staff with security clearance, dedicated training for working with classified information and investing in secure communications.
- Use existing structures, notably the numerous EU Delegations, which can serve as facilitators in partner countries. Their local connectivity can help with accommodating joint initiatives and ensure effective communication with bilateral programmes.

Member States

Resourcing

- Provide resources and staffing necessary for improving institutional cooperation:
 - Improve the processes for obtaining security clearances for nationals working for the Commission and promote training among Commission staff dealing with classified information;
 - Support institutional funding, particularly the capability development of EU Commission, including through strengthening safe communication;
 - Offer secondments to NATO and the EU who can facilitate the institutional relationship.

Further actions

- Encourage and provide further support for the institutional progress by:
 - Engaging the EU and NATO permanent representations in Brussels and in relevant partner countries.
 - Participating actively in or facilitating the mutual education process among the institutions' personnel.
- Explore opportunities for establishing additional Centres of Excellence.
- Facilitate EU-NATO collaboration in partner countries where possible. Consider on the ground cooperation to bridge institutional obstacles.
- Integrate existing national initiatives in the coordination efforts between the EU and NATO in partner countries, particularly with regards to hybrid defences.

Raising Ambitions

- Member States and Institutions should consider the value of intensifying joint action beyond the 2016 Declaration. This may include joint planning of activities, use of funds for common projects and increasing political flexibility.
 - Joint planning – set up working groups with representatives of both organisations;
 - Redefine the scope of joint projects to help members and partners increase their hybrid defences;
- Formalise the EU-NATO relationship by designating permanent coordinators at junior and senior levels.
- Expand the areas of cooperation beyond the seven already identified. The two institutions can consider joint programming, even if it is facilitated by an independent implementing agency. This will provide a buffer against any opposition from countries outside the 22 common members and avoid legitimacy issues when working with local stakeholders.

About the Authors

Julia Himmrich is a Research Fellow at the ELN. Her work focusses on European Defence with particular attention on NATO-EU collaboration and EU defence integration. Before joining the ELN she was a Teaching Fellow in European Foreign Policy at King's College London and Research Associate on European Foreign Policy at the Dahrendorf Forum of LSE IDEAS. She completed a PhD in International Relations at the LSE and holds a MA International Peace & Security from King's College London and a BA (Hons) Politics & Development Studies from SOAS. Her wider research interest lies in European foreign policy in conflict, particularly in the Western Balkans and the European Neighbourhood.

Email: juliah@europeanleadershipnetwork.org

Denitsa Raynova works as a Project Manager and Research Associate at the European Leadership Network (ELN). Denitsa's current research focuses on European defence with particular attention on NATO-EU collaboration and transatlantic burden-sharing. She also follows developments in Europe's eastern neighbourhood and writes on NATO-Russia military-to-military relations and confidence and security building measures.

Her resume includes an internship at NATO Headquarters Allied Command Izmir Turkey during Operation Unified Protector in Libya as well as an internship at the Ministry of Foreign Affairs, Republic of Bulgaria.

Email: denitsar@europeanleadershipnetwork.org

www.europeanleadershipnetwork.org

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