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European Defence: Messages for the Next European Commission

**EUROPEAN DEFENCE
REPORT**

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About the Author

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The opinions articulated in this report represent the views of the author, and do not necessarily reflect the position of the European Leadership Network or any of its members. The ELN's aim is to encourage debates that will help develop Europe's capacity to address pressing foreign, defence, and security challenges.

European Defence: Messages for the Next European Commission

Main messages

This report is based on discussions at the [high-level roundtable](#) organised on 7 September 2018 in Brussels by the European Leadership Network (ELN) – in partnership with the Istituto Affari Internazionali (IAI), and Palacio y Asociados.

Sir Julian King, EU Commissioner for the Security Union, set the scene. Participants then discussed the lessons learned and future prospects for Commission involvement in defence and security, including with regards to capability development and industrial policy. Participants came from relevant branches of the European Commission, European Defence Agency, European External Action Service, European Council, and European Investment Bank. A few selected experts and representatives of defence industry were also present. The event was held under the Chatham House rule.

This report does not necessarily represent the views of the ELN, IAI, Palacio y Asociados, or the participants. With European elections upcoming and the shape of the next Commission unknowable, this report is not an agenda for the years to come but rather a set of lessons for the next Commission from the developments of the last two years.

- Recent years have seen strong political activism and commitment from the Commission. EU actors have learnt that the Commission can make a difference, especially if internal rivalries are subordinated to the larger goal.
- The ball is now rolling for the EU as a defence actor, but the Commission's role still feels new, remarkable, and fragile to those involved. There is uncertainty as to how the Commission's involvement will develop in the next term.
- After the achievements of a highly political Commission, the challenge for the next term will be to "mainstream" defence issues both inside the Commission and across EU institutions by:
 - Sustaining the EU budget for defence initiatives;
 - Building expertise in the Commission and credibility for the EU as a defence actor. This includes developing very practical capabilities such as managing classified information;
 - Not getting mired in internal institutional competition but instead focusing on shared objectives, even while the debate on the end-goal continues;
 - Making progress in the difficult and complex field of defence industrial policy;
 - Sustaining a high and deep level of engagement with third parties – including the UK and NATO.

- No matter what the results of the May 2019 European election and the political direction of the next Parliament and Commission, the institutions will find ways to at least preserve the current momentum and progress.
- The Commission's role will remain constrained by EU treaties, culture, and Member States. The success of EU initiatives remains heavily dependent on whether Member States truly invest and make full use of the fast-developing EU tools and incentives. It is up to them whether the momentum is not only sustained but increased.

I. The empowerment of the Commission as a defence actor

A. Positive achievements and work in progress

Much has changed over the course of the current Commission.

First, negative drivers such as transatlantic tensions, Brexit, and concerns about Russia have increased expectations on the EU to deliver more security to its citizens. The threat environment has also changed, with a growing number of cyber and hybrid attacks and a blurring of the lines between security and defence. The EU's full-spectrum approach and thus its ability to link defence issues with business such as development, mobility, economics, migration, or data protection, makes it the right framework to address modern threats.

“The Commission's role on defence issues has changed dramatically.”

Second, thanks to a proactive and political approach, the Commission's role on defence issues has changed dramatically. Using mostly its economic competences, it has developed tools to complement the work of the European Defence Agency (EDA) and turned itself into a genuine defence actor by committing EU funding to its initiatives.¹ The Commission's new mind-set, despite some inevitable bureaucratic rivalry, has fostered a willingness among many actors to collaborate – from the various EU institutions to defence industry, and NATO.

The EU is now a significant security and defence actor, mobilising far more means

¹ The European Defence Fund (EDF) has been allocated: for its “research window” a total of €90 million by the end of 2019 and for its “capability window” a total of €500 million for 2019 and 2020. See European Commission, [“The European Defence Fund: Questions and Answers,”](#) June 7, 2017.

and serious “seed” money for capability development and military mobility² – something that seemed impossible only a couple years ago.

B. The benefits of institutional flexibility and ambiguity

A key priority for this new Commission competence is to avoid bureaucratic turf fights and rigidity between the different branches of the EU. So far there seems to have been a conscious effort to avoid intra-EU turf wars, although the Commission has changed both attitudes and power structures by doing defence mostly through industry and regulation.

“Institutional flexibility and ambiguity may even be in the interest of some Member States.”

Most participants of our roundtable recognised that the Commission is still in the process of learning and will likely muddle its way forward over the next few years. Neither the Commission nor the EU institutions should focus too much on internal EU organisation. To a certain extent, they should allow the form to follow the substance organically, with shared objectives prevailing over institutional equities. Institutional flexibility and ambiguity may even be in the interest of some Member States. Dual use projects such as military mobility and EU cyber capabilities are more easily sold politically when they are framed as good not only for defence but also for security and competitiveness.

² For the 2021-2027 Multiannual Financial Framework (MFF), the Commission has proposed a budget of €13 billion for the European Defence Fund (EDF) and €6.5 billion for military mobility. See European Commission, “[EU Budget for the Future: Defence](#),” May 2, 2018.

The Commission’s approach today is to move forward in assisting the Member States with the acquisition of capabilities even if there is still no consensus on what to use them for. The roundtable agreed that the meaning of EU strategic autonomy will need to be regularly revisited while capabilities are developed in parallel – which does not mean that the EU either cannot deliver results in the meantime or has given up doing the most demanding defence missions.

C. Capabilities, capabilities, capabilities

‘Industry supporting defence’ will be a difficult field for the Commission to regulate, as it involves multiple actors and issues – from capability prioritisation to strategic autonomy, export controls, cross-border supply chains, questions of pan-EU inclusivity, and more. One clear priority is for the European Defence Fund (EDF) to ensure that industry is only asked to produce capabilities that will be picked up by the market and bought by Member States. The roundtable argued against following the US pattern of overspending on defence and new technologies when more cost-effective solutions exist. While one participant stated that the EDF should address capabilities that no Member State can afford at the national level – such as cyber, robotics, AI, or hypersonic capabilities – another insisted that Europeans need a clear picture of the costs involved in the life-cycle management of capability projects before procuring them.

Better EU-NATO relations in the past two years have been a game-changer and enabled overall progress, at a time when the growing role of the EU as a defence actor begs questions as to capability prioritisation in the two institutions. Most participants argued that, while the inflated age-old debate about EU-NATO duplication is no longer meaningful, a certain degree of duplication – at least for ‘relative shortfalls’ of enablers and key capabilities – may be inevitable

if Europeans and the EU do not want to depend on US capabilities forever. EU-NATO relations will need a mix of division of labour and complementarity, as exemplified by the recent advances on military mobility, a good model of collaboration that builds on the two organisations' respective strengths.

Although there was a consensus for the EU to become more NATO-like when it comes to credibility and efficiency, participants were also unanimous in arguing that there are risks in looking for too much "copy and paste" coherence with NATO. The roundtable defended the uniqueness and added value of the EU's full spectrum approach and warned against turning the EU – and the Commission's money – into a mere toolbox for NATO.

II. Looking forward: How to sustain the political momentum?

A. The crucial need to engage Member States (even better)

The discussion on the Commission as a defence actor should not focus only on the synchronisation of EU structures. Defence is a core competency for Member States, so it is crucial to ensure that they are associated with the Commission's work and willing to get engaged and support. The roundtable was clear that EU initiatives can only be a success if Member States are driving the process. Hence the need for the Commission to make sure that its defence package aligns with states' interests and priorities. For instance, the Commission's proposal to finance disruptive research³ – which shows some amount of risk-taking from otherwise risk-

³ For the 2021-2027 MFF the Commission has proposed to dedicate 5% of the EDF funds to disruptive technology and innovative equipment allowing the EU to boost its long-term technological leadership. See European Commission, "[EU budget: Stepping up the EU's role as a security and defence provider](#)," June 13, 2018.

averse institutions – has received Member State support. Member States should also be closely involved in establishing the governance structures of initiatives such as the EDF so as to avoid the perception that it will only benefit big countries with already strong industries.

“EU initiatives can only be a success if Member States are driving the process.”

Representatives of European defence industry expressed satisfaction about the recent involvement of the Commission in defence matters but noted that a lot comes down to the Member States: whether they engage in the right capability programmes for global competition, whether they procure key capabilities, and whether they buy the final products. Crucial issues such as export control – which can only be dealt with at the national level since it is not a Commission competence – or cross-border supply chains still weigh heavily and influence the industry's willingness to risk collaboration.

B. The uneven and faltering interest of Member States

The roundtable remarked that, while some Member States have expressed concerns or shown limited support for the Commission's new involvement in the defence field, the main challenge lies in the slow pace of EU processes and deliverables. On the one hand, the EU bias towards inclusivity – as expressed, for example, in the Permanent Structured Cooperation (PESCO) – tends towards a lowest-common denominator approach and necessarily reduces levels of ambition. On the other hand, the EU's institutional rigidity impacts the inclusion of third states. This is a growing concern in the context of Brexit. Although all lament the loss of the United Kingdom, views on how to handle cooperation vary: from worrying

that too much institutional rigidity could fuel bilateralism or mini-lateralism, to favouring protecting the integrity of EU institutions even if that limits cooperation inside of them.

Some participants identified this tension as Member States wanting the carrot (the Commission's financial incentives and, for some, the overall European project) but refusing the stick (unanimity for CSDP missions, inclusivity of PESCO, slow pace of progress, etc.). The growing trend of inter-governmental initiatives excluding EU institutions by some Member States – such as the French-led European Intervention Initiative (EI2) – exemplifies that dynamic. The roundtable pointed to the fact that, while mini-lateral initiatives may be useful short term and for deployment purposes, EU institutions are the only framework that can give real meaning, linkage, and continuity to cooperative defence initiatives.

C. The Commission's role in sustaining the momentum

Although EU institutions can be seen as “slow and boring”, they are necessary when it comes to institutionalising the new dynamic, sustaining the momentum despite the political ups and downs, and integrating it into a wider European project. The rationale for the EU getting involved in the defence field is multiple: to reduce fragmentation, foster integration, and decrease dependencies. But these factors will require some time before delivering concrete results. So, in the meantime, how to guarantee continued Member State interest in EU tools and in involving EU institutions?

One way to sustain the momentum and make the Commission's effort more stable – and less susceptible to political changes – is the budget. Although the Commission cannot do more than its treaty competencies, putting money on the table has been a strong signal that its defence involvement is for the long term and now harder to overthrow. The

roundtable also pointed to the need to build expertise on defence issues within the EU and the Commission. The Commission needs to equip itself to be able to deal with defence issues in practical ways, for instance to allow for the exchange of classified information between different branches of the EU as well as with NATO.⁴ Finally, the Commission needs to build more credibility on defence issues: it will take some time for the EU to become a factor in national Member State capability planning the way NATO is, or for national Ministries of Defence to look to the EU first (if ever). To sustain the political momentum, the EU thus needs to be and be seen as a stronger actor in the defence field and for its tools to deliver some results in the short to medium term.

“To sustain the political momentum, the EU needs to be and be seen as a stronger actor in defence.”

The roundtable diverged over how the Commission could sustain the momentum if the 2019 European elections proved a success for populist and Euro-sceptic parties. While a few thought that defence cooperation would become more inter-governmental, some argued that the Commission could preserve the momentum by taking on a more technical rather than political role, and others remarked that some populist EU governments have already expressed interest in EU solidarity for defence and security issues – including accessing the Commission's financial incentives for capability development. All in all, there was real confidence that the institutions could find ways to at least preserve the achievements and initiatives launched by the current Commission.

⁴ Julia Himmrich and Denitsa Raynova, “EU-NATO Relations: Inching forward?” European Leadership Network, May 2017.