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EU Defence Policy: From Crisis Management to Common Defence?

The EU is currently challenged on two fronts. Internally it is threatened by the erosion of the rule of law (primacy of EU law and Court of Justice rulings not always respected) and euro-scepticism. In the international arena the EU has typically advocated a rules-based order, with the UN at its core, and a multilateral approach, confident that economic interdependence would lead to peaceful relations. This is now being challenged by the trend towards the weaponisation of economic interdependence (use of trade, investment, financial flows for power politics), a disrespect for international law, the paralysis of the UN system following the Russian invasion of Ukraine, as well as the fragmentation and potential splitting of the international system into competing orders.

The EU must address these existential challenges head-on. The weaponisation of international economic relations is being tackled through an economic security strategy.¹ In this paper I will focus on defence policy and argue that a shift from crisis management to common defence is institutionally feasible; the political conditions are more favourable and the industrial underpinnings better understood than before.

EU security and defence policy and the international context

The dissolution of former Yugoslavia and the ensuing wars made it obvious that the EU was not equipped to act collectively, faced with a major conflict at its borders. The aim of the common security and defence policy (CSDP) was to enable the EU to engage in crisis management outside its territory. The end of bipolarism saw a shift from territorial defence to crisis management and peacekeeping; armed forces would be transformed into expeditionary forces, acting typically within multinational coalitions. The UN Security Council, after decades of blockage, was able to approve a large number of interventions, from the 1991 Operation Desert Storm (after the Iraq invasion of Kuwait) to the Libya intervention in 2011. This last operation was a turning point as Russia and China

considered that regime change was not part of the Resolution 1973 mandate; since then, cooperation in the UNSC has become more difficult. The Russian invasion of Ukraine and China's refusal to condemn it have brought about deep divisions and stalemate in the UNSC.²

Since the CSDP was launched in 1999, the EU has established decision-making procedures and dedicated structures; over 40 military operations and civilian missions have been deployed, of which 24 remain active; military and civilian capabilities have been developed; and strategy documents adopted.³ Several missions have been closed in recent years, while a few new ones launched; the battle groups have not been used. Work on capabilities has made progress (European Defence Fund, Permanent Structured Cooperation), but there are delays and doubts with respect to major equipment programmes such as two Franco-German flagship projects.⁴

The Russian invasion of Ukraine unsettled the post-cold war security architecture in Europe. Territorial defence has become, once again, a central preoccupation. Security concerns have been compounded by uncertainties surrounding the US commitment to NATO obligations under Trump and future administrations. Against this background the question arises as to whether EU security and defence policy would, in future, focus more on deterrence and defence and less on crisis management. I will approach this question by examining whether such change is institutionally possible, what the political conditions are and the role of the defence industry.

Institutional considerations

Treaty provisions allow for a shift in focus from crisis management abroad to defending member-states' territories. In art. 42.2 TEU a common Union defence policy is foreseen, leading to common defence when all member states agree, without prejudice to their obligations within NATO. In the case of armed aggression on the territory of one member state, the

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partner countries have an obligation to give aid and assistance (mutual assistance clause, art. 42.7 TEU), with NATO being the implementation forum for its members. The solidarity clause (art. 222 TFEU) foresees joint action in case of terrorist attacks or natural or man-made disasters. Nothing would prevent the use of decision-making procedures and structures created under the CSDP, appropriately adapted, for the more ambitious goal of common defence, provided all member states agree. However, as unanimity is a high hurdle, alternative ways should be explored. Decisions with military or defence implications are excluded from the general *passerelle* clause (art. 48.7 TEU). Enhanced cooperation (art. 20 TEU) requires a minimum participation of nine member states. Existing bilateral/plurilateral cooperation formats can be used to increase the EU action potential as the Council may entrust the execution of a task to a group of member states (art. 42.5 and 44 TEU). If no agreement can be reached, cooperation outside the EU Treaty, for example a 'supra-governmental avant-garde' in defence, would help avoid underperforming which undermines EU legitimacy and credibility.⁵

Political conditions

If, under the Lisbon Treaty, moving to common defence is institutionally possible, the next question is whether it is realistic to expect that the necessary political will can be mustered. The following paragraphs offer a few reflections for consideration.

Public opinion, as reflected in Eurobarometer surveys, has consistently shown a high level of support (over 2/3) for EU defence cooperation. This, however, should not be interpreted uncritically as a *carte blanche* for deploying EU operations/missions or joint/common procurement. The findings of a recent survey experiment⁶ suggest that support for EU defence cooperation diminishes when costs are mentioned, though this effect is small. Discussing the results, the authors stress that (budgetary and non-budgetary) costs of defence cooperation may hold less weight than sovereignty considerations, so the study may overestimate real-world effects. A second caveat is that political debate usually revolves around competing policy proposals, with political parties simultaneously exchanging arguments about the pros and cons. Thus, the results imply that 'crum-

bling' of public support is possible but not necessary if cost is taken into account.

Transparency about facts and rational argument are essential ingredients of public debate in democratic systems; cost-benefit analyses constitute important elements in democratic deliberations. However, the cost of EU operations or procurement programmes should not be considered in isolation; it does not simply add to national costs as defence cooperation is aimed at a common purpose which otherwise would have to be pursued separately. Therefore, the central issue is how best to deliver vital defence services, nationally or collectively. Fragmentation and duplication of national armies reduce both cost-efficiency and the effectiveness of military capabilities. An EPRS study estimated that EU defence cooperation could save costs ranging between €24.5 and €75.5 billion annually, depending on the level of ambition; a Commission estimate arrives at annual savings of between €25 and €100 billion.⁷

For analytical purposes and in public debate we should distinguish cost in terms of defence spending from the cost of not properly taking care of security needs. Being able to look after our own security is what constitutes sovereignty; put differently, depending on others to safeguard our own security comes with a loss in sovereignty;⁸ we can call this 'sovereignty cost'. European security was guaranteed by the US during the cold war; afterwards, a kind of tacit arrangement implied that Europeans would spend less on their security in exchange for aligning with US policies. Beyond quarrels about burden sharing, this may either be no longer possible in future or the price for so doing could rise considerably. The price to pay is, as said, not just defence spending, but includes the sovereignty cost of aligning with the policies of the protecting power even if this is contrary to European interests.⁹ An example: were the US to engage in a conflict with China the EU economic interests could be damaged when siding with the US; difficulties in designing an EU strategy for relations with China are partly linked to this.¹⁰

The positions of Central/Eastern European member states on defence may evolve. Since their integration into EU and NATO they have constantly favoured the latter on security issues. This is not surprising given the longevity and successful NATO history in deterring the Warsaw Pact as well as the US preponderant

role in NATO. The EU is not a military alliance and had little to offer in comparison. However, things are now moving. EU defence is no longer perceived as an alternative to NATO; EU and NATO increasingly coordinate their policies and intensify their cooperation.¹¹ An EU pillar within NATO would be a consistent next step, not least because of increased and coordinated European defence spending. Furthermore, the Trump factor renders NATO guarantees uncertain, a tendency reinforced by other developments in the US. Moreover, countries like Poland may have an interest in pushing for common defence to upgrade its relative weight within the EU, gathering mid-sized countries in the region with a strong industrial tradition (Czech Republic, Slovakia) to form defence supply chains, in addition to playing a driving role with France and Germany in the Weimar Triangle.

Defence industry

Following earlier initiatives¹², in March 2024 the Commission and the High Representative proposed a European defence industrial strategy (EDIS) and a European defence industry programme (EDIP) aimed at enhancing the Union's defence industrial readiness and capacity. With over 80% of defence investment carried out at the national level, EDIS emphasizes the need for member states to “invest more, better, together, and European” over the next decade. The proposed EDIP Regulation includes measures such as financial support, a structure for European armament programmes, a security of supply regime, a defence industrial readiness board and support for the Ukrainian defence industry. Given the higher barriers to finance faced by defence SMEs, the European Investment Bank was requested to adapt its lending policy and has modified the definition of dual-use goods. Additionally, a temporary off-budget fund, financed by common borrowing (defence bonds) or member-state contributions has been suggested.¹⁴

Since 2022 the EU has acted in various ways to support the defence of Ukraine while enhancing its own capabilities. Short term needs (equipment and armaments for Ukraine, replenishment of national stocks) have to be articulated with the longer-term objective of strengthening the European defence technological industrial base (EDTIB) so that it is capable of serving European interests. EDIS and EDIP are bold steps in the right direction. Nevertheless, consolidation of the EU defence industry should pre-

serve competition for reasons of both competitiveness and innovation to enable member states to benefit from better defence spending while gaining collectively in strategic autonomy.

Empirical studies show that the link between defence spending and economic growth is not strong; a causal relationship and even its direction is not certain; the positive economic effect seems to be higher in developed economies,¹⁶ like the EU. The alternative for Europe is to continue procuring a large part of defence equipment in third countries or ‘buy European’ instead, which would benefit the EDTIB and the broader economy.

Conclusions

The preceding analysis shows that it is institutionally feasible for the EU defence policy to focus in future more on common defence; the political conditions are more propitious today than before; the industrial/economic underpinnings of common defence are well understood and progress is being made. Despite the constraints and the difficulties, it is clear that investing in EU common defence is a political priority today and in the long-term. A broad public debate on defence is needed at EU level so that political forces can clarify their positions and interested citizens can be informed about policy options and their consequences. The appointment of a Defence Commissioner and the possible upgrading of the EP Security and Defence Sub-Committee to a full Committee could facilitate the debate. The recently released Draghi report offers a wealth of analysis and arguments for this debate.¹⁷

However, military means alone cannot guarantee international stability, security and peace. The EU should continue leveraging its diplomacy and soft power to contribute to stability and predictability in international relations, working with like-minded partners while engaging with all other actors.

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