

## OBRAMBNE POBUDE ZA KREPITEV VARNOSTI EVROPSKE UNIJE

### DEFENCE INITIATIVES TO STRENGTHEN THE SECURITY OF THE EUROPEAN UNION

**Povzetek** Izhajajoč iz poslanstva Globalne strategije za zunanjo in varnostno politiko EU iz leta 2016 in s ciljem doseganja strateške obrambne avtonomije so države članice EU soglasno sprejele in uvedle pobude za krepitev razvoja zmogljivosti EU, kot so CARD, PESCO in EDF. Z doseganjem strateške obrambne avtonomije kot prednostne naloge bo EU postala ugledna svetovna sila in ne bo več tista, ki bo za doseganje svoje ravni ambicij odvisna le od velikih sil. Z izpolnjevanjem tega cilja bo EU krepila svojo že tradicionalno mehko moč pri zaščiti strateških interesov. Kljub temu bo sodelovanje med EU in Natom še naprej nujno za evropsko in svetovno varnost.

**Ključne besede** *EUGS, obrambne pobude, CARD, PESCO, EDF, sodelovanje med EU in Natom.*

**Abstract** Following the mission of the European Union Global Strategy (EUGS), and with the aim of achieving strategic defence autonomy, the EU Member States unanimously adopted and implemented various initiatives to strengthen the development of the EU's capabilities: CARD, PESCO and the EDF. By achieving strategic defence autonomy as a priority, the EU will become a respectable global power and, as such, it will no longer be one that depends solely on great powers to provide for its level of ambition. In this way, the EU will also harden its traditional soft power to protect its strategic interests. Nevertheless, cooperation between the EU and NATO will remain essential and is crucial for European and global security.

**Key words** *EUGS, defence initiatives, CARD, PESCO, EDF, EU-NATO cooperation.*

**Introduction** The European Union Global Strategy (EUGS) is the updated doctrine of the EU to improve the effectiveness of the Common Security and Defence Policy (CSDP), including the defence and security of the Member States, the protection of civilians, cooperation between the Member States' armed forces, management of immigration and crises, and so on. Adopted on 28 June 2016, it replaced the European Security Strategy of 2003. The EUGS is complemented by a document entitled "Implementation Plan on Security and Defence".

EUGS sets out the interests, principles and priorities of the European Union in a more connected, competed and complex world. Over the past five years, these global trends have not only been confirmed, they have deepened and become more intertwined. Competition and complexity play a key role in the strategic, economic and political spheres. They occur at both the global and regional levels, particularly in areas which are already experiencing fragilities, conflicts and rivalries.

The security of the EU was presented as the first priority of the EUGS; in 2016, great importance was already attached to it by Member States and EU institutions. The ongoing deterioration of the strategic context, and Member States' and EU institutions' growing political determination to address this together, resulted in a new level of ambition with three overarching objectives: crisis management, building the security and defence capacities of our partners, and protecting the EU itself (EUGS, 2019, p 10). This aims to improve the protection of the EU and its citizens, to help governments jointly build defence capacity, and to develop a better response to crises.

Further actions to step up EU security include three key separate but interlinked defence initiatives which propose and enable various types of suggestion and support, including a financial one for more efficient capability development and joint procurement for Member States, and steps to put into effect the EU-NATO Joint Declaration. In this context, EU-NATO cooperation represents an integral pillar of the EU's work aimed at strengthening the EU's first priority – the security of the Union.

The purpose of this article is to make an overview of defence initiatives which have originated in the EUGS and how they actually contribute to improving the EU's security and further cooperation with NATO.

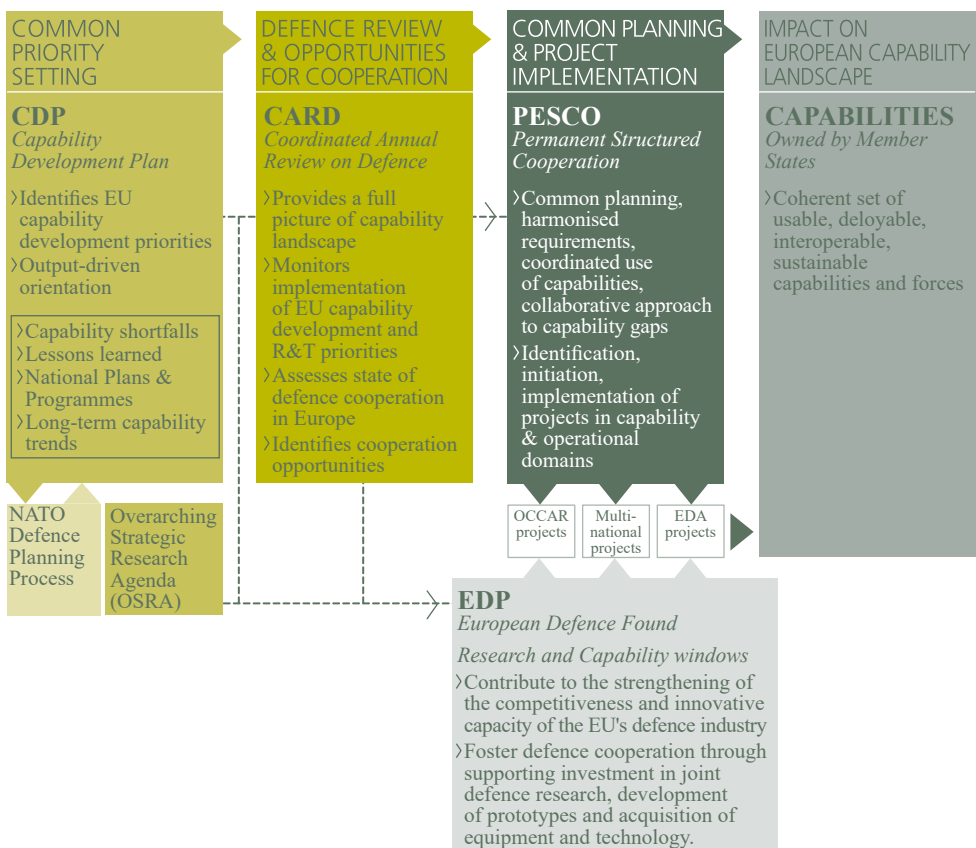
## **1 DEFENCE INITIATIVES FOR CAPABILITY DEVELOPMENT IN THE EU FRAMEWORK**

In the wake of the EUGS, the EU has launched major defence initiatives to encourage European defence cooperation and support the EU level of ambition in security and defence agreed by Member States in November 2016. Although distinct, these initiatives contribute to the same goal: delivering more capabilities through deepening European cooperation and, in doing so, strengthening the Union's ability

to take more responsibility as a security provider and enhance its strategic autonomy and freedom of action (EPP, 2021).

The newly established end-to-end planning framework at EU level (see Figure 1) ranges from common priority setting among Member States, through the Capability Development Plan and a regular defence review by CARD (Coordinated Annual Review on Defence), to common planning and project implementation, based on Permanent Structured Cooperation (PESCO) and incentivized by the European Defence Fund (EDF).

**Figure 1:**  
A coherent approach from priorities to impact  
(Source: EPP, 2021)



The basis for ensuring an overall coherence in this new approach is common priority setting, geared towards building a more consistent, interoperable, deployable and sustainable set of European capabilities and forces. Prioritization begins with the Capability Development Plan, which provides the baseline and general orientation for the coherent development of the European capability landscape, while the Overarching Strategic Research Agenda identifies common research priorities in

defence; both serve as key references for the EU's defence initiatives such as CARD, PESCO and the EDF.

## 1.1 Capability Development Plan

Efficient collaborative EU defence cooperation requires participating countries to select the priorities they want to dedicate their efforts and limited resources to. The European Defence Agency<sup>1</sup> (EDA) works on priority setting in the areas of capability development; defence research; skills, technologies and industrial manufacturing capabilities (Priority Setting, 2021).

This important priority setting is achieved through the Capability Development Plan (CDP), a list of capability areas in which European shortfalls have been identified and where multinational collaboration could help fill the gaps. Initially set up in 2008, the CDP was revised in 2011, 2014 and 2018 under the auspices of the EDA, which is the CDP 'architect', in close cooperation with the Member States and with the active contributions of the EU Military Committee (EUMC) and the EU Military Staff (EUMS).

The CDP provides a full capability picture that supports decision-making processes at EU and national level with regard to military capability development, thus contributing to increased coherence between Member States' defence planning. It addresses security and defence challenges from the perspective of European capability development, looks at the future operational environment, and defines EU Capability Development Priorities agreed by Member States (EPP, 2021).

*"Since 2016, the European defence project has picked up speed. Based on the 2016 EU Global Strategy on Foreign and Security Policy, several initiatives have been launched to reinforce defence cooperation: the Coordinated Annual Review on Defence, the Permanent Structured Cooperation, and the European Defence Fund. Today's adopted EU Capability Development Priorities serve as their benchmark to ensure that their combined outcome will be a more coherent set of deployable, interoperable, sustainable capabilities and forces,"* said Jorge Domecq, Chief Executive of the European Defence Agency (CDP, 2018).

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<sup>1</sup> *Stimulating and supporting cooperative defence development among the Member States lies at the heart of all EDA activities. The EDA serves as the enabler of EU defence cooperation, and as a platform where Member States that are willing to join forces to develop new defence equipment can do so, with the Agency's help and expertise. Cooperation in the EDA is entirely voluntary; common projects are either initiated by the Agency itself or brought to it by one or several Member States. Projects and programmes are inclusive, meaning that additional Member States can join at any time. Know-how, new technologies and final equipment and capabilities developed at the EDA are owned by the participating countries, which also finance the projects they are involved in. Multinational capability development at the EDA covers the whole life-cycle of a project, from research and development and definition of common standards and requirements to design planning, industrial development and procurement of new defence equipment. All capability domains are covered: land, air, sea, cyber and space (EDA Factsheet, 2021).*

The last CDP<sup>2</sup> revision, in June 2018, has led to the definition of eleven European Capability Development Priorities, which address the entire capability spectrum in support of the EU's level of ambition and are designed to help guide Member States' efforts in capability development. They were the result of an in-depth assessment made on the basis of contributions provided by Member States, the EUMC and the EUMS on short-term<sup>3</sup>, mid-term<sup>4</sup> and long-term<sup>5</sup> trends: capability shortfalls analyses and lessons learned from recent CSDP operations; planned capabilities and the potential for future European cooperation in each of the capability domains; and a study into the long-term capability-related and technological trends and needs (2035 and beyond) (Priority Setting, 2021).

The EU Capability Development Priorities reflect, in equal terms, existing capability shortfalls in the CSDP context, lessons learned from recent operations, planned capabilities, and the potential for future cooperation according to national plans, as well as technological trends and industrial developments impacting future capabilities. On the one hand, they address the main capability shortfalls for deployed operations (land, maritime and air capabilities, as well as logistic and medical support) with a reinforced focus on high-end warfare. On the other hand, they also cover other focus areas of Member States, such as the adaptation of military capabilities required for territorial defence and security or cyber defence, as required by the EUGS in 2016 (CDP Factsheet, 2018).

Each of the EU Capability Development Priorities are further detailed in modules of relevant sub-priorities (see Figure 2).

The 2018 EU Capability Development Priorities cover the following lines of action:

- Enabling capabilities for cyber-responsive operations
- Space-based information and communication services
- Information superiority
- Ground combat capabilities
- Enhanced logistic and medical support capabilities
- Naval manoeuvrability
- Underwater control contributing to resilience at sea
- Air superiority

<sup>2</sup> *One of the novelties of the 2018 CDP is that it considers evolution in the broader European security and defence environment, taking into account the necessity of countering hybrid threats and adaptation to the new EU level of ambition agreed by the Member States. The 2018 Plan also looks at the entire spectrum of capability development and underpins the identification of cooperative activities that can be implemented by Member States in the cooperation framework of their choice.*

<sup>3</sup> *This includes a capability shortfalls analysis from the CSDP perspective, as well as lessons learned from recent operations.*

<sup>4</sup> *The mid-term dimension assesses the potential for cooperation for each capability.*

<sup>5</sup> *The CDP finally offers an assessment of future trends (2035 and beyond) and needs for each capability by linking long-term technology trends to future capability requirements and related R&T needs, as well as industrial perspectives.*

- Air mobility
- Integration of military air capabilities in a changing aviation sector
- Cross-domain capabilities contributing to achieve the EU’s level of ambition (CDP Factsheet, 2018)

These modules are further refined through ‘Strategic Context Cases’, which map the European capability landscape and propose activities or ‘Avenues of Approach’ (see Figure 3), to be taken forward by Member States in a cooperative manner. The Strategic Context Cases are living documents and are developed by Member States within the EDA, in close coordination with the EUMC and EUMS. They allow the identification of the actions and steps that must be taken in cooperation in the short, mid- and long-term to achieve a more coherent set of deployable, interoperable and sustainable capabilities, for use in CSDP missions and operations, or within other national or multinational frameworks such as the UN or NATO, considering that Member States have a single set of forces.

**Figure 2:**  
“Avenues of Approach”  
(Source: EPP, 2021)



### COLLABORATIVE DEVELOPMENT OF MEMBER STATES' CAPABILITIES

The Strategic Context Cases provide an integrated view of what can be done on the basis of cooperation in each of the capability domains, informing national defence planning and the implementation of EU initiatives such as CARD, PESCO, and the EDF. They therefore include references to Research and Technology priorities more specifically identified in the Overarching Strategic Research Agenda. They also refer to the Key Strategic Activities: skills and industrial manufacturing capacities considered important for the implementation of the priorities and underpinning of the notion of EU strategic autonomy.

### 1.1.1 Overarching Strategic Research Agenda

The Overarching Strategic Research Agenda (OSRA) was initiated by the EDA with the aim of providing a harmonized view of relevant European defence research priorities and the possible paths to achieve them, taking into account the different funding mechanisms available, such as the newly established European Defence Fund. For this purpose, OSRA aligns the Strategic Research Agendas (SRAs) of the EDA's various Capability Technology Groups (CapTechs) with military tasks and long-term capability needs agreed by Member States in the CDP. CapTechs<sup>6</sup> are run by the EDA and bring together experts from the government, industry, small and medium enterprises (SME), and academia. The OSRA methodology complements the bottom-up approach of the SRAs (which are a result of the CapTechs identifying new research developments and emerging technologies that have an impact on future capabilities) with a top-down approach that takes into account the military capability needs defined by Member States (OSRA factsheet, 2019).

OSRA defines 136 Technology Building Blocks (TBBs) and associated TBB roadmaps. OSRA and its TBBs are defined in a cooperative effort between participant Member States at European level, bringing an added value to support the development of future defence capabilities. Each TBB roadmap provides an assessment on existing technology gaps in a specific area, its relevance to defence capability development, the Technology Readiness Level (TRL), and concrete collaborative project ideas including an indicative timeline up to 2027. They serve as a basis for launching cooperative R&T projects and informing funding decisions taken in the context of the EDF. Where applicable, the roadmaps show links to related TBBs and considered projects within and outside the EDA framework (EPP, 2021).

### 1.1.2 Key Strategic Activities

The EU Global Strategy specifies that Member States need the technological and industrial means to acquire and sustain those capabilities which underpin their ability to act autonomously. In this context, the objective of the Key Strategic Activities (KSA) is to analyze defence industry and technological capacities within the EU, and to identify crucial areas with a view to strengthening the EU's strategic autonomy. This approach is also in line with the broader aspiration of the EU to address and mitigate dependencies from external markets, and to reinforce the security of the European supply chains. The "New Industrial Strategy for Europe", published by the European Commission in March 2020, reflects this industrial policy in support of the EU's industrial and technological sovereignty, including in the space and defence sectors.

The ambition of the KSA is to raise awareness and promote a common understanding in Member States, EU institutions and defence industry actors of industrial and

<sup>6</sup> Currently, the EDA hosts 12 such CapTechs and two Working Groups. Building on CapTech's SRAs and Member States' capability development needs, OSRA defines common research and technology (R&T) priorities in the form of Technology Building Blocks.

technological areas, as well as skills and competencies where dependency on non-EU players could put the EU's freedom of action in the domain of defence at risk. It is suggested that the identified KSA become specific targets for national and EU funding schemes, including the EDF, hence contributing to the development of a more competitive and autonomous European Defence Technological and Industrial Base (EDTIB). The KSA process also intends to promote collaboration between Member States in agreed capability and research priority areas, while focusing on the industrial aspects (KSA, 2021).

As we can conclude, the CDP has particular strategic significance and provides the reference and general orientation for a more coherent development of the European capability landscape. It will notably serve as a key reference for ongoing and future activities related to capability development in the EU framework, and for the implementation of major European defence initiatives, such as CARD, PESCO and the EDF, launched following the 2016 EU Global Strategy.

## 1.2 Coordinated Annual Review on Defence

EUGS (2019, p 36) proposed that “An annual coordinated review process at EU level to discuss Member States’ military spending plans could instil greater coherence in defence planning and capability development”. To fulfil this expectation, Member States decided to take up the idea to set up a Coordinated Annual Review on Defence (CARD, 2021)<sup>7</sup>.

CARD’s objective is to provide Member States and the EU with a picture of the existing defence capability landscape in Europe, and to identify potential areas of cooperation. The idea is that over time this will lead to a gradual synchronization and mutual adaptation of national defence planning cycles and capability development practices. This, in turn, will ensure a more optimal use and coherence of national defence spending plans. CARD is a ‘pathfinder’ for collaborative capability development projects while, of course, avoiding duplication of work with NATO (CARD 2, 2021).

“The CARD will provide the necessary overview and indications to help bind together national planning, multinational PESCO projects and the European Defence Fund, all the while remaining complementary to NATO’s defence planning targets,” said Jorge Domecq<sup>8</sup>. “If it works as we intend, the CARD will provide the overview of the entire European capability landscape, and thus function as a pathfinder to support related political decision-making” (CARD2, 2021).

<sup>7</sup> Based on a concept developed by the EDA, CARD was finally approved by the EU Council in May 2017. Since then, the EDA, together with the EU Military Staff (EUMS), has acted as the CARD Secretariat.

<sup>8</sup> EDA’s Chief Executive.



After a first trial run in 2017/2018, the first full CARD cycle was launched in autumn 2019 and completed in November 2020 with a final report submitted to the Defence Ministers meeting in the EDA's Steering Board.

It identifies a total of 55 collaborative opportunities across the whole capability spectrum, considered to be the most promising, the most needed or the most pressing ones, including in terms of operational value. Based on this catalogue of identified opportunities, it is recommended that Member States concentrate their efforts on the following six particular focus areas, which are not only covered by the EU Capability Development Priorities agreed in 2018, but are also where the prospects for cooperation look particularly good, namely (CARD, 2021):

- Main Battle Tanks (MBT)
- Soldier Systems
- Patrol Class Surface Ships
- Counter Unmanned Aerial Systems (Counter-UAS)
- Defence Applications in Space
- Military Mobility

In addition to this, 56 options for cooperation in Research & Technology have also been identified. The focus is on areas such as Artificial Intelligence and cyber defence, new sensor technologies, emerging materials, energy efficient propulsion systems, unmanned systems and robotics.

CARD also reveals that conditions for multinational cooperation in all six capability focus areas are advantageous, including from a time planning perspective. For this reason, a broad participation of Member States can be expected in collaborative projects related to these areas, at system and subsystem levels, including through linkage from such new collaborative projects to already existing programmes<sup>9</sup>.

For the efficiency and effectiveness of CARD it is crucial to provide real added value. To achieve this goal, it must be supported by full information on the defence plans (including spending plans) of Member States, as well as the implementation of the EU Capability Development Priorities resulting from the Capability Development Plan.

Responsibility for the collection of all this information lies with the EDA, which also worked on compiling all the available information for the test run and 2020 CARD cycle. It follows a prescribed methodology that consists of different elements and procedural steps<sup>10</sup> (CARD, 2021).

<sup>9</sup> *The final CARD report also urges Member States to make full use of all identified collaborative opportunities, and stresses that collaborative development of capabilities in these six focus areas requires industrial cooperation for prime contractors, mid-caps and small and medium-sized enterprises, with positive effects on the competitiveness of the European Defence Technology and Industrial Base (EDTIB).*

<sup>10</sup> *Such as: Initial Information, Bilateral Dialogues, CARD Analysis and CARD Report.*

### 1.3 Permanent Structured Cooperation on Security and Defence

In the light of the changing security environment, the EUGS has commenced a process of closer cooperation in security and defence. EU Member States have agreed to step up the European Union's work in this area and acknowledged the need for enhanced coordination, increased investment, and more cooperation in developing defence capabilities. This is the main aim of the Permanent Structured Cooperation on security and defence (PESCO), as outlined in Articles 42(6)<sup>11</sup> and 46, as well as in Protocol 10<sup>12</sup> of the Treaty on European Union. Through PESCO, Member States increase their effectiveness in addressing security challenges and in advancing towards further integration and strengthening of defence cooperation within the EU framework (PESCO Factsheet, 2020).

PESCO<sup>13</sup> is a Treaty-based framework and process to deepen defence cooperation between EU Member States who are capable and willing to do so. The aim is to jointly develop defence capabilities and make them available for EU military operations. This will enhance the EU's capacity as an international security actor, contribute to the protection of EU citizens, and maximize the effectiveness of defence spending. The difference between PESCO and other forms of cooperation is the legally binding nature of the commitments undertaken by the participating Member States. The decision to participate was made voluntarily by each participating Member State, and decision-making will remain in the hands of the participating Member States in the Council. This decision-making is without prejudice to the specific character of the security and defence policy of certain EU Member States (PESCO, 2021).

On 22-23 June 2017 the European Council agreed the need to launch an inclusive and ambitious Permanent Structured Cooperation to strengthen Europe's security and defence, and to help reach the level of ambition of the EU expressed in the EU Global Strategy published in 2016.

On 13 November 2017, as the first formal step towards setting up PESCO, Ministers signed a common notification on PESCO and handed it over to the High Representative and the Council. The notification set out a list of 20 more binding common commitments in the areas of defence investment, capability development and operational readiness. It also contained proposals on the governance of PESCO and its principles. Based on this notification, on 11 December 2017, the Council took

<sup>11</sup> Which provides that "those Member States whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union framework".

<sup>12</sup> Stipulates that PESCO is open to any Member State which has higher capacities and undertakes to intensively develop defence capabilities through the development of national contributions and their participation in multinational forces, in the main European equipment programmes and in the activities of the EDA in the field of defence capabilities development, research, acquisition and armaments.

<sup>13</sup> In November 2020 Joseph Borrell stated: "PESCO is a decisive contribution for the development of Europe's capacity to act autonomously. It is key for the development of strong and integrated defence capabilities available to the EU, which will allow us to react effectively to the most demanding circumstances". Borrell is a High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the EU Commission.

the historic step of adopting a decision establishing PESCO and its list of participants; a total of 25 Member States<sup>14</sup> decided to participate. The participating Member States' aim is to collaboratively develop a coherent full-spectrum force package and make the capabilities available to the Member States for national and multinational (EU CSDP, NATO, UN, etc.) missions and operations (PESCO2, 2021).

While membership of PESCO is only for those Member States that have undertaken the more binding commitments, third States may exceptionally be invited to participate in PESCO projects upon certain conditions. These general conditions and related procedures were adopted on 5 November 2020 in the form of a Council Decision, which encompasses a set of political, substantial and legal requirements in line with the nature and goals of PESCO, while acknowledging the added-value that partners can bring to PESCO projects<sup>15</sup> (CBP, 2021).

PESCO's two-layer structure, the Council<sup>16</sup> and Projects<sup>17</sup>, aims to offer new opportunities to put in place a viable and sustainable EU Defence cooperation, with concrete projects and legally binding decisions by the Council. The PESCO secretariat<sup>18</sup> fights for "developing a culture of compliance (which) will be crucial" (Biscop, 2018) to the cohesive achievement of the different projects.

On 6 March 2018, the Council adopted a Recommendation setting out a roadmap for the implementation of PESCO, and formally adopted the first set of 17 different projects in three different domains and the project members for each of them. A second set of 17 projects was adopted by the Council on 20 November 2018. A third set of 13 projects followed on 12 November 2019, bringing the total number of projects to 47. The Council decided not to launch any new projects in 2020. In

<sup>14</sup> On the basis of the Council decision (CFSP) 2017/2315 of 11 December 2017 the participating Member States are: Austria, Belgium, Bulgaria, Czechia, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Spain and Sweden.

<sup>15</sup> Although broadly supportive of the initiative, the United Kingdom (UK) did not sign up to PESCO. As a third country now outside the EU, the UK Government favours a flexible, ad hoc approach to future defence cooperation with the EU. Adopting this stance lends itself to participation in specific PESCO projects, on a case-by-case basis. However, the Government will have to find all of the EU's terms and conditions on third state participation acceptable, particularly with respect to the general conditions related to the strengthening of the CSDP and control over intellectual property. Any determination on future UK participation in PESCO may therefore depend on how important the Government calculates a specific project to be for the UK's national interest.

<sup>16</sup> Responsible for overall policy direction and decision-making, including the assessment of whether participating Member States are fulfilling their commitments. Legal acts are adopted by unanimity (except decisions concerning the suspension of membership and entry of new members, which are taken by a qualified majority). Only PESCO members can take part in the vote.

<sup>17</sup> PESCO's output will also be measured by the projects it will develop. Each project will be managed by those Member States that take part in it, under the oversight of the Council. To structure the work, a decision on general governance rules for the projects was adopted by the Council on 25 June 2018.

<sup>18</sup> The EDA and the EEAS, including the EU Military Staff, jointly provide secretariat functions for all PESCO matters and a single point of contact for the participating Member States and institutions.

addition, one of the 47 projects was terminated in February 2020, bringing the list of projects currently developed to 46<sup>19</sup>.

This list demonstrates the EU Member States' willingness to increase efficient exchanges and cooperation with regard to defence issues for over three years. Divided into seven different categories, the projects cover multiple fields of action, such as: "Training, Facilities"; "Land, Formations, Systems"; "Maritime"; "Air, Systems"; "Cyber, C4ISR"; "Enabling, Joint" or "Space" (FINABEL, 2019).

They include projects in the areas of capability development and in the operational dimension, such as: the establishment of a European Medical Command, an EU Training Mission Competence Centre, Cyber Rapid Response Teams, Mutual Assistance in Cyber Security, Military Disaster Relief, Maritime Surveillance, the creation of a European Military Space Surveillance Awareness Network, a joint EU Intelligence School, and specialized Helicopter Training, as well as co-basing, which would allow the joint use of national and overseas bases.

Every two years, a process is launched to generate new projects. The list of projects and their participants is updated by the Council each year in November. Assessment criteria have been developed by the PESCO secretariat to inform the evaluation of the project proposals by the participating Member States. The Council adopts PESCO projects, following a recommendation by the High Representative. The Council recommendation of May 2019 on progress made on PESCO foresaw that, after 2019, the next call for PESCO projects would take place in 2021.

With the aim of assessing the fulfilment of the more binding commitments, each participating Member State is required to communicate a National Implementation Plan (NIP) each year, informing the other participating Member States about the progress made on the binding commitments it has undertaken. The NIP forms the basis of the assessment process, as described in the Council Decision establishing PESCO. Each year, the High Representative presents an annual report on PESCO to the Council, based on an assessment made by the PESCO secretariat. On this basis, the Council reviews annually whether the participating Member States are continuing to fulfil the more binding commitments. The first of these assessments was adopted by the Council in May 2019 (PESCO Factsheet, 2020).

The first PESCO Strategic Review was conducted in 2020 and on 20 November the Council validated the guidance for the next PESCO phase (2021-2025) in terms of overall aims, key policy goals, processes, and incentives to improve the fulfilment of the more binding commitments.

<sup>19</sup> *Thirty-eight of these projects are aligned with NATO priorities. PESCO Member States are also expected to meet 20 specific defence policy commitments, including meeting agreed defence spending targets, the harmonization of requirements, and greater collaboration.*

## 1.4 European Defence Fund

EUGS (2019, p 35) proposed that “EU Funding for defence research and technology, reflected first in the mid-term review of the Multiannual Financial Framework and then in a fully-fledged programme in the next budget, will help develop the defence capabilities Europe needs”.

In 2017, the European Commission began to work on the European Defence Fund (EDF), consisting of ‘dimensions’ for defence research and capability development. The EDF will provide a key contribution to Europe’s strategic autonomy, protecting and defending its citizens. It will provide financial incentives to promote cross-border cooperation between Member States and between companies<sup>20</sup> to enhance innovation from research to the development phase of capabilities, including prototypes, through co-financing from the EU budget. This, in turn, will lead to cost savings for EU countries. The fund will coordinate, supplement and increase national investments in defence (EDF, 2021).

The EDF is not meant to buy military kit for the EU, but to stimulate Member States to jointly procure the same equipment while strengthening the EDTIB through common defence research and innovation. It offers financial incentives connected to conditions for cooperating in multinational consortiums of technology institutes and defence industries. In other words, by using the Fund, participants are forced to establish cross-border cooperation formats, consisting of at least three different entities in three different Member States. The EDF offers additional funds<sup>21</sup> for the inclusion of Small and Medium-Sized Enterprises (SMEs), and for projects launched under PESCO (Clingendael, 2021, 2).

In order to test the EDF the Commission launched two pilot programmes, together worth €590 million: the Preparatory Action on Defence Research (PADR, 2017-2019) with a €90 million budget, and the European Defence Industrial Development Programme (EDIDP, 2019-2020) with a €500 million budget. After the successful results, the pilot phase had served its purpose.

The final decision on the setting up of the EDF was taken by the Council and the European Parliament in 2019-2020. The Fund began to function on 1 January 2021 with a total agreed budget of €7.953 billion for the 2021-2027 period<sup>22</sup>. Roughly one third will finance competitive and collaborative defence research projects, in particular through grants, and two-thirds will complement Member States’ investment

<sup>20</sup> Including enterprises, research centres, national administrations, international organizations and universities.

<sup>21</sup> The percentage of financing can vary from 100% for feasibility studies to 20% in the case of the development of demonstrators. In essence, the financing percentage is lowered when a project leaves the drawing board and enters the factory floor: Co-financing by Member States and/or industry is essential to carry a project forward from the development phase into full-scale production.

<sup>22</sup> This represents 0.74% of the total EU Multi-Annual Financial Framework 2021-2027 budget of €1.074 trillion. In 2019 the EU Member States spent €41.4 billion on defence equipment procurement, including R&D (Clingendael, 2021, p 3).

by co-financing the costs of defence capabilities development following the research stage (EDF, 2021).

## 2 DEEPENING EU-NATO COOPERATION

Since 2016, cooperation between the EU and NATO has gained momentum. The changed security environment has been the driving factor in recasting the outdated cooperation model, based on the Berlin-Plus arrangement of 2003, into a new strategic partnership for addressing challenges and threats to European security, coming from the east and south in particular, together (Zandee, 2019, p 21.)

As stated in EUGS (2019, p 37) the EU will deepen cooperation with the Alliance in complementarity and full respect for the institutional framework, inclusiveness and decision-making autonomy of the two. A further result of the new enhanced partnership was a first Joint Declaration signed in Warsaw in July 2016, with an outcome of identified seven concrete areas (see Figure 4) to enhance EU-NATO cooperation: 1. Countering hybrid threats; 2. Operational cooperation, including at sea and on migration; 3. Cyber security and defence; 4. Defence capabilities; 5. Defence industry and research; 6. Exercises; 7. Supporting Eastern And Southern partners' capacity-building efforts (EU-NATO Factsheet, 2020).

On the basis of the mandate by the Joint Declaration, common sets of proposals were endorsed by the EU and NATO Councils in December 2016<sup>23</sup> and 2017<sup>24</sup> (EU-NATO Cooperation, 2020). Altogether 74 concrete actions are under implementation, grouped in the agreed seven areas. In July 2018, in Brussels, the EU and NATO signed another, second, Joint Declaration, this time to confirm their commitment to implementing the ambitions of the first declaration, and also to recognize the efforts of the EU to enhance European security and defence, not least through PESCO and the EDF.

<sup>23</sup> In December 2016, NATO foreign ministers endorsed 42 measures to advance how NATO and the EU work together, including:

- Measures to bolster resilience to hybrid threats, ranging from disinformation campaigns to acute crises;
- Cooperation between NATO's Operation Sea Guardian and the EUNAVFOR Operation Sophia in the Mediterranean;
- Exchange of information on cyber threats and the sharing of best practices on cyber security;
- Ensuring the coherence and complementarity of each other's defence planning processes;
- Parallel and coordinated exercises;
- Efforts to support the local capacities of partner countries in the sectors of security and defence.

<sup>24</sup> In December 2017, further steps were taken to enhance EU-NATO cooperation through the addition of 32 new measures including in three new areas:

- Military mobility to ensure that forces and equipment can move quickly across Europe if necessary, which requires procedures for rapid border crossing, sufficient transport assets and robust infrastructure (roads, railways, ports and airports);
- Information-sharing in the fight against terrorism and strengthening coordination of counter-terrorism support for partner countries;
- Promoting women's role in peace and security.

So far, five progress reports have been submitted, highlighting the key achievements and added value of EU-NATO cooperation in all areas of interaction. Cooperation between the EU and NATO is now the established norm and daily practice, and continues to take place on the basis of the key guiding principles: openness, transparency, inclusiveness and reciprocity, in full respect of the decision-making autonomy and procedures of the two organizations, without prejudice to the specific character of the security and defence policy of any Member State (Understanding EU-NATO Cooperation, 2020).

By signing joint declarations, the EU and NATO have committed themselves to stepping up their cooperation and strengthening their role in supporting international peace and security. The Allies are determined to make their contribution to creating more favourable circumstances through which they will:

- Fully strengthen the strategic partnership with NATO, in the spirit of full mutual openness, transparency, complementarity and respect for the autonomy and institutional integrity of the two organizations;
- Enhance practical cooperation in operations throughout the crisis spectrum, from coordinated planning to mutual support in the field;
- Broaden political consultations to include all issues of common concern, in order to share assessments and perspectives;
- Cooperate more fully in capability development, to minimize duplication and maximise cost effectiveness (Relations with the EU, 2021).

Enormous change has taken place in the EU-NATO relationship in recent years. It seems that already, in a such short period, more has been implemented than in the previous decade and a half under Berlin-Plus. Now is the moment to further explore the scope for EU-NATO synchronization of the defence planning systems of the organizations – to the benefit of the EU and transatlantic security (Zandee, 2019, p 31)

**Conclusion** With the aim of achieving strategic defence autonomy, the Member States unanimously adopted and implemented various initiatives to strengthen the development of the EU's defence capabilities. This will strengthen the EU's strategic autonomy, but the real boost in its political (strategic), operational (capabilities) and industrial (equipment) dimensions will depend on the further level of commitment and follow-through required by the PESCO governance model.

The importance of adopted defence initiatives can be viewed from at least three different but interrelated aspects: as a political aspect in terms of closer integration and strengthening ties between the Member States and within the EU; as a defence aspect in terms of supporting the development and building of key defence capabilities identified by the Member States; and as an economic aspect in terms of the development and progress of the defence industry and technological science.

Although distinct, these initiatives contribute to the same goal: delivering more capabilities through deepening European cooperation, and, in doing so, strengthening the EU's ability to take more responsibility as a security provider and to enhance its strategic autonomy and freedom of action. The development of autonomous capabilities must also be seen in terms of the protection of the EU's strategic interests, where it is increasingly becoming clear that traditional soft power is no longer enough, and that it needs to be hardened more and more often.

Today, within the first priority of EUGS – the Security of the Union – important changes are taking place; CARD, PESCO and the EDF are three key separate but interlinked defence initiatives aimed at EU capability development. CARD provides an overview of the existing capabilities within the EU, evaluates the Member States' efforts in addressing the CDP-based capability priorities, and identifies opportunities for cooperation. PESCO defines commitments and offers the context and scope for projects related to capability development. The EDF provides EU funding to support the implementation of agreed projects for research and technology, as well as for industrial development.

By joining the initiatives, Member States have lost part of their defence capabilities for guaranteeing their own individual sovereignty and state autonomy, but on the other hand they have compensated for this by controlling the collective decision-making process and maintaining the last word on the use of force. Progress and improvement in a more coherent set of deployable, interoperable, and sustainable capabilities, for use in CSDP missions and operations, or within other national or multinational frameworks such as the UN or NATO, given that the Member States have a single set of forces, will be achieved only through the consistent implementation of the resulting requirements from the initiatives described above. On the contrary, this will be another of the so-called dead letters on paper and another proof of more disagreement on the political carpet between the Member States.

The fact is that the implementation of defence initiatives followed by EU defence autonomy does not represent the separation of the EU from NATO or the building of the EU's own armed forces, but is rather means and instrument by which the Member States will develop and achieve defence capabilities that they could not do alone or at low cost.

In the current increasingly volatile and unstable strategic geopolitical environment, cooperation between EU and NATO remains essential. Close cooperation and partnership between them enhances the transatlantic bond, while EU defence initiatives contribute to common burden-sharing. Mutually enhancing, they can mobilize a broad range of tools and make the most efficient use of resources to address challenges and enhance the security of EU citizens.

Only by taking full account of all commitments and obligations arising from the initiatives will the EU achieve a level of strategic defence autonomy and become a



respected global power that does not depend solely on superpowers to provide for its level of ambition.

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