A Europe that Protects?

U.S. Opportunities in EU Defense

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Abstract

Europe has embarked on a generationally significant increase in its defense ambition. New European Union defense policy, funding, and capability development initiatives, as well as closer EU-NATO cooperation, carry opportunities for the United States. Where EU defense efforts historically fell short, the United States can now focus on the overarching shared interest in a stronger Europe that is less dependent on the United States for its security and defense.
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Combined troops from Austria, Belgium, Slovenia, and the United Kingdom take part in the BLACK BLADE 2016 helicopter exercise organized by the European Defense Agency, November 17, 2016.

EDA photo / Maximilian Fischer
What’s New in European Defense?

Europe is pursuing significant new defense initiatives that span capability development, policy, and institutional cooperation. Many of these efforts occur under the auspices of the European Union and are part of the EU’s longstanding aim to grow itself as a security and foreign policy actor. But real security challenges in Europe—from Russian aggression to terrorism and regional instability—have contributed to the importance and potential of European efforts. The political dynamics of the transatlantic relationship may also favor Europe’s initiatives: although the Trump administration’s calls for greater European defense spending have rankled European leaders and U.S. officials have legitimate concerns about the details of EU initiatives, the larger issue of strengthening European defense is consistent with U.S. goals.

The EU’s security and defense efforts have implications for the transatlantic economy and defense industry, the NATO alliance, and U.S.-European relations generally. While the United States should work to ensure continued transatlantic defense policy coordination, secure and competitive markets for the defense industry, and preservation of the longstanding principle of ‘no duplication’ with NATO, it should also broadly support European efforts to invest more and more wisely on defense. Both the United States and Europe stand to benefit from greater European defense investment and capability.

The history of intra-European and transatlantic differences over European defense cooperation endures in the EU’s current efforts. But today’s environment favors change and represents a rare opportunity for bold action.
The EU’s recent defense policy developments stem from its 2016 Global Strategy (EUGS), the most significant such document at the EU level since the 2003 European Security Strategy (ESS).\(^1\) Developed and published by the EU’s outgoing High Representative for Foreign and Security Policy, Federica Mogherini, the EUGS does much to articulate Europe’s roles and responsibilities in both a changed international security and defense environment as well as a European Union that has itself grown and changed in its membership and politics. The EUGS deserves credit for its recognition and assessment of these changes. Compared to the focus on institutional values and aspirations in the 2003 ESS, the 2016 EUGS dedicates more attention to specific challenges, risk, political and strategic limitations.

Yet the EUGS may still sound ambitious, particularly its proposal to seek “[a]n appropriate level of... strategic autonomy.”\(^2\) The meaning of this oft-cited phrase is contentious. Even among Europeans, considerable differences exist on the overall rationale and support for the concept as well as its geographic and functional level of ambition.\(^3\) Autonomy can be understood to mean non-dependence (e.g., self-sufficiency to conduct military operations); but it can also imply separation, and the concept is accordingly contested in countries with particularly strong views about relations with the United States.\(^4\) Most Europeans see autonomy as fully compatible with NATO, however.\(^5\)

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Although there is no consensus on a European level of ambition, a common preference is for an ability to undertake geographically limited and relatively low-level operations such as peacekeeping, humanitarian intervention, and stability operations; while high-end warfighting, long-range expeditionary operations, and territorial defense remain the purview of NATO or sovereign states. But even this limited ambition for strategic autonomy may be a high bar for the EU. Europe’s record in the fielding of military operations is underwhelming.⁶ Although the EU posts a lengthy list of past and present missions, the majority of these were small in scale and impact, and the most successful tend to involve either NATO or a clear lead nation (often France) that commits its own resources and prestige.⁷

Moreover, the word “autonomy” does not translate well across the Atlantic, sounding to some Americans like “de-linking” or “decoupling,” an outcome U.S. policymakers consistently sought to prevent during previous attempts at common European defense identity.⁸ To avoid this semantic stumbling block, an increasingly prevalent formulation that resonates more positively in the United States is “strategic responsibility.”⁹ Yet Europeans may find this term pejorative and substantive differences between “strategic

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⁶ In fact, the EU’s efforts stem in part from a shared recognition of its early post-Cold War difficulties, epitomized in the eventually false prediction of Luxembourg Foreign Minister Jacques Poo regarding the Balkan civil wars of the 1990s, “This is the hour of Europe. ... If one problem can be solved by the Europeans, it is the Yugoslav problem. This is a European country and it is not up to the Americans. It is not up to anyone else.” Quoted in Josip Glaurdić, The Hour of Europe: Western Powers and the Breakup of Yugoslavia (New Haven: Yale University Press, 2011), p. 1.

⁷ For an up to date and comprehensive overview, see Sarah Raine and International Institute for Strategic Studies, Europe’s Strategic Future: From Crisis to Coherence? Adelphi (Series) 468-469 (London: Routledge for The International Institute for Strategic Studies, 2019).

⁸ Most famously articulated by U.S. Secretary of State Madeleine Albright in remarks to the North Atlantic Council, Brussels, 8 December, 1998: https://1997-2001.state.gov/statements/1998/981208.html; I am grateful to Stephanie Hofmann for pointing out that Albright may have been among the first Americans specifically to take issue with the term “autonomy” or “autonomous,” which also appeared in the 1998 Franco-British declaration at St. Malo.


“autonomy” and “strategic responsibility” are not altogether clear, not least because “autonomy” remains itself such a contested term. In any case, transatlantic tensions over European defense may be about style as well as substance. Reflexively negative reactions to terminology—especially those that recall decades-old narratives on European defense—could impede recognition of new opportunities or progress on more satisfactory alternatives.¹⁰

### New EU Defense Initiatives: PESCO, EDF, and CARD

While slogans and narratives are important for building and sustaining political support, specific and practical efforts to bolster European defense capability, investment, and coordination are the substance of such a policy. The most notable of the EU’s current initiatives in these regards are Permanent Structured Cooperation on defense (PESCO), the European Defense Fund (EDF), and the Coordinated Annual Review on Defense (CARD).¹¹

A key issue for all of these initiatives is not simply that European defense investment and capabilities are small in aggregate, but also that they are fragmented and inefficient. European countries collectively spend more than $280 billion on defense annually, which, if Europe were a single country, would easily make it the second largest defense spender in the world after the United States. Europe’s 1.8 million military personnel actually outnumber America’s 1.3 million troops.¹² But it makes little sense to consider Europe this way. The European Commission reckons that lack of cooperation among EU member states costs between €25-100 billion ($28-111

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¹¹ This is not an exhaustive list of EU security and defense initiatives. See Daniel Fiott, EUISS Yearbook of European Security, 2019 (Paris: European Union Institute for Strategic Studies, 2019).

billion) annually, i.e., between 9% and 36% of all European military spending. “Investment per soldier” among EU countries may be only one quarter of that in the United States.13 Meanwhile fragmentation of research, development, procurement, operations and maintenance also take a significant toll. For example, Europe’s 20 different types of fighter aircraft and 17 main battle tank models compare to America’s four and one, respectively.14 The multitude of different systems in Europe is not only inefficient but also complicates interoperability. PESCO, EDF, and CARD are all aimed, at least in part, at addressing this issue.

**PESCO**

Permanent Structured Cooperation on defense (PESCO) is an EU treaty-based framework for defense cooperation on capability development or operational projects. Launched in 2017, 25 EU member states have agreed to participate in at least one of 34 current projects ranging from common training to development of new capabilities, each led by different member states.15 The best known PESCO initiative addresses “military mobility,” harmonized procedures and physical infrastructure for the flow of friendly military equipment that aims to introduce something akin to a “military Schengen area.”16 This signature initiative boasts broad participation among states to address a significant need at relatively low cost, all while remaining complementary to NATO.

Outstanding questions about PESCO include the uneven practical utility of its other projects and their openness to participation by non-EU countries. Very few PESCO initiatives currently envision investments in hard

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15 Denmark, Malta, and the United Kingdom are not participating in PESCO.

capabilities or equipment such as advanced aircraft, vehicles, or autonomous weapons systems. But these high-end procurement initiatives are the most likely to contribute to European capabilities. Others such as a new “Competence Centre for EU Training Missions” will not, despite participation from thirteen countries. A related problem is that many of the higher-end capability initiatives do not enjoy such broad multinational participation. The EuroArtillery project, for example, has only two participants: Italy and Slovakia.

The debate on openness of PESCO projects to third-country participation has largely become one of trade and industry self-interest, narrowly defined: Europeans seek preference for their defense industry and see U.S. criticism of PESCO as rooted in a desire to preserve access to the European market for American defense contractors. Americans counter that PESCO’s closure to non-EU countries would undermine integrated supply chains and existing transatlantic technology exchange while inadvertently discouraging European companies from participating in PESCO initiatives that could jeopardize their business outside the EU. Both sides claim to be more open to outside participation than the other.17

**EDF**

The European Defense Fund (EDF) is an initiative of the European Commission, the EU’s executive arm, to co-finance defense research and development with EU member states. Initial 2018 plans called for a proposed EDF budget of €13 billion ($15 billion) over a seven-year period beginning in 2021, with EDF assuming up to 20% of project costs. The EDF is the most innovative and perhaps most important new EU defense initiative because it will—for the first time—involves EU institutions directly in the European defense market. Although the financial scale is not large, EDF represents a potentially significant change in the way Europe invests in defense. By incentivizing member states to pool their resources on common defense

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17 For a U.S. rebuttal of European claims, see, for example, Remarks by Michael J. Murphy, Acting Principal Deputy Assistant Secretary of State for European and Eurasian Affairs, to Ambassadors of the Political and Security Committee of the European Union, Washington DC, 22 May 2019, https://int.nyt.com/data/documenthelper/1076-19-5-22-eur-a-pdas-to-pse-amba/6cdebd319d226b532785/optimized/full.pdf#page=1
investments, the EDF usefully aims to reduce fragmentation and increase the efficiency of European defense R&D.

Even more than PESCO, however, the United States and other critics argue that the EDF’s rules effectively bar third countries—and potentially even the EU-based subsidiaries of companies headquartered in a third country—from participation in projects receiving EDF co-financing, and that such restrictions could also affect countries like non-EU NATO ally Norway and a post-Brexit United Kingdom. The United States has been especially strident that such rules could limit transatlantic defense cooperation and ultimately even reduce the range of choice and quality of gear available for Europeans to buy. 18

Figure 1. European Defense Agency graphic on PESCO, EDF, & CARD relationships.


CARD

The Coordinated Annual Review on Defense (CARD) is an updated EU process for evaluating defense spending and capability development trends. Unlike PESCO or EDF, CARD is less of a material innovation than a renewed non-binding attempt at increased coordination. Launched in 2017 with full implementation expected late in 2019, CARD is closely associated with the EU’s annual statement of defense planning priorities, the Capability Development Plan (CPD). Both CPD and CARD reports are products of the European Defence Agency (EDA), an intergovernmental EU agency. CARD aims to link EU defense planning to PESCO and EDF: by measuring progress toward goals articulated in the CPD, CARD potentially cues countries to consider PESCO options for further cooperation and EDF as a potential funding source (see Figure 1). 19 The 2018 CPD revision includes 11 new EU capability development priorities reflecting a stronger focus on high-end warfare; yet very few PESCO projects aim to develop high-end capabilities. 20 Unlike the NATO Defense Planning Process (NDPP) capability targets that are approved by national ministers, EU targets remain entirely voluntary. The EU and NATO have worked to align these processes in order to prevent competition and streamline administration. For example, NATO allies’ defense planning surveys can be released to the EU to serve as a common reporting mechanism, while the EU has invited NATO’s NDPP staff to observe CARD. As a non-binding instrument of information exchange and transparency within the EU, CARD has proved uncontroversial.


NATO-EU Cooperation

Increased cooperation between the EU and NATO is significant and historically unusual in European defense. Unlike the development of new EU policy or the creation of new institutions, this cooperation has more to do with the increasing significance of work in existing institutions. While NATO and the EU have had formal links since the early 2000s, notably including the so-called “Berlin Plus” arrangements for NATO to support EU-led operations, the 2016 Warsaw joint declaration served as a catalyst for closer collaboration. Within two years, EU and NATO leaders agreed to more than 70 specific collaborations on matters including hybrid threats, cyber defense, maritime security, training exercises, and operational coordination, among others. NATO-EU cooperation on military mobility is a signature issue. Other notable progress includes the implementation of a “Technical Arrangement on Cyber Defence” and a coordinated response to high profile cyber threats like WannaCry, as well as active cooperation in the field between NATO’s Operation Sea Guardian and EUNAVFOR Operation Sophia. The European Commission agreed to contribute €2 million to NATO’s Building Integrity Trust Fund, while NATO has worked with the European Defence Agency on the procurement of a European multinational fleet of multirole tanker–transport (MRTT) aircraft. As noted, NATO and EU officials continue to coordinate their respective defense planning processes. Beyond this list of deliverables is a qualitative sense among many at NATO and the EU that genuine cooperation and progress is not only possible but increasingly normal and good. As one Brussels official put it, the EU and NATO may have achieved more together in the past two years than

21 For a superb new and comprehensive analysis, see Gustav Lindstrom and Thierry Tardt, eds., The EU and NATO: The Essential Partners (Paris: European Union Institute for Strategic Studies, 2019).

22 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, Warsaw, 8 July 2016, https://www.nato.int/cps/en/natohq/official_texts_133163.htm. See Figure 2.

23 To be sure, some of these initiatives existed prior to the declaration and some initiatives have more substantive merit than others. But the narrative of such high levels of cooperation is notable in itself.


26 To be sure, NATO and EU membership does not overlap perfectly and states may coordinate outside these institutional mechanisms or frustrate inter-institutional cooperation. Stephanie C. Hofmann, “The politics of overlapping organizations: hostage-taking, forum-shopping and brokering,” Journal of European Public Policy 26:6 (2019), pp. 883-905.
during the past two decades. This development is all the more remarkable given the qualitative decline in many aspects of transatlantic relations over the same period. More work remains to be done and the gains are both relatively new and fragile. Unrelated tension between, say, NATO ally Turkey and non-NATO EU member Cyprus could again frustrate further NATO-EU collaboration. Brexit also remains a considerable source of uncertainty. But sustained organizational leadership at NATO and the EU, demonstrated results, and the eventual normalizing of more constructive ties all seem possible in a way few would have predicted just a few years ago.

**Figure 2.** Photo of signing ceremony for joint EU-NATO declaration, Warsaw, 2016.

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28 See, for example, “Turkey condemns Greek Cyprus presence at NATO event,” Hurriyet, 4 May 2019, http://www.hurriyetdailynews.com/turkey-condemns-greek-cyprus-presence-at-nato-event-143147
A Historic Juncture for U.S. and European Defense?

Neither European defense cooperation nor transatlantic burden sharing are new subjects. Both have been prominent since at least the early 1950s (i.e., NATO’s first years of existence), when allies agreed but ultimately failed to realize the European Defense Community (EDC) or the Lisbon agreement on conventional force goals. The current debate traces more directly to the post-Cold War emergence of a European Security and Defense Identity (ESDI) in NATO and the 1998 Franco-British declaration at St. Malo leading to the European Security and Defense Policy (ESDP). The EU’s 2007 Lisbon Treaty renamed this effort the Common Security and Defense Policy (CSDP), introduced a mutual defense clause comparable to the NATO treaty’s better-known Article 5, and established new offices and institutions such as the European External Action Service (EEAS) and the legal basis for PESCO.

European countries have historically found integration in the ‘high politics’ of security and defense more difficult than in other issue areas. The forerunner of today’s EU is not the abortive EDC but rather the European Coal and Steel Community, established successfully in 1951 to regulate heavy industry. Meanwhile, the United States has historically sent mixed signals, at once demanding more of Europe but unwilling to cede leadership, encouraging Europe to develop its defense capabilities but resisting its proposals for doing so. The formula for U.S. policy toward specific European defense efforts gained memorable expression in the late 1990s as the “3 Ds”: no decoupling [of transatlantic security], no duplication [of NATO], and no discrimination [against non-EU NATO allies]. Complicating efforts to reconcile European initiatives with the transatlantic Alliance

has been the persistently poor working relationship between NATO and EU institutions despite their substantially overlapping membership and a common headquarters host city in Brussels (though this is improving).

The legacy of intra-European and transatlantic differences over European defense cooperation endures in the EU’s current efforts. But the current environment favors change for several reasons. Chief among these is shared dissatisfaction with the status quo. Americans and Europeans agree that Europe is insufficiently capable in matters of defense, as both have acknowledged in the EU Global Strategy and NATO’s Wales Pledge on Defense Investment.\textsuperscript{32} Countries may not agree on prioritization, but few deny the range of threats facing the continent, including Russian aggression and the collapse of arms control agreements, terrorism and regional instability, and emerging problems associated with global shifts in the balance of power, cyber and hybrid threats, and even climate change.

Compounding these challenges is the uncertainty arising from changing domestic politics in allied countries, including deviations in U.S. foreign policy during the Trump administration and the disorder of the United Kingdom’s move to leave the European Union. Critical junctures such as these weaken the stability of pre-existing constraints, but may also free leaders to act in ways that make change more likely and momentous.

\textsuperscript{32} This pledge contains the well-known 2% of GDP defense spending benchmark and represents the first time that all NATO allies formally agreed to such a commitment at the level of heads of state and government. Wales Summit Declaration, Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Wales, 5 September 2014, https://www.nato.int/cps/en/natohq/official_texts_112964.htm
Implications & Recommendations for U.S. Policy

To make the most of this juncture in transatlantic defense relations and promote the shared U.S. and European interest for Europe to strengthen its security and defense, the United States should:

1. Support any credible effort to strengthen European defense capabilities.
   a. Ideally all such efforts prioritize high-end systems, equipment, and readiness; reduce fragmentation and inefficiency; increase interoperability; sustain transatlantic defense industrial cooperation; preserve broader transatlantic strategic alignment; and avoid duplication or lack of compatibility with NATO.
   b. Expect some European proposals will not meet all of these criteria, however, necessitating hard choices and prioritization.

2. Recognize the generational significance of Europe’s apparent defense ambition.
   a. Previous efforts to increase European defense cooperation and capabilities rarely faltered because NATO could not adapt or accommodate them, but rather because Europe’s follow-through fell short of its own ambitions.
   b. The recent high volume of EU defense activity and unusually close EU-NATO cooperation represents a rare potential opportunity for bold action.

3. Disregard “autonomy.” Let interests and outcomes drive policy, not slogans.
   a. The United States and Europe have an overriding and shared interest in a Europe that is stronger and less dependent on the United States for its security and defense. Terminology and narratives are important but secondary.
b. Be prepared to tolerate “strategic autonomy” or any other slogan that galvanizes European political will to follow-through on defense capability investments.

4. Continue to work as constructively as possible with European countries and the EU to optimize PESCO, EDF, and CARD.
   a. Encourage European projects that provide the most meaningful capabilities, defined by both NATO and the EU’s own Capability Development Plan, especially high-end systems, equipment, and readiness.
   b. Support the important work on military mobility in Europe.
   c. Appeal to European self-interest to have the greatest possible choice, quality, and access to technology from the participation of third-countries, especially non-EU NATO allies and trusted partners, in PESCO and EDF. Lead by example in welcoming European participation in U.S. defense markets.
   d. Resolve that low-capability projects pursued in isolated defense industrial markets would be the least desirable outcome and serve neither American nor European interests.

5. Sustain and strengthen gains in NATO-EU cooperation.
   a. Ensure the NATO Defense Planning Process and EU CPD/CARD remain complementary and not competitive.
   b. Champion the results of high-profile cooperative initiatives like military mobility.
   c. Follow-through on the extensive agenda agreed since the 2016 joint NATO-EU declaration at Warsaw.
   d. Recognize that success in NATO-EU cooperation is as much about organizational culture and good leadership as creating or adapting institutions.
   e. Lead by example on interoperability by upholding and implementing NATO standards among U.S. forces.