



# Breaking Ranks

## The Challenge of EU Defence Integration to the United Kingdom

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Dr Radomir Tylecote and Alexander Baker



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# About the Authors

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He is the co-author of the book *Plan A+: creating a prosperous post-Brexit UK*, lauded as the free-trading, pro-sovereignty alternative to the Chequers White Paper, which planned regulatory alignment with the EU. His other publications include *Inadvertently Arming China?: The Chinese military complex and its potential exploitation of scientific research at UK universities*.

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# Foreword

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The so-called defensive personality of the European Union has always been something of a “split personality”. The concept of ever closer union – the creation of a supranational state with a defence and foreign policy that takes precedence over those of its member states – represents part of the ratchet effect that was strongly rejected by the British public in the 2016 referendum and continues to push the rise of nationalist parties across the continent, including in the most recent European parliamentary elections.

As this report outlines, the continuing push by the Brussels bureaucracy to “own” defence is part of a long-held ambition in the corridors of the Commission. Its ideological mission has, however, continually come up against the sovereign instincts of EU members who jealously, and rightly, protect their ultimate guarantee of sovereignty – their ability to defend their own borders, unilaterally if necessary.

Questions raised in national capitals go right to the heart of the expansionist ambitions of the Euro federalists. Would the EU seek to compel member states to deploy their citizens as part of an EU defence force, even if it clashed with national political sentiment or historical identity? If so, it would be a recipe for failure and a signal that “the old men of Brussels” have learned nothing from the rising wave of nationalism in the 1990s, at least in part generated by their constant attempts to force the ideology of centralism, developed for the second half of the 20th century, on a 21st century Europe which has increasingly pushed back against the idea. It would, in all likelihood, be a vehicle for division and discord rather than harmony and progress, the main reason why the project has had so much trouble gaining traction in the past.

A good example of the confused mindset at the heart of the plan relates to the defence industry and trade. At a time when there is growing international pushback, including from the EU, against what is perceived as growing US protectionism in trade, the EU seeks to entrench a common defence industry project more reminiscent of the protectionist instincts of the French, rather than the more open attitudes of countries such as Germany and Italy. If contracts were awarded and paid for by a European Defence Fund on the basis that they “furthered EU strategic autonomy”, would this prevent collaboration by countries such as Italy in the Global Combat Area Program? What about the supersonic stealth fighter being developed by Britain, Japan and Italy, and whose program HQ will be in the United Kingdom? How would it respond when individual governments (often complex coalitions) are confronted with political difficulties – which cause them not to proceed with particular programme items? A recent example was the German refusal to sell Typhoon spare parts to Saudi Arabia because of internal political dissent and despite having a contractual obligation to do so as part of the Typhoon group.

There will naturally be those in Brussels who believe that having left the European Union, this is none of Britain's business. They could not be more wrong. The reason is that the whole European Union defence project sits ill with the wider concepts of the NATO membership of its member states. They are not NATO members on the basis of being EU states, but sovereign states who share a common commitment to transatlantic security that goes well beyond the narrow political focus of “the European project”.

There are three main reasons why we should be concerned about the impact of the European Union defence “personality”. The first is diversion of funds. Too few continental European NATO members currently make the 2% GDP contribution to the defence budget. The creation of EU capability and structures does not require them to make an additional budgetary contribution, so the inevitable consequence will be that funds are diverted away from core NATO functions. To date, the EU defence project has produced not a single bullet, gun, or tank. The second danger is duplication of organisation and resources. The EU is notoriously fixated on process while defence needs to be focused on outcomes. This is not to say the deployment of forces badged as EU cannot bring advantages, especially when the United States is unwilling, for international or domestic political reasons, to become involved in a particular conflict. But having a tactical re-badging of forces is a long way from the concept of a completely separate EU Defence Force. The third reason is political weakness. Washington, in particular, needs to understand that such a project would not be an adjunct to its military and political capability but an incipient “block vote” that might be used, not by the leaders who would be accountable for committing the young men and women to combat, but the unelected bureaucrats whose power and responsibility would remain fundamentally disconnected.

In short, while the tactical use of some NATO forces badged as European Union forces may have some limited advantages, the risk to NATO cohesion and therefore the wider security of the continent could be paradoxically imperilled by those in Europe who see it as a way of creating an alternative to American military power. Given that the US defence budget is bigger than the next ten budgets combined in the world, any attempt to create a European Defence Force – which will be seen in a number of the less Atlanticist European capitals as an alternative to, rather than a strengthened pillar of, NATO – is in danger of being an expensive vanity project at the expense of our collective security in an ever more dangerous world.

**Sir Liam Fox**

FORMER SECRETARY OF STATE FOR DEFENCE

# Summary

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The United Kingdom's withdrawal from the European Union prompted a reassessment of British foreign and defence policy. Though the UK's commitment to the security of the Euro-Atlantic area remains a priority, the EU's long-term ambition to create a "defence union" raises challenges for the UK.

While the earliest attempts by the EU to accrue defence powers can be traced to just after the Second World War, Brexit and the war in Ukraine have accelerated a drive towards EU "strategic autonomy". This means the capacity of the EU to act independently of third parties, potentially including Member States. The EU seeks to achieve this through political and economic means, by concentrating defence policy at a supranational level, and by using protectionist policies to develop a defence industrial base.

## **A challenge to NATO**

The development of the EU as a defence actor raises several challenges for UK security and prosperity. The first among these is the potential risk an EU defence structure poses to the primacy of NATO in Euro-Atlantic defence. The EU's direction of travel may lead to a challenger structure, or even undermine NATO capabilities through duplication or opportunity cost.

## **A challenge to economic prosperity**

The beginnings of an EU "defence union" are also likely to harm UK economic prosperity. Protectionist policies in EU defence procurement disadvantage third-party countries and entities, such as British defence firms. While the UK must continue to prioritise the security of the Euro-Atlantic, deep cooperation with the EU on defence risks undermining the national interest, by supporting the emergence of a defence structure over which the UK will have little influence, and whose explicit goal is to reduce dependence on third parties, such as UK suppliers.

## **A challenge to sovereignty**

With the 2024 General Election approaching, the Labour Party has strongly signalled its intent to sign a formal "security pact" with the EU. The UK should refrain from doing so, as this would risk binding the country to the development a defence union, whose policies would undermine British sovereignty and prosperity, while making European defence less competitive and innovative.

The main recommendations of this paper are as follows:

**1. Labour should drop plans to take part in formal defence initiatives that commit the UK to furthering the creation of an EU Defence Union.**

- Participating in initiatives that further the EU's pursuit of strategic autonomy is inimical to the UK's national interest and potentially weakens defence ties with European countries.
- Labour should commit not to create a defence pact that would require the UK to further the strategic autonomy of the EU and advantage European over British suppliers.

**2. The Government should push the EU to drop protectionist policies embedded in the European Defence Fund (EDF) and Permanent Structured Cooperation (PESCO).**

- European security cooperation would be better served by removing references in the EDF award-criteria to furthering the "strategic autonomy" of the EU, which acts as a barrier to foreign entities cooperating in the Fund's projects.
- The UK should also push for equal third-party access to EDF funds by removing the requirement for intellectual property or knowledge of the project's creation to remain in the recipient countries.

**3. The Government should maintain the current approach of ad hoc, informal cooperation with the EU on defence and security.**

- This approach provides the benefit of flexibility while safeguarding UK sovereignty in defence and foreign policy matters.
- The next Government should permit Parliament to scrutinise administrative arrangements underpinning UK involvement so far, to ensure they do not entail additional commitments to EU strategic autonomy.

**4. The Government should prioritise European defence and security arrangements with allies and regional groupings.**

- The UK should advance cooperation with European counterparts on a bilateral basis. The Government already has existing arrangements with France and recently deepened defence ties with Germany. It should look to further develop defence relations with Poland and the Baltic and Nordic states.
- The UK should advance collective security interests through regional groupings such as the Joint Expeditionary Force (JEF), or specific partnerships such as with Italy and Japan.

# Glossary

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<b>CARD</b>	Coordinated Annual Review of Defence
<b>CFSP</b>	Common Foreign and Security Policy
<b>CMPD</b>	Crisis Management and Planning Directorate
<b>CSDP</b>	Common Security and Defence Policy
<b>ECJ</b>	European Court of Justice
<b>ECSC</b>	European Coal and Steel Community
<b>EDA</b>	European Defence Agency
<b>EDAP</b>	European Defence Action Plan
<b>EDC</b>	European Defence Community
<b>EDF</b>	European Defence Fund
<b>EDRP</b>	European Defence Research Programme
<b>EDIDP</b>	European Defence Industrial Development Programme
<b>EDIP</b>	European Defence Industrial Programme
<b>EDIG</b>	European Defence Industries Group
<b>EDIS</b>	European Defence Industrial Strategy
<b>EDTIB</b>	European Defence Technological and Industrial Base
<b>EEAS</b>	European External Affairs Service
<b>EPF</b>	European Peace Facility
<b>EUMS</b>	European Union Military Staff
<b>FAC</b>	Foreign Affairs Council
<b>IEPG</b>	Independent European Programme Group
<b>MPCC</b>	Military Planning and Conduct Capability
<b>NATO</b>	North Atlantic Treaty Organisation
<b>OCCAR</b>	Organisation Conjointe de Coopération en matière d'Armement
<b>PESCO</b>	Permanent Structured Cooperation
<b>PMG</b>	Politico-Military Group
<b>PSC</b>	Political and Security Committee
<b>QMV</b>	Qualified Majority Voting
<b>SDIP</b>	Security and Defence Implementation Plan
<b>TEU</b>	Treaty on European Union
<b>UN</b>	United Nations
<b>WEAG</b>	Western European Armaments Group
<b>WEAO</b>	Western European Armaments Organisation
<b>WEU</b>	Western European Union
<b>WU</b>	Western Union



# Introduction

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In the last four years, two major events have had a profound impact on the direction of the United Kingdom's foreign and defence policy. The first of these was the United Kingdom's withdrawal from the European Union, prompting a reimagining of the country's place on the world stage as well as an ambition to improve ties with allies and partners further afield, most notably characterised by the "Indo-Pacific tilt." The second event was Russia's resumption of open conflict with Ukraine in 2022, bringing home the acute risks posed by rivals in a more geopolitically volatile world and refocussing the UK's attention on its security commitments to the European continent.

The same two events have also had a profound effect on the European Union. In a short time-span, the EU, which has long harboured ambitions to become a geopolitical actor, has experienced the unprecedented withdrawal of a major contributor to continental security from its institutional structures as well as open conflict on its borders, and experienced second-order impacts in energy security, trade, and cybersecurity. These events have galvanised the **EU's attempts to develop "strategic autonomy" in security and defence.**

British foreign policy recognises the security and prosperity of the Euro-Atlantic area as a first-order priority.<sup>1</sup> Russia's invasion of Ukraine, which has proven the greatest direct challenge to European security in a generation, has prompted calls for greater UK cooperation with the European Union in the realm of defence, to collectively strengthen European security.

However, the continued security of the European continent, and the development of an EU security architecture, are two distinct and potentially competing ambitions. The UK, which for so long frustrated the development of an integrated EU defence and foreign policy while it was a Member State, is still steadfastly committed to maintaining its defence and security commitments through NATO. It now faces the challenge of navigating European security cooperation and advancing its national interests while being alive to the risks posed by EU defence integration.

## State of play: UK-EU defence and security cooperation

Since the EU referendum of 2016, HM Government has adopted a variety of positions on cooperation with the EU on defence and security. Prime Minister Theresa May's administration sought a close relationship which would have meant the United Kingdom's continued involvement in multiple EU defence structures, including the European Defence Agency (EDA), European Defence Fund (EDF), EU Battlegroups (potentially placing UK forces under European Council policy direction) and participation in the Coordinated Annual Review on Defence

<sup>1</sup> As outlined in the Government's Integrated Review of Security, Defence, Development and Foreign Policy in 2021, and reaffirmed in the Review "refresh" in 2023. See: [https://assets.publishing.service.gov.uk/media/60644e4bd3bf7f0c91eababd/Global\\_Britain\\_in\\_a\\_Competitive\\_Age-\\_the\\_Integrated\\_Review\\_of\\_Security\\_Defence\\_Development\\_and\\_Foreign\\_Policy.pdf](https://assets.publishing.service.gov.uk/media/60644e4bd3bf7f0c91eababd/Global_Britain_in_a_Competitive_Age-_the_Integrated_Review_of_Security_Defence_Development_and_Foreign_Policy.pdf) and [https://assets.publishing.service.gov.uk/media/641d72f45155a2000c6ad5d5/11857435\\_NS\\_IR\\_Refresh\\_2023\\_Supply\\_AllPages\\_Revision\\_7\\_WEB\\_PDF.pdf](https://assets.publishing.service.gov.uk/media/641d72f45155a2000c6ad5d5/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_7_WEB_PDF.pdf)

(CARD). When Boris Johnson came to office in 2019, this approach was largely dropped, replaced with a policy of engaging on defence issues through NATO and bilateral relationships with individual European allies. The Truss administration and Prime Minister Rishi Sunak have followed a reasonably similar policy. As such, Britain's defence and security relationship with the EU is now primarily based on *ad hoc* cooperation, though it is informed by documents underpinning the UK's withdrawal from the EU.

Of these, the 2019 Political Declaration setting out the framework for the future relationship between the European Union and the United Kingdom is the most significant in relation to defence and foreign policy cooperation. It established the opportunity for dialogue between the UK and the EU on the EU's Common Security and Defence Policy (CSDP), and the possibility for the EU to invite the UK to participate "on a case-by-case basis in CSDP missions and operations".<sup>2</sup> This, however, was caveated with the understanding that any participating in EU missions "would be without prejudice to the decision-making autonomy of the Union or the sovereignty of the United Kingdom".<sup>3</sup> The language employed in the text reflected the ambitions of the Johnson government to base security cooperation on informal consultation and partnership where mutually beneficial, rather than an institutionalised form of cooperation that would bind the UK to specific commitments.<sup>4</sup>

Nonetheless, the possibility of supporting EU defence projects, or of UK firms applying for EDF funding, remained. UK cooperation with the EU was possible through its Permanent Structured Cooperation (PESCO) framework, though British politicians were concerned that it subjected the UK to an array of requirements, such as not contravening CSDP interests as set out in the EU Council's decision on third-party participation.<sup>5</sup> In 2020, Secretary of State for Defence Ben Wallace reaffirmed the UK's position, stating that the UK does not wish to participate in PESCO projects because of "serious concerns about the intellectual property rights and export controls that [third-party participation PESCO regulation] would seek to impose".<sup>6</sup> However, the severe implications of Russia's invasion of Ukraine on the European security climate prompted a reevaluation of defence cooperation.

In 2022, the UK applied to participate in the PESCO Military Mobility project, designed to simplify cross-border military transport procedures across the EU.<sup>7</sup> Under the requirements for joining, the UK is required to negotiate an administrative arrangement with participating

2 HM Government. (2019). Political Declaration setting out the framework for the future relationship between the European Union and the United Kingdom. Available at: [https://assets.publishing.service.gov.uk/media/5daaaba040f0b6598f806460/Political\\_Declaration\\_setting\\_out\\_the\\_framework\\_for\\_the\\_future\\_relationship\\_between\\_the\\_European\\_Union\\_and\\_the\\_United\\_Kingdom.pdf](https://assets.publishing.service.gov.uk/media/5daaaba040f0b6598f806460/Political_Declaration_setting_out_the_framework_for_the_future_relationship_between_the_European_Union_and_the_United_Kingdom.pdf)

3 Ibid.

4 This was affirmed in the government's negotiation strategy during the withdrawal period: "The Government does not agree that [the Political Declaration] requires every area to be incorporated into a negotiated Treaty or similar arrangement. Many policy areas – for example foreign policy or immigration policy – are for the UK Government to determine, within a framework of broader friendly dialogue and cooperation between the UK and the EU: they do not require an institutionalised relationship". See HM Government. (2020). The Future Relationship with the EU – The UK's Approach to Negotiations. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/868874/The\\_Future\\_Relationship\\_with\\_the\\_EU.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/868874/The_Future_Relationship_with_the_EU.pdf)

5 European Council. (2020). Council Decision (CFSP) 2020/1639 of 5 November 2020 establishing the general conditions under which third States could exceptionally be invited to participate in individual PESCO project. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020D1639&from=EN>

6 Mills, C., Smith, B. (2021). End of Brexit transition: implications for defence and foreign policy cooperation, House of Commons Briefing Paper, Number 9117.

7 Permanent Structured Cooperation. (2022) Military Mobility. Available at <https://www.pesco.europa.eu/project/military-mobility/>

Member States governing the UK's role and obligations within the parameters of the project. As of May 2024, this process is ongoing. The Ministry of Defence remains reluctant to publish a final copy of the administrative arrangement despite the department facing questions of scrutiny from Parliament.<sup>8</sup>

## The emergence of EU "strategic autonomy"

The first postwar attempts to build a supranational European defence structure date from the early 1950s and the shadow of World War Two, but have gathered considerable pace within the EU political structures of the last decade. Central to this aim is the development of **strategic autonomy**, which can be defined as the **capacity of the European Union to act independently of the choices of third parties**, as well as potentially of the preferences of Member States. The EU has sought to achieve this by creating common defence structures with increasingly binding commitments, and an economic defence area, to induce defence industrial collaboration and exclude competing products. The EU's attempts to advance strategic autonomy can be divided into political and economic categories.

Political strategic autonomy began to develop slowly after WWII and has rapidly accelerated since the turn of the century. The 2009 **Lisbon Treaty** reaffirmed the long-term commitment of Member States to a common foreign and defence policy and raised the possibility of "a **common defence**".<sup>9</sup> More recent proposals to jettison the principle of unanimity in matters of foreign policy towards qualified majority voting (QMV)<sup>10</sup> when taking decisions at the European Council would make it **more difficult for individual Member States to object** to foreign policy decisions taken by the bloc.

Economic strategic autonomy involves **increasing protectionism** in EU defence procurement and research and development (R&D). This has led to increasing integration of both EU Member States' national militaries and their defence industries (including their innovation bases) over the last decade, but especially since the UK voted to leave the EU. This has been pursued with a carrot and stick approach, combining financial incentives for Member States to jointly procure defence equipment and take part in collaborative R&D, alongside Directives governing competition rules for the award of defence contracts and the maintenance of internal market discipline.

The related emergence of an EU defence technology area, including **non-tariff trade barriers** and increasing protectionism via **technological harmonisation** and the growing exclusion of competing defence products also implies:

- Effectively **excluding third-party entities** from receiving funding from the European

8 Questions of scrutiny have been raised by both Members of the House of Commons and Lords, as well as by the European Scrutiny Committee.

9 Troszczynska-Van Genderen, W. (2015). *The Lisbon Treaty's provisions on CFSP/CSDP State of implementation*. Brussels: Directorate General for External Policies

10 Qualified Majority Voting is a system used by the European Council when voting on foreign policy proposals put forward by the Commission or the High Representative of the Union for Foreign Affairs and Security Policy. The system requires 55% of Member States on the European Council, representing at least 65% of the EU's population, to vote for a proposal for it to pass. If the proposal does not come from the European Commission or the High Representative, then a reinforced qualified majority is required. For this requirement to be met at least 72% of European Council members must vote in favour of the proposal, and this 72% must represent at least 65% of the European Union's population.

Defence Fund via intellectual property (IP) restrictions and disadvantageous award criteria.

- Harmonising equipment towards single European models and possible consolidation of defence providers into single EU champions.

This leads to implications for economic welfare, including:

- **Reduced competition** and innovation within and outside the EU, through mandatory EU technical specifications and Commission-led strategic direction of R&D, prone to capture by incumbent interests.
- **Harmonisation** of military materiel into single European models of kit, including through consolidating European defence companies into single EU providers, harming competition, and innovation.

## UK foreign policy and the national interest

The emerging EU *Single Market in Defence* thus includes a *Procurement Union*, encapsulated in the European Defence Technological and Industrial Base (EDTIB), as well as the **potential pooling of Member States' military assets** via structures such as Permanent Structured Cooperation (PESCO) and EU Battlegroups.

In considering how best to cooperate with the EU on defence and security issues, the UK should acknowledge that a growing capacity in EU politico-military bodies implies a gradual erosion of national military freedom of action as the EU moves towards common military assets. If one of the Hobbesian prerequisites of a state is its monopoly on violence, one may question under such circumstances if the EU Member States would continue to be considered independent states at all. In particular, the European Defence Fund (EDF) gives the European Commission considerable *de facto* power over European R&D and capacity development, and potential leverage over national defence policy. The EDF's anti-competitive regulation may also mean that closer cooperation with the EU places British defence companies at a disadvantage.

In considering its own defence and security relationship with the EU, the UK will also need to account for the impact that formal cooperation will have on its own sovereign capabilities in defence and foreign policy-making. Given the direction of travel that the EU is taking in terms of aiming to become a strategically autonomous actor, it may be that while the UK and EU share certain common objectives, these might change in the future. As such, entering agreements which bind the UK to the EU's defence and foreign policy-making apparatus would be deeply disadvantageous should divergence occur.

Questions of sovereign decision-making in the spheres of defence and foreign policy have consequences for the UK's prosperity. A core part of EU strategic autonomy rests on the bloc's push for an EU defence industrial base, with the potential for direct interference in the management of industries during times of crisis. Such policies are detrimental to the UK defence industry in terms of the discriminatory measures they introduce, but also through the loss of competition and innovation that regulatory harmonisation creates.

The UK's contribution to the security of Europe is immense. It will remain the greatest single European contributor to the security of the Euro-Atlantic area for the foreseeable future and has led the European defence of Ukraine. The UK maintains strong partnerships via NATO,

as well as bilateral agreements with its allies. It also maintains key roles in regional security groupings such as the Joint Expeditionary Force (JEF) and collaborates on next generation defence projects such as the Global Combat Air Programme (GCAP) with Japan and Italy.

An EU push for strategic autonomy would also impact our other partners and allies, chief among these the US. Protectionist policy that unfairly disadvantages both the UK and the US risks creating fractures at a time when solidarity among members of the alliance is needed most. Pursuing a policy that enables the **creation of an EU "defence union" would undermine NATO.**

# EU defence integration: a brief history

The EU's current ambition of strategic defence autonomy, and the goal of a common defence policy, are deeply rooted. These trends can be traced to three broad periods of development:

- **First**, 1945-1960: rebuilding capabilities following the Second World War;
- **Second**, 1960-1990: a shift from US dependence towards European collaboration; and
- **Third**, 1990 onwards: the movement to formal EU frameworks.<sup>11</sup>

## The post-war beginnings of defence harmonisation

The 1948 Treaty of Brussels (i.e. the Brussels Pact) was a collective self-defence treaty which founded the Western Union (becoming the Western European Union (WEU) after 1954).<sup>12</sup> It committed its signatories – Britain, France, Belgium, the Netherlands, and Luxembourg – to a collective defence alliance. Article V stated that: “If any of the High Contracting Parties should be the object of an armed attack in Europe, the other High Contracting Parties will, in accordance with the provisions of Article 51 of the Charter of the United Nations, afford the Party so attacked all the military and other aid and assistance in their power”. Article VIII stated: “the High Contracting Parties will create a Consultative Council [to] exercise its functions continuously”. The Treaty of Brussels preceded the North Atlantic Treaty by one year.

In 1950, in an initiative similar to the broadly concurrent European Coal and Steel Community (ECSC), the General Commissioner of the French National Planning Board Jean Monnet proposed a parallel supranational European defence organisation with a European Army under common authority, funded by a common budget. A European Defence Minister under a European Defence Council would also create an integrated programme for armaments.<sup>13</sup>

French Prime Minister René Pleven formally proposed the establishment of this European Defence Community (EDC) in October 1950, signed in 1952 by France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. Churchill's second government refused to join, and it received only highly qualified UK support.<sup>14</sup> The EDC project was short-lived, collapsing after failing to secure ratification in the French Parliament.

After the rejection of the EDC, the Western European Union (WEU, including West Germany)

11 Edwards, J. (2011). The EU Defence and Security Programme Directive: A Step Towards Affordability. International Security Programme Paper ISP PP 2011/05. Chatham House.

12 Through the Modified Brussels Treaty.

13 A broadly similar concept to the later European Defence Fund (EDF, discussed below with the EDRP and EDIDP).

14 The UK would “join in developing a common policy in technical fields such as training, tactical doctrine, staff methods, logistics, and standardisation of equipment”. European Defence Agency. (2021). *Our History: Inception 1947-1995*. Available at: <https://eda.europa.eu/our-history/our-history.html>

was formed in 1954-55 and at its peak it included ten countries.<sup>15</sup> This forum for security and defence coordination was subsumed into the EU in 2011, but at the time US Secretary of State John Foster Dulles stated that it included: “most of the values inherent in EDC. The [WEU] will have many supranational responsibilities”<sup>16</sup>

The failure of the EDC concept and the temporary appearance of the WEU led in autumn 1954 to the Conference of the Nine Powers – France, Italy, Luxembourg, Netherlands, Belgium, West Germany, the UK, Canada, and the US – which agreed to end the official occupation of West Germany and restore its sovereignty. West German rearmament would be monitored by amending the Brussels Treaty and be accompanied by accession to NATO (with rules preventing the *Bundeswehr* developing atomic, biological, or chemical weapons). Beyond the Council of Ministers of Foreign Affairs of the Brussels Treaty, the amendments created a consultative Assembly of the WEU comprised of members from national parliaments, and an Agency for the Control of Armaments.<sup>17</sup>

## Davignon to the Single European Act: 1970 to 1986

The creation of the European Economic Community in the 1957 Treaty of Rome<sup>18</sup> led to relatively little progress in defence integration through the 1960s, and the Davignon Report of 1970<sup>19</sup> was the next major milestone adopted by the Foreign Ministers of “the Six”.<sup>20</sup> Davignon sought renewed progress in foreign policy integration: in the previous year the Hague summit had closed with a communiqué from the heads of government instructing their foreign ministers “to study the best way of achieving progress in the matter of political unification, within the context of enlargement”, to pave the way “for a united Europe capable of assuming its responsibilities in the world of tomorrow”.

### The Davignon Report

The Davignon Report implied an emerging shared foreign policy: “implementation of the common policies being introduced or already in force requires corresponding developments in the specifically political sphere, to bring nearer the day when Europe can speak with one voice. Hence the importance of Europe being built by successive stages”.

Davignon was followed three years later by the Declaration on European Identity,<sup>21</sup> when the

15 Consisting of Belgium, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Portugal, Spain, and the UK; associate members: Czech Republic, Hungary, Iceland, Norway, Poland, and Turkey; “observer countries” Austria, Denmark, Finland, Ireland, Sweden and “associate partners” Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia.

16 Manderson-Jones, R.B. (1972). *The Special Relationship: Anglo-American Relations and Western European Unity 1947-56*.

17 Centre virtuel de la connaissance sur l'Europe. (2021). *Franco-British diplomatic games and issues within WEU 1954-1982*. Available at: <https://www.cvce.eu/en/recherche/unit-content/-/unit/e7c423ed-a376-4a57-a415-f8519344e558/8945e1e2-a5d0-46b8-aa55-0ace90879add>

18 Consisting of Belgium, the Netherlands, Luxembourg, France, Italy, and West Germany.

19 Written by a council appointed by the Council of European Communities and chaired by Etienne, Count Davignon of Belgium, representing the Belgian Foreign Ministry.

20 Office for Official Publications of the European Communities. (1970). *The Davignon Report, Bulletin of the European Communities*. No 11, pp9-14. Available at: [https://www.cvce.eu/obj/davignon\\_report\\_luxembourg\\_27\\_october\\_1970-en-4176efc3-c734-41e5-bb90-d34c4d17bbb5.html](https://www.cvce.eu/obj/davignon_report_luxembourg_27_october_1970-en-4176efc3-c734-41e5-bb90-d34c4d17bbb5.html)

21 Signed in Copenhagen, 14<sup>th</sup> December 1973.

Member States stated their intention to create a common European identity in foreign relations for "common attitudes and, where possible and desirable, common action [...] Europe must unite and speak increasingly with one voice [to] define common positions in the sphere of foreign policy".<sup>22</sup>

Two more major statements backing integration occurred soon after the 1975 UK referendum approving European Community membership: the Report on European Political Cooperation (1981) and the Rome Declaration (1984). The Report found: "in a period of increased world tension and uncertainty the need for a coherent and united approach to international affairs [is] greater than ever".<sup>23</sup>

This laid the ground for the Single European Act (1986), which aimed to foster a common foreign policy under Title III (Treaty Provisions on European Cooperation in the Sphere of Foreign Policy):

1. *"The High Contracting Parties, being members of the European Communities, shall endeavour jointly to formulate and implement a European foreign policy"*.

The Act clarified this:

2. *"... Parties undertake to inform and consult each other on any foreign policy matters of general interest so as to ensure that their combined influence is exercised as effectively as possible through coordination, the convergence of their positions and the implementation of joint action"*.
3. *"The Commission shall be fully associated with the proceedings of Political Cooperation"*.<sup>24</sup>

## End of the century: building a common foreign policy

### The Maastricht Treaty

The Maastricht Treaty of 1992 (Treaty on European Union, TEU) introduced the concept of Qualified Majority Voting (QMV) in decision-making and stated that a "common foreign and security policy is hereby established", outlining that Member States' foreign policies should not conflict with EU aims.

Four months later, in the Hotel Petersberg near Bonn, Member States signed the June 1992 Petersberg Declaration, which called for a European Armaments Agency and maintaining links with the European Defence Industries Group (EDIG).<sup>25</sup> The Petersberg Declaration stated: "WEU Member States have been examining [a] WEU planning cell and military units answerable to

22 Office for Official Publications of the European Communities. (1973). *Declaration on European Identity*, *Bulletin of the European Communities*, No 11, pp. 119. Available at: [https://www.cvce.eu/content/publication/1999/1/1/02798dc9-9c69-4b7d-b2c9-f03a8db7da32/publishable\\_en.pdf](https://www.cvce.eu/content/publication/1999/1/1/02798dc9-9c69-4b7d-b2c9-f03a8db7da32/publishable_en.pdf)

23 Office for Official Publications of the European Communities. (1981). *Report on European Political Cooperation*, *Bulletin of the European Communities*, Supplement 3, p.14. Available at: [https://www.cvce.eu/en/obj/report\\_on\\_european\\_political\\_cooperation\\_london\\_13\\_october\\_1981-en-869a63a6-4c28-4e42-8c41-efd2415cd7dc.html](https://www.cvce.eu/en/obj/report_on_european_political_cooperation_london_13_october_1981-en-869a63a6-4c28-4e42-8c41-efd2415cd7dc.html)

24 EURLex. (1987) *Single European Act*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:11986U/TXT>

25 EDIG was founded in Brussels the year before Petersberg, and its membership was drawn from the national defence industry associations. It is the forerunner of the current Aerospace and Defence Industries Association of Europe.



WEU". The Declaration also defined the Petersberg tasks, the new defence roles of the EU.<sup>26</sup>

Implying a partial merger of WEU and EU, the tasks advanced the common foreign and security policy established under Maastricht. Member States agreed to integrate resources, approving the Independent European Programme Group (IEPG) – founded in 1976 by European NATO members as a forum to coordinate European armaments procurement and production – to move beyond bilateral projects (e.g. the Franco-German Euromissile project or Anglo-French SEPECAT Jaguar strike aircraft) and to "balance" defence trade with the US.<sup>27</sup>

The IEPG also transferred its functions to the WEU, creating an integrated defence agency, with the Western European Armaments Group (WEAG), launched in 1993, to "examine all matters related to the possible creation of a European Armaments Agency", followed by the 1996 Defence Ministers' agreement on the Western European Armaments Organisation (WEAO), established as a WEU subsidiary.

Meanwhile, efforts to "enhance efficiency in the armament domain"<sup>28</sup> led to the Organisation Conjointe de Coopération en matière d'Armement (OCCAR) of France, Germany, Italy, and the UK in 1996,<sup>29</sup> for "effective and efficient arrangements for the management [of] armament programmes". In 1998, France, Germany, Italy, Spain, Sweden, and the UK signed a Letter of Intent on "Measures to Facilitate the Restructuring of European Defence Industry". A political framework was planned to integrate the "European Defence Technological and Industrial Base" (EDTIB), with an Executive Committee established to harmonise military requirements.

The 1998 Franco-British St Malo Declaration made similar commitments to improve autonomy of action, but this time focussing explicitly on the EU, and endorsed a common defence policy "supported by a strong and competitive European defence industry and technology". These were the commitments that led European leaders to create a European "Security and Defence Policy" in the Lisbon Treaty.<sup>30</sup>

## The Constitution for Europe and the Lisbon Treaty

The draft Constitution for Europe was written in the early 2000s and signed by the European Council in Rome in 2004. Article I-40 (6) allowed willing Member States to engage in binding military procurement cooperation under EU institutions, a forerunner to Permanent Structured Cooperation (PESCO), described below. However following both French and Dutch rejection of the draft constitution in 2005 referenda, much of its content was essentially repackaged into the Lisbon Treaty.<sup>31</sup>

In 2004, the Council of Ministers officially created the European Defence Agency (EDA), a

26 As well as the role of the WEU.

27 European Defence Agency. (2021). *Our History: Inception 1947-1995*. Available at: <https://eda.europa.eu/our-history/our-history.html>

28 Ibid.

29 Who were later joined by Belgium and Spain.

30 Lain, S. and Nouwens, V. (2017). *The Consequences of Brexit for European Defence and Security*. Royal United Services Institute (RUSI) and Friedrich Ebert Stiftung. Occasional Paper. p.9.

31 European Parliament. (2005). *Draft Treaty establishing a constitution for Europe (not ratified)*. Available at: <https://www.europarl.europa.eu/about-parliament/en/in-the-past/the-parliament-and-the-treaties/draft-treaty-establishing-a-constitution-for-europe>

defence capabilities development agency which originally served as a form of “procurement hub”.<sup>32</sup> The EDA later stated that the initiative meant “extra momentum” for the “political push for Europe to fulfil its role on the global stage, including defence and security issues”.

In 2009, The Lisbon Treaty created a permanent President of the European Council “to address the lack of continuity in CFSP”,<sup>33</sup> and expanded the Petersberg tasks to include joint disarmament operations; humanitarian and rescue tasks; military advice and assistance tasks; conflict prevention and peace-keeping tasks; crisis management; and post-conflict stabilisation.<sup>34</sup> It also outlined how the CSDP should give the EU: “operational capacity drawing on civilian and military assets”, with a potentially very general remit. Lisbon also expanded the role of QMV, including in the defence area, and sought “an ever-increasing degree of convergence of Member States’ actions”.<sup>35</sup>

The Lisbon Treaty clarified that the EDA would have a central role in the emerging PESCO framework beyond procurement, as “the Agency in the field of defence capabilities and development, research, acquisition and armaments (EDA) shall identify operational requirements... and, where appropriate, implement any measure needed to strengthen the industrial and technological base...”<sup>36</sup> Article 45 of the treaty also outlined that the EDA would “promote harmonisation of operations needs and adoption of effective, compatible procurement methods”.<sup>37</sup> . In granting the High Representative for Foreign Affairs and Security Policy oversight of the EDA, the treaty made the agency a vehicle of EU foreign policy, answerable to the Commission.

## A strategic departure from NATO?

In September 2012, eleven Member States (excluding the UK) published the communiqué *The Future of Europe*, stating: “we should seek more majority decisions in the CFSP sphere... For some members of the Group this could eventually involve a European army”. It also called for more majority-based decision-making to “prevent one single Member State from being able to obstruct initiatives”, including PESCO. The next European Council Summit in 2013 resulted in a “strong” commitment to develop “a credible and effective CSDP”.<sup>38</sup> Shortly afterwards, in March 2015, Commission President Jean-Claude Juncker suggested an EU army was needed to build a common foreign and security policy.<sup>39</sup>

32 Cross, T., Rotherham, L. and Banks, D. (2018). *The Battle Over Procurement: Brexit and the New Risks from Defence Integration*. Veterans for Britain. p.2.

33 House of Commons Defence Committee. (2018). *The Government's proposals for a future security partnership with the European Union*. Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmdfence/594/594.pdf>

34 Lain & Nouwens, 2017.

35 European Commission. (2007). *Treaty of Lisbon, amending the Treaty of the European Union and the Treaty establishing the European Community*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12007L%2FTXT>

36 Ibid.

37 Ibid.

38 Mills, C. (2019). *EU defence: where is it heading?* House of Commons Brief Paper, Number 8216. P.4.

39 Keating, D. *Juncker calls for an EU army*. Politico, 9 March 2015. Available at: <https://www.politico.eu/article/juncker-calls-for-an-eu-army/>

## Emergence of European command headquarters

During the UK Brexit referendum campaign in 2016, a leaked draft proposal from Chancellor Merkel's government outlined details of a joint European command headquarters with widespread cross-border "sharing" of military units and equipment. Days after the UK referendum, the French and German Foreign Ministers published a statement recommitting to "a shared vision of Europe as a security union, based on solidarity and mutual assistance between Member States in support of common security and defence policy", including EU-owned capabilities if necessary.<sup>40</sup>

A few days later, High Representative for Foreign Affairs and Security Policy Federica Mogherini also presented the *EU Global Strategy* in Brussels.<sup>41</sup> A global rather than exclusively security strategy, the document emphasised how "all sustainable solutions have a military dimension". The UK Government employed a "scrutiny override" to prevent Parliamentary scrutiny in advance of the European Council meeting at which the Global Strategy was welcomed.<sup>42</sup>

In September 2016, speaking in Lithuania, then-German defence minister Ursula von der Leyen called for a formal European "defence union". In November, the European Parliament passed a resolution on the European Defence Union, calling on Member States to spend 2% of GDP on defence and to help establish an EU headquarters. The existence of an EU headquarters able to plan and command crisis operations could "enable the bloc to act when NATO will not".<sup>43</sup>

Building on the EU Global Strategy, two plans were announced in November 2016 which signified the emergence of this EU defence union. The European Defence Action Plan (EDAP) drew up plans for a procurement union and created a "legislative setting" for the Security and Defence Implementation Plan (SDIP), which set a new level of ambition for the EU's security and defence policy.<sup>44</sup>

## The European Defence Fund, PESCO and research coordination

In September 2016, the Commission's Defence Action Plan outlined three areas of work:

- Creating a European Defence Fund for collaborative research;
- Supporting SMEs, mid-caps, and other suppliers in the defence industry; and
- Ensuring a single market for defence.

Discussions continued regarding a new permanent operational planning capability within the

40 Lain and Nouwens, 2017.

41 European External Action Service. (2016) *A Global Strategy for the European Union's Foreign and Security Policy*. Available at: [https://www.eeas.europa.eu/eeas/global-strategy-european-unions-foreign-and-security-policy\\_en](https://www.eeas.europa.eu/eeas/global-strategy-european-unions-foreign-and-security-policy_en)

42 House of Commons Defence Committee. (2018). *The Government's proposals for a future security partnership with the European Union*, Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmdfence/594/594.pdf>

43 Lain and Nouwens, 2017.

44 European External Action Service. (2018) *EEAS Implementation Plan on Security and Defence – Factsheet*. Available at [https://www.eeas.europa.eu/sites/default/files/implementation\\_plan\\_on\\_security\\_and\\_defence\\_02-03-2018\\_jus\\_0.pdf](https://www.eeas.europa.eu/sites/default/files/implementation_plan_on_security_and_defence_02-03-2018_jus_0.pdf)

EU Military Staff for autonomous missions.<sup>45</sup> The European Defence Fund, which launched in June 2017, consists of two strands:

- A preparatory research strand (the European Defence Research Programme), funding collaborative research in innovative defence technologies (in Member States and Norway), which received up to €90m directly from the EU budget (2017-2020) and is now allocated €2.7bn (2021-27).
- A capability strand for financial incentives for Member States to cooperate on joint defence equipment projects, which today has a €5.3bn budget.<sup>46</sup>

The capability strand has two elements:

- The European Defence Industrial Development Programme (EDIDP) with a budget available only to organisations majority-owned and controlled by EU governments or nationals, with only collaborative projects eligible for EU co-financing; and<sup>47</sup>
- A “financial toolbox” to aid joint defence acquisition by multiple Member States.<sup>48</sup>

Meanwhile, provisions in the Lisbon Treaty contained the possibility for greater military cooperation, and in 2017 PESCO was established by Ministers from 23 Member States in the Joint Notification on Permanent Structured Cooperation. The notification set out the list of broad commitments that participating states agreed to undertake, governance proposals and the overall ambitions for the project.<sup>49</sup> PESCO was formally established by the EU Council of Ministers on 11<sup>th</sup> December 2017.<sup>50</sup> The UK, Malta and Denmark did not sign the Joint Notification or partake in the formal decision to establish PESCO.

## Establishing PESCO

In a 2017 speech, Commission President Juncker referred to PESCO as the “Sleeping Beauty of the Lisbon Treaty”.<sup>51</sup> What makes PESCO different from earlier defence initiatives is that participating Member States are under a legal obligation to implement 20 binding commitments across five areas:

1. Cooperate [...] with a view to achieving approved objectives concerning the level of investment expenditure on defence equipment, and regularly review these objectives [...].
2. Bring their defence apparatus into line with each other as far as possible, particularly by harmonising the identification of their military needs, by pooling and, where appropriate, specialising their defence means and capabilities, and by encouraging cooperation in the

45 Grip, L. (2017). *The EU Common Defence: Deeper integration on the horizon?* Stockholm International Peace Research Institute.

46 Figures in billions in reference to European Commission. (2024). *The European Defence Fund*. Available at: [https://ec.europa.eu/defence-industry-space/eu-defence-industry/european-defence-fund-edf\\_en](https://ec.europa.eu/defence-industry-space/eu-defence-industry/european-defence-fund-edf_en)

47 Ibid.

48 Ibid.

49 Mills, C. (2019). *EU defence: the realisation of Permanent Structured Cooperation (PESCO)*. House of Commons Brief Paper, Number 8149.

50 23 Member States initially signed the Joint Notification, except for the UK, Malta, Denmark, Ireland, and Portugal. Ireland and Portugal subsequently notified the EU Council of their decision to join PESCO ahead of the formal decision establishing the project.

51 European Commission. (2017) *Speech by President Jean-Claude Juncker at the Defence and Security Conference Prague: In defence of Europe*. Available at: [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\\_17\\_1581](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_17_1581)

fields of training and logistics.

3. Take concrete measures to enhance the availability, interoperability, flexibility and deployability of their forces, in particular by identifying common objectives regarding the commitment of forces, including possibly reviewing their national decision-making procedures.
4. Work together to ensure that they take the necessary measures to make good, including through multinational approaches, and without prejudice to undertakings in this regard within the North Atlantic Treaty Organisation, the shortfalls perceived in the framework of the Capability Development Mechanism.<sup>52</sup>
5. Take part, where appropriate, in the development of major joint or European equipment programmes in the framework of the European Defence Agency.<sup>53</sup>

One of the initial projects proposed under PESCO was Military Mobility, designed to simplify cross-border military transport procedures across the bloc.<sup>54</sup> Before PESCO, significant progress had been made by NATO to simplify cross-border procedures,<sup>55</sup> but limitations in alliance officials' legislative capabilities prompted them to ask the EU to step in. A call by the Commander of US Army Europe for the establishment of a "military Schengen zone" was taken up by Dutch Defence Minister Jeanine Hennis-Plasschaert, and subsequently the PESCO Military Mobility project is led by the Netherlands.<sup>56</sup>

After lobbying by NATO, the EU opened the possibility for non-EU states to join PESCO projects in November 2020, subject to conditions agreed on a project basis.<sup>57</sup> This allowed the United States, Canada and Norway to apply to participate in the Military Mobility project, which the EU approved subject to the creation of individual administrative agreements with each third-party. In 2022 the UK applied to participate, with the EU agreeing subject to the same conditions.

## Ukraine, the Versailles Declaration, and the EU Strategic Compass

Russia's invasion of Ukraine in February 2022 galvanised new attempts at defence integration. In early March, Heads of Government from the EU Member States met at Versailles and issued

52 An EU defence planning process that was established in 2003, though largely perceived to have fallen into obscurity after the creation of the EDA. See Policy Department for External Relations, European Parliament. (2018). EU Defence: The White Book Implementation Process. Available at: EU Defence: The White Book implementation process (europa.eu)

53 A full list of the 20 commitments can be found here: <https://www.pesco.europa.eu/binding-commitments/>

54 Permanent Structured Cooperation. (2022) Military Mobility. Available at <https://www.pesco.europa.eu/project/military-mobility/>

55 A long-time goal of former US Army Commander in Europe Lieutenant General Ben Hodges, NATO officials stressed that the major obstacles to mobility had been addressed by 2017 and that during a military emergency NATO's supreme allied command could deploy forces as needed. However, the PESCO initiative was welcomed as a measure to improve coordination during the peacetime and to "increase political pressure" around the subject. Herszenhorn, D. "Call for 'military Schengen' to get troops moving". *Politico*, 4 August 2017. Available at <https://www.politico.eu/article/call-for-military-border-schengen-to-get-troops-moving-nato-eu-defense-ministers/>

56 Håkansson, C. (2023) The strengthened role of the European Union in defence: the case of the Military Mobility project, *Defence Studies*, 23:3, 436-456, Available at <https://www.tandfonline.com/doi/epdf/10.1080/14702436.2023.2213647?needAccess=true>

57 Schuette, L.A. (2023) Shaping institutional overlap: NATO's responses to EU security and defence initiatives since 2014. *The British Journal of Politics and International Relations* 25:3, 423-443

a joint declaration of support for Ukraine, including “take further decisive steps towards building our European sovereignty”.<sup>58</sup> Action would be taken across three key dimensions, bolstering defensive capabilities, reducing energy dependence, and building a more robust economic base.<sup>59</sup> The declaration also tasked the EU Commission and EDA with preparing an urgent analysis of how to address defence investment gaps. It also referred to the upcoming EU Strategic Compass, designed to make the Union a “stronger and more capable security provider”.<sup>60</sup>

Responding to the Joint Declaration in May, the EU Commission and EDA published their report with recommendations for increasing incentives for collaboration. Criticising “persisting underspending and lack of cooperation” among Member States, the report warns that fragmentation across the European defence industry must be addressed by building on EU defence initiatives such as PESCO and CARD.<sup>61</sup> The report also recommended creating a short-term instrument to reinforce defence industrial capabilities through joint procurement, with €500m available over two years (2022-24), leading to the European Defence Industry Reinforcement Through Common Procurement Act (EDIRPA) with a €300m budget, offering partial reimbursements to Member States where joint procurement purchases involve a consortium of a least three of them.

In March 2022 the European External Action Service (EEAS) published the EU Strategic Compass, seeking to establish a common strategic vision for the EU's security and defence policy. This marked a major advance on attempts to develop a supranational European defence structure, to be built on four pillars: Act, Secure, Invest, and Partner.<sup>62</sup> The Compass suggests: “the capacity of individual Member States is insufficient and declining” to meet the threats posed by the geopolitical climate.<sup>63</sup> The document also acknowledges a difference to previous concepts such as the 2016 Global Strategy, in that the Compass “sets out concrete actions – with clear deadlines to measure progress [...] by signing off [on the Compass], Member States commit to implementing it”.<sup>64</sup>

While the Compass sets out a broad range of ambitions, two are of particular interest:

- A commitment to establishing an EU Rapid Deployment Capacity (RDC) of up to 5,000 troops; and
- The provision of further incentives for Member States to engage in collaborative capability development and joint procurement.

Taken together, the above ambitions aim to embed EU defence initiatives into national defence planning while giving the EEAS the ability to coordinate multi-country missions in line with the CFSP/CSDP. The Strategic Compass outlines that the 5,000-strong RDC should be operational

58 European Council. (2022) *Versailles Declaration*. Available at <https://www.consilium.europa.eu/media/54773/20220311-versailles-declaration-en.pdf>

59 Ibid.

60 Ibid.

61 European Commission (2022) *Joint Communication on the Defence Investment Gaps Analysis and Way Forward*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52022JC0024>

62 European External Action Service. (2022) *A Strategic Compass for Security and Defence*. Available at: [https://www.eeas.europa.eu/sites/default/files/documents/strategic\\_compass\\_en3\\_web.pdf](https://www.eeas.europa.eu/sites/default/files/documents/strategic_compass_en3_web.pdf)

63 Ibid.

64 Ibid.

by 2025, and in November 2023 the first real military manoeuvres were conducted during the MILEX-23 exercise. MILEX-23 mobilised 3,000 troops from 19 countries and showcased the European Command and Control Systems (EC2), a joint PESCO project led by Spain that is intended to improve EEAS mission coordination.<sup>65</sup>

On the second ambition, the Compass seeks to speed up integration by setting up a range of measures to incentivise Member State investment in joint projects and procurement, while pressing Member States to fulfil the binding commitments agreed under PESCO by 2025. Proposed initiatives included new financing solutions and possible amendments to the EDF, as well as a possible VAT waiver to support joint procurement. The latter of these seems to have stalled in 2023 due to budgetary constraints.<sup>66</sup>

In response to Russia's invasion and at the request of Ukraine, the EU also announced the creation of a Military Assistance Mission (EUMAM). With EU financial aid being provided to Ukraine through instruments such as the EPF, EUMAM was set up to provide training for Ukraine's armed forces. The mission set the initial number of soldiers to be trained at 15,000 over the course of two years (2022-2024). Unlike previous, narrower, CSDP military assistance missions such as Bosnian peacekeeping (EUFOR) or enforcement of the UN arms embargo on Libya (IRINI), EUMAM is driven more by geostrategic considerations.<sup>67</sup>

Together, the above demonstrates the clear direction of travel the EU is on towards the ambitious goal of "strategic autonomy". On the one hand, there is an economic focus on ensuring that supply chains are largely self-sufficient from third countries. Josep Borrell, High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission, has been explicit on why the Union is pursuing such a strategy: "Today we are in a situation where economic interdependence is becoming politically very conflictual. And what was traditionally called soft power is becoming an instrument of hard power".<sup>68</sup> This is a significant statement, apparently challenging one of the primary doctrines on which the EU was built, namely that free trade and its corresponding economic interdependence encourages peace as war becomes self-defeating. Indeed, such logic was the main reason for the birth of the EU in the Coal and Steel Community.<sup>69</sup>

The second element to strategic autonomy is political, concerning the ability of the European Union to act without Member States' unanimous approval. Although the 2016 *EU Global Strategy* concedes "Member States remain sovereign in their defence decisions", the 2022 Strategic Compass warns that "unanimity as the norm for decision-making [has] military or defence implications".<sup>70</sup> The general movement of the Union is towards a centralisation of control over defence matters.

65 Salerno-Garthwaite, A. *Brussels commands in Spain during EU's first military manoeuvres*. *Naval Technology*. 13 November 2023. <https://www.naval-technology.com/news/brussels-commands-in-spain-during-eus-first-military-manoevres/>

66 Pugno, A. *EU Mulls setting up permanent defence industry regulatory waivers*. EURACTIV. 29 June (2023). <https://www.euractiv.com/section/defence-and-security/news/eu-mulls-setting-up-permanent-defence-industry-regulatory-waivers/>

67 Wilfried Martens Centre for European Studies. (2022). *With the new Ukraine Mission, EU Military Training Becomes More Geopolitical*. Available at: <https://www.martenscentre.eu/blog/with-the-new-ukraine-mission-eu-military-training-becomes-more-geopolitical/>

68 Borrell, J. (2020). *Why European strategic autonomy matters*, Available at [https://eeas.europa.eu/headquarters/headquarters-homepage/89865/why-european-strategic-autonomy-matters\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/89865/why-european-strategic-autonomy-matters_en)

69 Marr, A. (2013). *A History of the World*. London: Pan Books. P504.

70 European External Action Service. (2022) *A Strategic Compass for Security and Defence*. Available at: [https://www.eeas.europa.eu/sites/default/files/documents/strategic\\_compass\\_en3\\_web.pdf](https://www.eeas.europa.eu/sites/default/files/documents/strategic_compass_en3_web.pdf)

# EU foreign and defence policy and core defence structures

Three initiatives broadly comprise the modern foundations for the Defence Union: the **Coordinated Annual Review on Defence (CARD)** to assess national defence plans and identify opportunities for cooperation, **Permanent Structured Cooperation (PESCO)** providing a framework for integration, and the **European Defence Fund (EDF)** to finance the above. These are supported by the European Defence Agency (EDA) to promote Member State military cooperation, and the European External Action Service, which oversees EU foreign and security policy. These structures, and other main EU organisations, are defined below.

## European External Action Service (EEAS)

The European External Action Service (EEAS) is “**the foreign policy department of the EU**”, and “**leads on Common Foreign and Security Policy**, including the Common Security and Defence Policy”.<sup>71</sup> As the EU diplomatic body, the EEAS describes its role as carrying “out the EU’s Common Foreign and Security Policy to promote peace, prosperity, security, and the interests of Europeans across the globe”.<sup>72</sup>

The Common Security and Defence Policy (CSDP) is another part of the EU’s overarching Common Foreign and Security Policy. CSDP missions and operations are financed from the CFSP budget, administered by the Commission through Foreign Policy Instruments (FPI), alongside the European External Action Service. The High Representative of the Union for Foreign Affairs and Security Policy, who also acts as the Vice-President of the European Commission (VP/HR), occupies the central institutional role, and leads the presentation of CSDP proposals to Member States. The European Council and the Council of the European Union take CSDP-related decisions. In addition, 45 non-EU countries have contributed troops to various CSDP missions and operations.<sup>73</sup>

As of May 2024, there are 24 ongoing CSDP missions and operations (13 civilian missions and 10 military operations, and one civilian-military). About 4,000 EU military and civilian staff are currently deployed across missions in Europe, Africa, and Asia.<sup>74</sup>

## Coordinated Annual Review on Defence (CARD)

The Coordinated Annual Review on Defence (CARD) was designed to develop a more

71 Lain, S. and Nouwens, V. 2017. *The Consequences of Brexit for European Defence and Security*. Royal United Services Institute (RUSI) and Friedrich Ebert Stiftung. Occasional Paper, April 2017.

72 European External Action Service. (2021). *What we do*. Available at: [https://eeas.europa.eu/headquarters/headquarters-homepage/area/foreign-affairs\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/area/foreign-affairs_en)

73 House of Commons Defence Committee. (2018). *The Government’s proposals for a future security partnership with the European Union*. Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmdfence/594/594.pdf>

74 European External Action Service. (2024). *European Common Security and Defence Policy (CSDP) Missions and Operations*. Available at: [https://www.eeas.europa.eu/eeas/missions-and-operations\\_en](https://www.eeas.europa.eu/eeas/missions-and-operations_en)



**structured and cooperative approach to capability development and defence spending**, and “to ensure that individual **national defence plans are coordinated at the EU level**”.<sup>75</sup> CARD was endorsed by the Council of Ministers in May 2017. The process, conducted every two years, aims to provide greater transparency and a better overview of national investment plans and defence research efforts. The CARD secretariat is the EDA (below), working in cooperation with the European Union Military Committee (EUMC)<sup>76</sup> and the European Union Military Staff (EUMS).<sup>77</sup> The initiative is designed to foster “gradual synchronisation [of] defence planning cycles”<sup>78</sup> with PESCO and the EDF.

CARD has so far completed two review cycles, 2019-2020 and 2021-2022. The latest 2022 review continues to criticise national defence planning among Member States for not consistently taking into account EU initiatives and recommends that Member States **increase the availability of their forces for CSDP engagements**.<sup>79</sup>

### European Defence Agency (EDA)

The European Defence Agency (EDA) was established in 2004 under a Joint Action of the Council of Ministers to **promote Member State collaboration**. It is the “key facilitator” in **developing capabilities for CSDP**. All EU Member States are EDA members (Denmark having joined in 2022), with third-country administrative arrangements with Norway, Switzerland, Serbia, and Ukraine, enabling participation in EDA projects. The EDA Steering Board is comprised of Defence Ministers from Member States, and the Head of the Agency is the High Representative for Foreign Affairs and Security Policy.

The EDA has three main missions:<sup>80</sup>

- Supporting the development of defence capabilities and military cooperation among the European Union Member States;
- Stimulating defence Research and Technology (R&T) and **strengthening the European defence industry**; and
- Acting as a military interface to EU policies.

As the “CARD secretariat”, the EDA analyses Member States’ planned defence budgets and procurement plans, to “identify shortfalls” and “opportunities for collaboration”, to which the Commission “will probably ask for a substantial financial contribution”. Its Long-Term Review<sup>81</sup> determined that the EDA must become the **central agency for EU-funded defence activities**,

75 House of Commons Defence Select Committee. (2018). *The EU's plans for defense cooperation*. Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmdfence/594/59402.htm>

76 The EUMC is the ranking military body within the European Council directing all military activities. It consists of the Chiefs of Defence of each Member State.

77 The EUMS works under the direction of the EUMC and High Representative and provides the EEAS with military expertise,

78 According to the EU Global Strategy. European External Action Service. (2017). *Coordinated Annual Review on Defence (CARD)*. Available at: [https://eeas.europa.eu/headquarters/headquarters-homepage/36453/coordinated-annual-review-defence-card\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/36453/coordinated-annual-review-defence-card_en)

79 European Defence Agency. (2022). *2022 Coordinated Annual Review on Defence Report*. Available at: <https://eda.europa.eu/docs/default-source/eda-publications/2022-card-report.pdf>

80 European Defence Agency. (2024). *Mission*. Available at <https://eda.europa.eu/who-we-are/Missionandfunctions>

81 European Defence Agency. (2017). *Long Term Review of The Agency*. Available at: <https://eda.europa.eu/docs/default-source/documents/ltr-conclusions-and-recommendations.pdf>

and the intergovernmental **coordinator for defence capability planning**.<sup>82</sup>

### Permanent Structured Cooperation (PESCO)

PESCO provides a mechanism to improve military cooperation: it also plans capability harmonisation, asset-pooling, training and logistics collaboration, EU-wide defence expenditure assessment, and the **development of flexible, interoperable, deployable forces**. Each PESCO project is carried forward by varying groups of PESCO-participating Member States (project members) and is coordinated by one or more participating Member States (project coordinators).<sup>83</sup> In 2020 the European Council set out conditions for third-countries to take part in PESCO providing they contributed “substantial added value” and “no external dependencies” resulted from their involvement. So far, the USA, Canada, Norway and the UK have been invited to join the PESCO Military Mobility project (in isolation).

The central difference between PESCO and previous defence cooperation initiatives is the **legally binding nature of the commitments** undertaken by Member States in deepening **integration of their defence forces**.<sup>84</sup>

### European Defence Fund (EDF)

The European Defence Fund is a component of the CSDP and was launched in June 2017 to **support collaborative defence R&D**. Its resources are drawn from the EU budget, the **first time the budget has been used directly for defence research and equipment**. The EDF is overseen by a Coordination Board, including representatives from EDA, the Commission, the High Representative, Member States and industry. One of the fund’s features is to foster integration, and projects proposed through PESCO enjoy preferable rates of finance.<sup>85</sup>

### European Union Military Committee (EUMC)

The European Union Military Committee is the ranking military body within the Council, directing all military activities. It consists of the Chiefs of Defence of each Member State, giving advice and recommendations to the PSC (below) on all EU-relevant military matters.<sup>86</sup>

### European Union Military Staff (EUMS)

The European Union Military Staff works under the direction of the EUMC and the High Representative and provides the EEAS with military expertise.<sup>87</sup> The purpose of EUMS is “military strategic and advance planning”.<sup>88</sup>

| 82 Ibid.

| 83 Permanent Structured Cooperation. (2024) *Scope and Ambition*. Available at: <https://www.pesco.europa.eu/about/>

| 84 Permanent Structured Cooperation. (2024) *Binding Commitments*. Available at: <https://www.pesco.europa.eu/binding-commitments/>

| 85 Mills, C. (2019). *EU defence: where is it heading?*, House of Commons Brief Paper, Number 8216.

| 86 European Union External Action Service. (2016) Common Security and Defence Policy (CSDP) structure, instruments, agencies. Available at: [https://eeas.europa.eu/headquarters/headquarters-homepage/5392/csdp-structure-instruments-and-agencies\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/5392/csdp-structure-instruments-and-agencies_en)

| 87 Ibid.

| 88 Lain and Nouwens, 2018.

### Military Planning and Conduct Capability (MPCC)

The Military Planning and Conduct Capability is a separate out-of-area command and control structure for “non-executive military missions” (conducted in support of a host nation in an advisory capacity) and began operation in June 2017. It reports to the PSC (below).<sup>89</sup>

As outlined in the EU Strategic Compass, the MPCC aims to be able to plan and conduct all EU non-executive military missions, a few small-scale executive operations, and live military exercises.<sup>90</sup>

### Foreign Affairs Council (FAC)

The Foreign Affairs Council consists of Member States’ Foreign Ministers and is chaired by the High Representative of the Union for Foreign Affairs and Security Policy, currently Josep Borrell, also Vice President of the European Commission.<sup>91</sup>

### Political and Security Committee (PSC)

The Political and Security Committee (PSC) is a permanent body of Ambassador-level representatives of all Member States. It monitors international developments and helps define the Common Foreign and Security Policy (including CSDP).<sup>92</sup> The Lisbon Treaty states that the PSC shall “exercise, under the responsibility of the Council and High Representative, the political control and strategic direction [of] crisis management operations”. It takes advice on military matters from the EUMC.<sup>93</sup>

Originating as a proposal by the United Kingdom to maintain national input, according to some sources “a supranational culture is emerging”<sup>94</sup> as the PSC is “overwhelmed” by the EEAS infrastructure.<sup>95</sup>

### Politico-Military Group (PMG)

Under the PSC, the Politico-Military Group works on the “political aspects of EU military and civil-military issues”, which includes on missions and operations. This gives it a role in the EU-NATO relationship.<sup>96</sup> According to the European Council, “the Political and Security Committee (PSC) [is] the linchpin of the European Security and Defence Policy (ESDP) and of the Common

89 European External Action Service. (2023). The Military Planning and Conduct Capability (MPCC). Available at: [https://www.eeas.europa.eu/sites/default/files/documents/2023/20231120\\_MPCC%20Factsheet\\_0.pdf](https://www.eeas.europa.eu/sites/default/files/documents/2023/20231120_MPCC%20Factsheet_0.pdf)

90 Ibid.

91 European Council. (2020). Foreign Affairs Council configuration (FAC), Available at: <https://www.consilium.europa.eu/en/council-eu/configurations/fac/>

92 European Union External Action Service, 2016. Common Security and Defence Policy (CSDP) structure, instruments, agencies. Available at: [https://eeas.europa.eu/headquarters/headquarters-homepage/5392/csdp-structure-instruments-and-agencies\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/5392/csdp-structure-instruments-and-agencies_en)

93 Lain and Nouwens, 2018.

94 Professor Jolyon Howorth in Cross, T., Rotherham, L. and Banks, D. 2018. The Battle Over Procurement: Brexit and the New Risks from Defence Integration. Veterans for Britain.

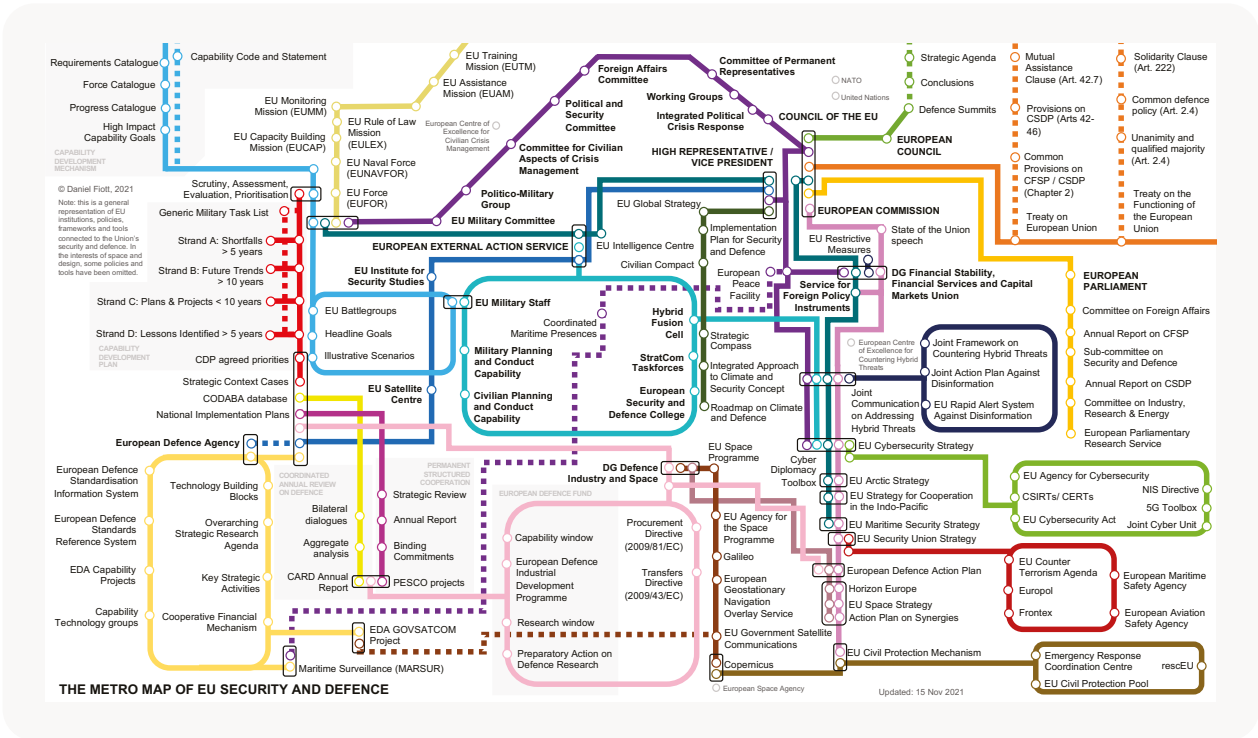
95 Cross, T., Rotherham, L. and Banks, D. 2018. The Battle Over Procurement: Brexit and the New Risks from Defence Integration. Veterans for Britain.

96 Ibid.

Foreign and Security Policy (CFSP)<sup>97</sup>

The above summarises the structures central to the emerging EU “Defence Union”, although many of these are themselves linked to other parts of the political machinery of the EU. EU policymaking in defence and foreign policy is organised in a convoluted manner. The figure below illustrates its growing complexity.

Figure 1. The Metro Map of EU Security and Defence Structures<sup>98</sup>



97 Council Note 11127/03, in Cross et al 2018.

98 Fiott, D. (2021) *The Metro Map of EU Security and Defence*. Available at: [https://daniel-fiott.com/wp-content/uploads/2021/11/metro\\_eu\\_defence\\_cmyk-2.pdf](https://daniel-fiott.com/wp-content/uploads/2021/11/metro_eu_defence_cmyk-2.pdf)

# The UK, NATO, Europe, and the EU – the challenge of priorities

The UK's commitment to the security of the Euro-Atlantic is an integral part of the country's foreign and defence policy, and the bulk of its efforts in this theatre are delivered through NATO.<sup>99</sup> While the UK plays an important role in the collective security alliance, it has also recognised that the war in Ukraine and increasing geopolitical competition in the Indo-Pacific is leading the United States to reprioritise its strategic posture vis-à-vis China in Asia, and at the same time expect an improved contribution to burden-sharing from its allies.<sup>100</sup>

UK and US concerns over inadequate levels of European defence spending have persisted for some time. While the war in Ukraine has prompted several countries to increase national defence spending, only 11 of 32 member-countries met the alliance's target of spending 2% of GDP on defence last year, and an estimated 18 are expected to do so by the end of 2024.<sup>101</sup> Nevertheless, there has been a marked increase in discussions on European defence and security since 2022, and the development of a "European pillar" of NATO.<sup>102</sup>

The UK should welcome greater defence investment from European states; however, Europe is not the EU, and 80% of NATO's defence spending is accounted for by non-EU members of the alliance.<sup>103</sup> While the UK is interested in developing European security architecture which benefits the whole continent, it should be wary of an emerging parallel EU defence union which may duplicate NATO competencies, disadvantage Britain's commercial defence relationships, and ultimately possibly compete with NATO. The foundations for such a structure already exist.

## EU treaty provisions and the challenge to NATO

Since the turn of the century the EU has been increasing political distance between itself and NATO. The Treaty of Nice (2001) was the most fundamental step to defence union and EU military capacity, creating permanent political and military structures and incorporating crisis management functions into the EU. While US support was conditional on Prime Minister Tony Blair's assurance that European defence would in no way undermine NATO,<sup>104</sup> this does not seem a fully accurate representation of the Treaty, or of the Lisbon Treaty that built on it.

Nice established the authority to take military action in international crises, while the Treaty

99 HM Government. (2023). Integrated Review Refresh. Available at: [https://assets.publishing.service.gov.uk/media/641d72f45155a2000c6ad5d5/11857435\\_NS\\_IR\\_Refresh\\_2023\\_Supply\\_AllPages\\_Revision\\_7\\_WEB\\_PDF.pdf](https://assets.publishing.service.gov.uk/media/641d72f45155a2000c6ad5d5/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_7_WEB_PDF.pdf)

100 Ibid.

101 NATO Newsroom. (2024). Secretary General welcomes unprecedented rise in NATO defence spending. Available at: [https://www.nato.int/cps/en/natohq/news\\_222664.htm](https://www.nato.int/cps/en/natohq/news_222664.htm)

102 Internationale Politik Quarterly. (2024) For NATO to Thrive, Europe Needs to Wake Up. Available at: <https://ip-quarterly.com/en/nato-thrive-europe-needs-wake>

103 NATO Newsroom (2024) Doorstep Statement by NATO Secretary General Jens Stoltenberg ahead of the meetings of NATO Ministers of Defence in Brussels. Available at: [https://www.nato.int/cps/en/natohq/opinions\\_222596.htm?selectedLocale=en](https://www.nato.int/cps/en/natohq/opinions_222596.htm?selectedLocale=en)

104 European Foundation (2018) Why We Had to Leave, Brexit and the Deepening Union. Available at: <https://europeanfoundation.org/wp-content/uploads/2018/05/Why-we-had-to-leave-Paper.pdf>

of Lisbon gave the EU its own version of the NATO Treaty Article 5 (on collective security). The Article 42.7 “solidarity clause” states that if a member of the EU is the victim of “armed aggression on its territory”,<sup>105</sup> other states have an “obligation of aid and assistance by all the means in their power”.<sup>106</sup>

Article 42.7 has already been used in the development of mutual defence, invoked by France after the Paris terrorist attacks of November 2015. However, the relative lack of developed EU defence agencies at the time to provide a response led the European Parliament to launch and approve a resolution on the Article:

“[We consider] the activation of the mutual assistance clause a unique opportunity to establish the grounds for a strong and sustainable European Defence Union [and are] of the opinion that only with an autonomous security and defence capability will the EU be equipped and ready to face the overwhelming internal and external security threats”.<sup>107</sup>

References to the EU collective defence framework have grown in the past few years. In the face of the Covid-19 pandemic, the Defence Ministers of France, Germany, Italy, and Spain called for greater security cooperation, stating that “a key work, in that regard, will be the operationalisation of the Article 42(7) TEU”.<sup>108</sup> In 2022, both France and Germany reaffirmed their commitment to EU mutual defence as the mechanism by which they would guarantee Finland and Sweden’s security as they navigated the NATO accession process.<sup>109</sup>

## PESCO: a platform for EU defence

If Article 42(7) creates an obligation for Member States to cooperate on defence and security, then Permanent Structured Cooperation (PESCO) provides a platform. PESCO is a mechanism for increasing military cooperation: it plans capability harmonisation, asset-pooling, training and logistics collaboration, EU-wide defence expenditure assessment, and the development of flexible, interoperable, deployable forces. This is why Commission President Juncker referred in 2017 to PESCO as the “Sleeping Beauty of the Lisbon Treaty”,<sup>110</sup> referring to the long-dormant potential for the EU to act in the defence space.

What makes PESCO different from previous attempts at EU defence cooperation is that participating Member States are under a legal obligation to implement twenty binding

105 Official Journal of the European Union. (2012). Consolidated Version of the Treaty of the European Union. Available at: [https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0023.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0023.02/DOC_1&format=PDF)

106 Ibid.

107 A subsequent paper from the European People’s Party stated that: “We are going to move towards an EU army much faster than people believe. European Parliament. (2016). European Parliament resolution of 21 January 2016 on the mutual defence clause (Article 42(7) TEU) (2015/3034(RSP)). Available at: [https://www.europarl.europa.eu/doceo/document/TA-8-2016-0019\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-8-2016-0019_EN.html)

108 Parly, F et al. (2020) Joint letter between Defence Ministers. Available at: <https://www.bmvg.de/resource/blob/261184/4f63d2a54ee7f96476156796f00874ed/20200528-download-brief-pesco-englisch-data.pdf>

109 Élysée. (2022). Finland and Sweden apply for NATO membership. Available at: <https://www.elysee.fr/en/emmanuel-macron/2022/05/16/finland-and-sweden-apply-for-nato-membership>, Von Der Burchard, H. (2022). Scholz signals EU would help defend Sweden if Russia attacks. *Politico*. Available at: <https://www.politico.eu/article/germany-olaf-scholz-sweden-eu-assistance-in-case-of-russia-attack/>

110 European Parliamentary Research Service. (2017). Permanent structured cooperation (PESCO): From notification to establishment. Available at: <https://www.europarl.europa.eu/EPRS/EPRS-AaG-614632-Permanent-structured-cooperation-PESCO-FINAL.pdf>

commitments grouped in five broad categories: levels of national investment expenditure on defence equipment; alignment of Member States' defence apparatus; availability and interoperability of forces; multinational approach to close capability gaps; and use of the European Defence Agency to create major joint equipment programmes.<sup>111</sup>

In its current form, PESCO poses little competitive threat to NATO as a challenger for coordinating military cooperation, being primarily concerned with building up military capability, encouraging R&D and harmonising European defence technologies. However, the overlap between PESCO and the European Defence Fund has the potential to undermine NATO.

Under the regulations establishing the EDF, incentives are created for Member States to participate in PESCO projects through increased funding allocations.<sup>112</sup> *Prima facie* this is no threat to NATO, but combined with EDF articles on the transfer of the outcomes of defence research projects to third-countries or third-country entities this raises concerns.<sup>113</sup> In effect, this means that if one of the 25 nations cooperating via PESCO and funded by the EDF wished to transfer ownership over one of their PESCO projects to the United Kingdom or the United States, a 100% effective-tax would apply to EDF funding. A European nation would therefore have little incentive to licence or transfer ownership over a given project to its NATO allies, harming cooperation within NATO and concentrating power in the hands of the EU.

Furthermore, PESCO undermines international economic interdependency in armaments between NATO allies through restrictive third-party participation by requiring mandatory third-party support for the CFSP, and subsidising intra-EU cooperation. This may undermine the effective partnerships seen in recent years between British and French firms such as BAE and Dassault, and MBDA and Thales.<sup>114</sup>

In 2020 the European Council set out conditions for third-countries to take part in PESCO, providing they contributed "substantial added value" and "no external dependencies" resulted from their involvement. So far, the USA, Canada and Norway have joined the PESCO Military Mobility project, with the UK in the process of joining.

111 Permanent Structured Cooperation. (2024) Binding Commitments. Available at: <https://www.pesco.europa.eu/binding-commitments/>

112 European Parliament. (2021). REGULATION (EU) 2021/697 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, establishing the European Defence Fund and repealing Regulation (EU) 2018/1092. *Official Journal of The European Union*. Available at: <https://eur-lex.europa.eu/eli/reg/2021/697/oj>

113 Ibid, Articles 20 and 23.

114 Besch, S in evidence: House of Commons Defence Committee, 2018. *The Government's proposals for a future security partnership with the European Union*, Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmdfence/594/594.pdf>

## Qualified Majority Voting (QMV) in EU defence and foreign policy

With the departure of the UK from the EU, the greatest internal obstacle to the development of a supranational defence policy is divergent national priorities. While decisions on EU foreign affairs are taken by the Council of the European Union on the basis of unanimity,<sup>115</sup> there has been a sustained push for the introduction of Qualified Majority Voting from the European Commission.

Qualified Majority Voting is a system used by the European Council for votes on foreign policy proposals put forward by the Commission or the High Representative. The system requires 55% of Member States on the European Council, representing at least 65% of the EU's population, to vote for a proposal for it to pass (if the proposal does not come from the European Commission or the High Representative, then a reinforced qualified majority is required, whereby at least 72% of European Council members must vote in favour of the proposal, and this 72% must represent at least 65% of the European Union's population).<sup>116</sup>

Commission President Ursula von der Leyen has identified the change as being essential to creating a more geopolitical EU,<sup>117</sup> and tacitly embedded this position in the EU Strategic Compass in recognising a need for "more rapidity, robustness and flexibility" in defence and security matters.<sup>118</sup> The EU Commission advocates for a centralisation of control over defence matters. In December 2020, the EU High Representative for Foreign Affairs, Josep Borrell, wrote: "from the very beginning of my term of office, I have argued that if we want to avoid paralysis in foreign policy, we should consider taking certain decisions without the full unanimity of the 27".<sup>119</sup> In May 2021, these centralising ambitions were backed by German Foreign Minister Heiko Maas, who stated that "[the national] veto must disappear" in defence and security matters.<sup>120</sup>

The final report from the EU's Conference on the Future of Europe also contained a primary recommendation to move towards QMV in matters concerning the CFSP.<sup>121</sup> Calls for the abolition of the national veto have also coincided with an EU push to take over more areas of defence policy from national governments, with Ursula Von der Leyen calling for the creation of an EU defence commissioner pending her anticipated re-election in June 2024.

The introduction of QMV into foreign policy-making undermines the national sovereignty of

115 European Parliamentary Research Service. (2021). Qualified majority voting in foreign and security policy, pros and cons. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/659451/EPRS\\_BRI\(2021\)659451\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/659451/EPRS_BRI(2021)659451_EN.pdf)

116 European Parliamentary Research Service. (2021). *Qualified majority voting in foreign and security policy, pros and cons*. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/659451/EPRS\\_BRI\(2021\)659451\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/659451/EPRS_BRI(2021)659451_EN.pdf)

117 Herszenhorn, D. (2022). Commission president calls to end unanimity in EU foreign policy decisions. <https://www.politico.eu/article/commission-president-ursula-von-der-leyen-end-unanimity-eu-foreign-policy/>

118 European Union External Action Service. (2022) A Strategic Compass for Security and Defence. Available at: [https://www.eeas.europa.eu/eeas/strategic-compass-security-and-defence-1\\_en](https://www.eeas.europa.eu/eeas/strategic-compass-security-and-defence-1_en)

119 Borrell, J. (2020). 'What European foreign policy in times of Covid-19?', Available at: <https://geopolitique.eu/en/2020/12/14/borrell-doctrine/>

120 Euronews. (2021). Germany calls for abolition of 'paralysing' EU member states foreign policy veto, Available at <https://www.euronews.com/2021/06/08/germany-calls-for-abolition-of-paralysing-eu-member-states-foreign-policy-veto>

121 Conference on the Future of Europe. (2022) Report on the Final Outcome. Available at: <https://www.europarl.europa.eu/resources/library/media/20220509RES29121/20220509RES29121.pdf>



Member States and concentrates powers at the supranational level. Furthermore, if foreign policymaking is contingent on underlying military strength, then it follows that the EU will require some oversight over defence policy. The potential introduction of a Defence Commissioner role during the next Commission (2024-2029), with a greater push for QMV, could see the EU acquire practical geopolitical capabilities. This would impact not only the national interests of Member States, but the UK, if it risks participating in defence initiatives that require it to adhere to furthering the strategic autonomy of the EU.

# Protectionism: the implications of an EU defence-industrial base

While the United Kingdom remains free from any institutional defence relationship with the EU, its defence industry is likely to be adversely affected by the EU's defence industrial policies, not least because the UK within the EU constituted a brake on this agenda.<sup>122</sup>

Two structures present particular difficulties for British industry's continued involvement in European defence research and procurement: the European Defence Fund (EDF) and Permanent Structured Cooperation (PESCO). Both aim to harmonise the European defence industry via subsidising projects which increase interoperability, which risks diminishing potential innovation in total system overhauls.

Furthermore, the EDF effectively excludes third parties from receiving funds for projects, creating *de facto* protectionism against the UK and US especially. In addition, the policy of disproportionately subsidising defence projects with large SME or mid-cap involvement will discourage economies of scale, despite this being one of the objectives of the EDF.

The aim of these policies is to further the EU goal of strategic autonomy and reduce dependencies on third parties. The UK should keep in mind that participating in EU initiatives will be conditional on furthering these goals.

## Foundations of EU defence procurement

Concurrent with the Lisbon Treaty, the EU introduced the Defence and Security Procurement Directive (Directive 2009/81/EC) to provide a regulatory framework for a common EU defence equipment market.<sup>123</sup> While the Directive created procurement rules on EU cross-border defence and security contracts, its intent was to tackle one of the main roadblocks in collective procurement: treaty provisions which allow EU rules to be circumvented when Member States consider it necessary to protect "essential security interests".<sup>124</sup>

Thus the Directive was adopted to impose "internal market discipline" on the awarding of defence contracts by Member States, and to prevent contracts being awarded to domestic suppliers without EU-wide competition, "unless justified" (such as through limited opt-outs, over nuclear weapons for example). In 2016, the EU Commission affirmed its commitment to the Directive, stating "amending the Directive is not necessary", although it noted it may "be useful to provide guidance" on when and where it applies.<sup>125</sup>

122 Petrov, P., Romanyshyn, I. (2020). 'Capability development in Europe', *Atlantisch Perspectief*, Vol. 44, No. 3.

123 Edwards, J. (2011). *The EU Defence and Security Programme Directive: A Step Towards Affordability*. International Security Programme Paper ISP PP 2011/05. Chatham House.

124 Butler, L.R.A. (2017). *Transatlantic Defence Procurement: EU and US Defence Procurement Regulation in the Transatlantic Defence Market*. Cambridge: Cambridge University Press.

125 European Commission. (2016) *Evaluation of Directive 2009/81/EC on public procurement in the fields of defence and security*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52016SC0407>

The Directive now broadly eliminates Member States' rights to retain defence contracts in their home market, with the Commission tightening this in 2016. In 2018 the Commission began enforcement proceedings against five Member States it believed had breached the Directive.<sup>126</sup> The Commission justified its actions on the grounds of "[countering] protectionism by requiring [Member States] to open procurement to foreign companies".<sup>127</sup> But the Commission has also stated that it "has already moved to discourage member states from procurement outside the EU to avoid the rules of the directive", so Member States that purchase defence equipment from the government of a third country should "not use such contracts for the purpose of circumventing the provisions of the directive", particularly where "market conditions are such that competition within the internal market would be possible".<sup>128</sup>

An aim of EU defence procurement is its focus on harmonising the European defence industry, an explicit objective in mechanisms such as the European Defence Fund. Subsidised harmonisation almost necessarily comes at the expense of innovation (and likely economic growth), because interoperability requires new technologies to fit with the old and discourages whole-system overhauls which may improve the product and/or reduce cost.<sup>129</sup> PESCO projects compound this with their legal requirement to "take concrete measures to enhance [...] interoperability".<sup>130</sup>

### Third-party exclusion

The clearest example of protectionism appears in the European Defence Fund (EDF). This fund, which has a budget of €7.95bn for 2021-27 (€13bn before Covid), has two components.<sup>131</sup> The first, constituting roughly a third, will finance collaborative research projects. The second will co-finance defence capability development in the post-research stage.<sup>132</sup> Given that the EDF now makes the EU the fourth-largest investor in defence research and technology in Europe,<sup>133</sup> any regulation attached to its spending will have a large impact on the defence industry internationally.

This clearly poses problems for US industries, given their strong links to Europe (especially the UK, Italy, and Sweden). This is why recent US Administrations have regarded European defence-sector initiatives in the round as being intended to introduce a "buy European" preference that

126 The Commission opened procedures against the Netherlands, Denmark, Italy, Poland, and Portugal. Cross, T., Rotherham, L. and Banks, D. 2018. *The Battle Over Procurement: Brexit and the New Risks from Defence Integration*. Veterans for Britain.

127 Besch, S., Quencez, M. (2019). *The Importance of being Protectionist: A Long View of the European Defence Fund*, Available at: <https://warontherocks.com/2019/06/the-importance-of-being-protectionist-a-long-view-of-the-european-defense-fund/>

128 Edwards. (2011).

129 Lain, S. and Nouwens, V. 2017. *The Consequences of Brexit for European Defence and Security*. Royal United Services Institute (RUSI) and Friedrich Ebert Stiftung. Occasional Paper, April 2017.

130 Permanent Structured Cooperation (2024). *Binding Commitments*. Available at: <https://www.pesco.europa.eu/binding-commitments/>

131 Quintin, A. (2020). *Cuts in the European Defence Fund's budget: at what cost?* Available at: <https://globalriskinsights.com/2020/10/cuts-in-the-european-defence-funds-budget-at-what-cost/>

132 European Commission. (2020). *Commission welcomes the political agreement on the European Defence Fund*, Available at: [https://ec.europa.eu/defence-industry-space/commission-welcomes-political-agreement-european-defence-fund-2020-12-14\\_en](https://ec.europa.eu/defence-industry-space/commission-welcomes-political-agreement-european-defence-fund-2020-12-14_en)

133 Besch, S., Quencez, M. (2019). *The Importance of being Protectionist: A Long View of the European Defence Fund*, Available at: <https://warontherocks.com/2019/06/the-importance-of-being-protectionist-a-long-view-of-the-european-defense-fund/>

risks marginalising US companies from the EU market.<sup>134</sup>

The EDF imposes severe restrictions on legal entities controlled by non-associated third countries and third-country entities in its funding eligibility and award criteria.<sup>135</sup> These entities, including UK defence companies, must adhere to the following rules:

- The Member State hosting the entity must guarantee the project's results will not "contravene the security and defence interest of the Union" as defined by the CFSP.
- Any IP arising from R&D must remain within the recipient country (in terms of funding) and not be exported outside the EU without the host's approval, "nor be accessible from outside the EU or associated countries".
- Granting of approval must meet the objectives set out in Article 3 of the EDF founding regulations. Among those objectives is the aim to support projects which contribute to the EU's "strategic autonomy and freedom of action".<sup>136</sup>
- Access to sensitive information relating to [any action arising from EDF funding] is prevented and the employees or other persons involved in the action have national security clearance issued by a Member State or an associated country.

The risks of such restrictions include the potential exclusion of UK defence companies operating in the EU. British defence firms could be put off from applying by the possible restrictions to their own IP, as former Defence Secretary Ben Wallace has noted.<sup>137</sup> For European defence this is also likely a counter-productive financing arrangement, as British R&D defence spending is the highest in Europe.<sup>138</sup> The incentives for a non-associated third-country entity to be involved in EDF-backed projects falls further if the results of cooperation are considerably out of that organisation's control. This could have a significant impact on British firms, with their overseas operations in the EU and elsewhere.

EDF award criteria further disadvantages third-country entities:

- Article 12, Paragraph D of the EDF regulations stipulates that one of the main criteria for judging a capability-development programme's suitability is "its contribution to the autonomy of the EDTIB [European Defence Technological and Industrial Base], including by "increasing the non-dependency on non-Union sources."<sup>139</sup>

This builds in a disadvantage for any foreign majority-owned defence or technology firm. The grant-selection mechanism compounds protectionist procurement policy. The European Commission will select projects to be financed in consultation with a group of independent

134 Ibid.

135 Associated countries are those within the European Economic Area (EEA).

136 European Commission. (2021). 'Regulation (EU) 2021/697 of the European Parliament and of the Council of 29th April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/109, Official Journal of The European Union. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0697&qid=1623675679317&from=EN>

137 Wallace, B. In Hansard. Military and Security Co-operation: European Union. 7 December 2020. Available at: <https://hansard.parliament.uk/commons/2020-12-07/debates/8600C66D-A7C7-4B66-95DD-0FF35E6630D2/MilitaryAndSecurityCo-OperationEuropeanUnion>

138 Sargent Jr., J.F. (2020). 'Government Expenditures on Defense Research and Development by the United States and Other OECD Countries: Fact Sheet', Congressional Research Service Report, Available at: <https://fas.org/sgp/crs/natsec/R45441.pdf>

139 European Commission. (2021). 'Regulation (EU) 2021/697 of the European Parliament and of the Council of 29th April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/109, Official Journal of The European Union. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0697&qid=1623675679317&from=EN>

experts. However, Article 26, Paragraph 2 states: “the list of independent experts will not be made public”, creating concerns for accountability, as the Commission's position runs contrary to general practice when it comes to EU funding.<sup>140</sup>

## The European Defence Industrial Strategy (EDIS)

In early 2024 the EU launched its first European Defence Industrial Strategy (EDIS), alongside plans for a European Defence Industry Programme (EDIP), to advance integration along defence-industrial lines. The strategy is explicit in stating that Member States need to invest “more, better, together and European”,<sup>141</sup> working across three key areas: increasing joint defence procurement, strengthening the EU defence industrial base, and addressing capacity issues and security of supply. Member States are “invited to”:

- Procure at least 40% of defence equipment in a collaborative manner by 2030;
- Ensure that, by 2030, the value of intra-EU defence trade represents at least 35% of the value of the EU defence market; and
- Make steady progress towards procuring at least 50% of their defence procurement budget within the EU by 2030 and 60% by 2035.

The proposals include giving the European Council the ability to trigger a set of extraordinary measures through QMV that would grant the EU Commission powers typically reserved by the nation state during times of war. The so-called “supply crisis state”, if activated by the Council, would allow the EU Commission to press defence companies into sharing information regarding capacity, force civilian companies to produce defence equipment and prevent Member States from blocking the transfer of military components inside the EU.<sup>142</sup>

The EU Commission would also create a Defence Industrial Readiness Board, tasked with implementing the above, as well as investigate what legal, regulatory, and administrative hurdles exist at EU and national levels to achieving its objectives during such a crisis state.

Naturally, such a policy would have ramifications for British defence companies operating subsidiaries within the EU which may have to share commercially sensitive information, or for those trying to compete with European companies for defence contracts if the Commission can impel firms to produce defence equipment instead.

This draft legislation is set to be debated by the European Parliament. In tying the questions of defence funding and the granting of emergency powers into one piece of legislation, the EU Commission is trying to assume more direct control over areas of national defence policy. By framing EDIP as the way “to start implementing concrete measures identified in EDIS”, it also makes it harder for Member States to resist the legislation, although it remains to be seen how far the proposals are amended.

<sup>140</sup> European Ombudsman. (2023). Ombudsman asks Commission how it ensures experts evaluating European Defence Fund proposals do not have conflicts of interest. Available at: <https://www.ombudsman.europa.eu/en/news-document/en/177741>

<sup>141</sup> European Commission. (2024) First Ever Defence Industrial Strategy. Available at: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_1321](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_1321)

<sup>142</sup> European Commission (2024) REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP'). Available at: [https://defence-industry-space.ec.europa.eu/document/download/6cd3b158-d11a-4ac4-8298-91491e5fa424\\_en?filename=EDIP%20Proposal%20for%20a%20Regulation.pdf](https://defence-industry-space.ec.europa.eu/document/download/6cd3b158-d11a-4ac4-8298-91491e5fa424_en?filename=EDIP%20Proposal%20for%20a%20Regulation.pdf)

# The Direction of Travel

The UK's withdrawal from the EU, and war in Ukraine, have accelerated Brussels's drive for EU strategic autonomy. So far, HM Government has broadly kept to the approach of the Johnson administration in its defence and security relations with Europe, only pursuing formal cooperation through the single PESCO Military Mobility project. However, even here, the UK has chosen to participate in a single project that is not capability-oriented nor requires the support of the EDA.

One area in which the UK has moved into more formal cooperation with the EU is PESCO, through participation in the Military Mobility project. In October 2022, Member States approved the UK's application to join the PESCO Military Mobility Project and noted that, because the project does not concern R&D or procurement, the UK is not required to conclude a separate agreement with the EDA<sup>143</sup> (the UK is still required to negotiate an *administrative arrangement* with participating Member States governing the UK's role and obligations within the parameters of the project).

During an oral evidence session of the House of Commons European Scrutiny Committee, the Minister of State for Defence, the Earl of Minto, was asked by MPs whether the terms of the administrative arrangement would be submitted for parliamentary scrutiny.<sup>144</sup> After initially replying "absolutely", the Minister changed his position by stating that the administrative arrangement is a memorandum, and therefore not legally binding and "not necessarily suitable for parliamentary scrutiny".<sup>145</sup>

The Government maintains that because the arrangement is not legally binding, it falls within the Government's competence and does not require parliamentary scrutiny.<sup>146</sup> Pressed by MPs, the Interim Head of Euro-Atlantic Security Policy at the Ministry of Defence stated that the arrangement was still in the process of being negotiated, but that the arrangement does "not tie [the UK's] hands or bind us to any wider form of cooperation".<sup>147</sup> MPs remain concerned that the UK's participation in the Military Mobility project may include additional commitments pertaining to the EU's CFSP, and the Government should update parliament on the contents of the agreement to demonstrate that there are no additional commitments on the UK's side.

The UK will, however, hold a General Election on 4<sup>th</sup> July 2024. While the Conservative Party has not indicated any plan to shift its position substantially, the opposition Labour Party has made several statements indicating that it would pursue a significantly different course.

143 Council of the European Union. (2022). COUNCIL DECISION (CFSP) 2022/2244 on the participation of the United Kingdom of Great Britain and Northern Ireland in the PESCO project Military Mobility. Available at: <https://www.pesco.europa.eu/wp-content/uploads/2022/11/Council-Decision-Participation-of-the-UK-of-GB-and-NI-in-the-PESCO-project-Military-Mobility.pdf>

144 The Earl of Minto in the European Scrutiny Committee, 28th February 2024. Available at: <https://committees.parliament.uk/oralevidence/14361/pdf/>

145 Ibid.

146 Ibid.

147 Ibid.

## A UK-EU defence pact?

The Labour Party appears to be planning a more formalised relationship with the EU in matters of defence and foreign policy, through a “UK-EU security pact”.<sup>148</sup> Such a pact is a central component of the Shadow Foreign Secretary’s approach to foreign policy, which he calls “Progressive Realism”, and which seeks to “use realist means to pursue progressive ends”.<sup>149</sup> The exact nature of the pact is unclear, and may range from logistics and cybersecurity,<sup>150</sup> to covering migration, climate change, security of supply and other economic questions.<sup>151</sup>

While areas of policy remain subject to change, Labour believes that establishing formal defence ties is the best way to improve UK security relations with the EU. David Lammy notes that the “European Union and British government have no formal means of cooperation” on defence and security (though this does not prevent cooperation when necessary, as the EU may invite UK ministers to take part in relevant council meetings. Such an arrangement has been used to discuss developments in Ukraine).<sup>152</sup>

As we have seen, EU defence harmonisation has proceeded swiftly since the UK’s withdrawal from the EU, to the point where there would be significant implications for any third-country attempting to negotiate a formal security agreement with the bloc. Chief among these would be recognising that the EU’s commitment to strategic autonomy disadvantages third-party countries by requiring them to adhere to a foreign and security policy over which they have no input. Given that the EU’s major defence initiatives and funding mechanisms are rooted in advancing the EU’s security policy, it is difficult to imagine that a UK-EU security pact would not entail the UK’s involvement in the EDA – as several other third-countries have been required to sign one<sup>153</sup> – or binding commitments to the CSDP.

There have been reports that Labour would seek to emulate a deal proposed by the Theresa May Government on security and defence cooperation.<sup>154</sup> This would involve United Kingdom-participation in the EDA, EDF, EU Battlegroups and CARD, and require closer adherence to the EU CFSP and the advancement of EU strategic autonomy. In practice, participation in such structures would commit the UK to an EU defence framework and require the country to participate in defence measures subject to conditions laid out by the EU.

Joining these structures would also bind the UK defence industry to the EU’s rules and

148 Posaner, J. Britain-EU security deal ‘fundamental’ due to Ukraine war, says UK shadow foreign secretary. *Politico*, 18 February 2024. Available at: <https://www.politico.eu/article/britain-eu-security-deal-fundamental-due-to-ukraine-war-says-uk-shadow-foreign-secretary/#:~:text=%22It's%20a%20pact%20that%20is,seek%20to%20rival%20NATO%20structures.>

149 Lammy, David. The Case for Progressive Realism. *Foreign Affairs*. April 17 2024. Available at: <https://www.foreignaffairs.com/united-kingdom/case-progressive-realism-david-lammy>

150 Ibid.

151 Parker, G., Foster, P., and Bounds, A., Labour to launch twin strategy for closer UK-EU relations if it wins power. *Financial Times*, 11 April 2024.

152 European Council. (2022) Extraordinary Foreign Affairs Council, 4 March 2022. Available at: <https://www.consilium.europa.eu/en/meetings/fac/2022/03/04/>

153 Norway, Switzerland, Serbia, Ukraine, and the US Department for Defence have administrative arrangements in place with the EDA. See European Defence Agency (2024) *Third Parties*. Available at: <https://eda.europa.eu/who-we-are/third-parties>

154 O’Carroll, Lisa. Call to urgently revive Theresa May’s plan for EU-wide defence treaty. *The Guardian*. 18 February 2024. Available at: <https://www.theguardian.com/world/2024/feb/18/call-urgently-revive-theresa-may-plan-eu-wide-defence-treaty>

procedures and begin to subordinate UK defence policy to the EU.<sup>155</sup> For example, participating in the EDF, CARD and PESCO could see the EU Commission impel the UK to make changes to its national defence budget, as the governance structures of these initiatives give the Commission considerable ability to set overarching defence priorities and over-ride national authorities.<sup>156</sup> It may also require the UK to contribute financially to the development of EU defence capabilities, despite having no control over defence policy.

As the development of an EU defence-industrial base and joint defence procurement is designed with built in disadvantages for third-party countries and entities, formalised cooperation comes with significant risks for the UK defence industry. If Labour were to agree to a security pact that included UK participation in the EDF, British defence companies may be placed in a position whereby they participate in the development of EU defence projects but are unable to retain ownership over commercially sensitive material or be blocked from exporting IP outside the EU.

Such a settlement may see the UK move towards a security relationship with the EU that resembles that of Norway, which takes part in the EDF, CARD, PESCO, and has an agreement with the EDA. Norway finds itself in an increasingly difficult position as a “reluctant European” which, while maintaining a deep scepticism of EU foreign policy integration and prioritising defence cooperation with the UK and US, has nevertheless seen its defence policy and defence industries shaped by strategies around EU defence initiatives due to regulatory obligations and financial incentives.<sup>157</sup> Such a loss of control over sovereign decision-making in defence policy would not only undermine national security, but may negatively affect the UK’s ability to conduct an independent foreign policy with vital allies.

Last year, the Shadow Defence Secretary, John Healey, declined to commit to joining the EDF or aligning the UK to EU defence procurement initiatives.<sup>158</sup> However, more recently, reports have suggested that Labour plans to work to develop joint military procurement with the EU, with a “new UK-EU body set up to oversee defence ties, including joint operations and procurement of weapons. It would have a budget and staff to organise regular meetings between British and European ministers”.<sup>159</sup> With closer defence cooperation requiring UK participation in the EDA and supporting the objectives of the CSDP, Labour could push the UK into an arrangement that requires it to support the development of EU military capabilities such as its new rapid reaction force, which aims to establish a rapid deployment force of up to 5,000 troops in times of crisis.<sup>160</sup>

Advocating for a formalised UK-EU defence relationship seems inimical to the UK national interest if it entails assisting the emergence of a distinct EU defence union. It may also undermine the UK’s ability to act independently, by establishing binding commitments to advance EU strategic

155 Lt Gen Riley, Jonathon. (2019) *The Defence Threat from Hidden EU Deals*. Briefings for Britain. Available at: <https://www.briefingsforbritain.co.uk/the-defence-threat-from-hidden-eu-deals/>

156 Ibid.

157 Knusten, B.O and Tvetbraten, K. (2022) *A reluctant European: How Norway responds to the EU's quest for strategic autonomy*. Available at: <https://journals.sagepub.com/doi/full/10.1177/17816858221129845>

158 Posaner, J., Kayali, L., Stone, J. UK’s Labour would target defense ‘pact’ with EU. Politico. 7 December 2023. Available at: <https://www.politico.eu/article/labour-targets-defense-security-pact-eu-if-wins-general-election-uk-2024-sunak/>

159 Gutteridge, N and Barnes, J. (2024) Labour plans EU defence pact but faces French resistance. *The Telegraph*. Available at: <https://www.telegraph.co.uk/politics/2024/03/14/labour-plans-eu-defence-pact-but-faces-french-resistance/>

160 European Union External Action Service. (2022) *A Strategic Compass for Security and Defence*. Available at: [https://www.eeas.europa.eu/eeas/strategic-compass-security-and-defence-1\\_en](https://www.eeas.europa.eu/eeas/strategic-compass-security-and-defence-1_en)



autonomy that supersede domestic policy priorities. Given the UK's outsized role in European security, Labour risks compromising the advantages the UK currently enjoys as an independent power able to balance its interests through its relations with key allies by subordinating the UK to EU-led defence initiatives.

A Labour Government may also consider securing an UK-EU defence deal as a means of "normalising" relations, potentially doing so to "open the door to more cooperation in other areas, including lower trade barriers to British food exports".<sup>161</sup> Such an intention may explain why the parameters of the "security pact" range dramatically, from narrow security cooperation to the wider inclusion of social and economic issues, depending on varying statements from senior figures within the party. While it is outside the scope of this paper to analyse future UK-EU cooperation on economic and social affairs, one should urge restraint over concluding a defence agreement with the primary goal of enabling closer cooperation in other policy areas.

In pushing for more formal cooperation with the EU on defence, Labour risks placing the UK in a position where it accelerates the development of a distinct EU military identity based on strategic autonomy and an established defence union.

The conflict in Ukraine has demonstrated that concerns about the UK's commitment to European security after its withdrawal from the EU were unfounded. The *ad hoc* relationship enabled UK-EU cooperation on sanctions, intelligence sharing and military training for Ukrainian troops.<sup>162</sup> It has also allowed the UK greater flexibility in speaking directly with allies in preferential formats, such as discussing Ukrainian security guarantees through a "European Quad" (UK, US, France and Germany),<sup>163</sup> or long-term assistance at the G7.<sup>164</sup>

Even on the EU side, there is an appreciation of the value the UK brings to European security. While the EU's preferred arrangement for defence cooperation is undoubtedly through formalised and institutionalised defence and security cooperation, the European Parliament has encouraged the EU High Representative for Foreign Affairs Josep Borrell to invite the UK to participate in EU Council meetings on foreign affairs on an *ad hoc* basis.<sup>165</sup>

161 Gutteridge, N and Barnes, J. (2024) Labour plans EU defence pact but faces French resistance. The Telegraph. Available at: <https://www.telegraph.co.uk/politics/2024/03/14/labour-plans-eu-defence-pact-but-faces-french-resistance/>

162 UK In a Changing Europe. (2023). UK-EU Security & Defence Cooperation. Available at: <https://ukandeu.ac.uk/wp-content/uploads/2024/03/UKICE-Foreign-Security-and-Defence-Report.pdf>

163 Ward, Alexander, Berg Matt and Hawkins, Ari. The 'European Quad' weighs security guarantees for Ukraine. Politico. 14 June 2023. Available at: <https://www.politico.com/newsletters/national-security-daily/2023/06/14/the-european-quad-weighs-security-guarantees-for-ukraine-00101897>

164 HM Government. (2023). Joint Declaration of Support for Ukraine. Available at: <https://www.gov.uk/government/publications/g7-joint-declaration-of-support-for-ukraine-12-july-2023/joint-declaration-of-support-for-ukraine>

165 European Parliament. (2023). European Parliament resolution of 18 January 2023 on the implementation of the common security and defence policy – annual report 2022. Available at: [https://www.europarl.europa.eu/doceo/document/TA-9-2023-0010\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2023-0010_EN.html)

# Conclusion and Recommendations

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The UK is currently free from binding institutional arrangements with the EU on defence and security: moving towards a security pact would pose a risk to the UK's ability to conduct sovereign defence and foreign policy and may harm innovation and competitiveness across the defence industry. Politically, the slow but steady march towards a concentration of powers over defence and foreign policy in Brussels undermines national sovereignty and the importance of the UK's bilateral relationships. While certain initiatives designed to improve European defence capabilities may be welcome, the EU's desire to play both a role in developing capabilities and operational command structures poses a growing challenge to NATO.

In defence industrial policy, the European Defence Fund (EDF) increasingly effectively excludes third-party controlled entities from receiving funding and promotes policies that make it more challenging for third-party firms to operate in the EU defence market. The potential exclusion of British firms and the potential restrictions imposed on IP ownership on British companies operating in Europe raised by the European Defence Industrial Strategy (EDIS) is antithetical to greater European defence cooperation, while subsidising harmonisation will come at the cost of defence industrial innovation.

Although the EU still lacks the ability to command military forces, the Lisbon Treaty has explicit constitutional provisions to allow for this development, while proposed initiatives such as the creation of a Defence Commissioner in the European Commission, or introducing powers in times of crisis over defence production across the bloc, show a trend towards the accumulation of military power in the hands of the Commission.

The UK should regard the development of an EU defence union with some caution. While European nations must commit greater resources to defence and security, the coordination of this aim through EU institutions poses risks for UK security and defence-industrial cooperation across Europe.

## 1. **Labour should drop plans to take part in formal defence initiatives that commit the UK to furthering the creation of an EU Defence Union.**

- Participating in initiatives that further the EU's pursuit of strategic autonomy is inimical to the UK's national interest and potentially weakens defence ties with Europe.
- Labour should commit not to participate in defence agreements that would require the UK to further the strategic autonomy of the EU.

## 2. **The Government should push the EU to drop protectionist policies embedded in the European Defence Fund (EDF) and Permanent Structured Cooperation (PESCO).**

- European security cooperation would be better served by removing references in the EDF award-criteria to furthering the "strategic autonomy" of the EU, which acts as a barrier to foreign entities cooperating in the Fund's projects.

- The UK should also push for equal third-party access to EDF funds by removing the requirement for intellectual property or knowledge of the project's creation to remain in the recipient countries, and/or for projects to cease to be subject to any control or restriction by non-associated third countries or entities.

**3. The Government should maintain the current approach of ad hoc and informal cooperation with the EU on matters related to defence and security.**

- This approach provides the benefit of flexibility while safeguarding UK sovereignty in defence and foreign policy matters and has shown that cooperation is possible in areas of common concern such as in Ukraine.
- The next Government should permit Parliament to scrutinise the administrative arrangement underpinning the UK's involvement in PESCO, to ensure it does not entail additional commitments to furthering EU strategic autonomy.

**4. The Government should prioritise European defence and security arrangements with key allies and regional groupings.**

- The UK should advance cooperation with European counterparts on a bilateral basis. The Government already has existing arrangements with France and recently deepened defence ties with Germany. It should look to further develop defence relations with Poland and the Baltic and Nordic states.
- The UK should advance collective security interests through regional groupings such as the Joint Expeditionary Force (JEF), or specific partnerships such as the GCAP with Italy and Japan.
- In July, the UK is set to host the next meeting of the European Political Community, an intergovernmental forum which brings together almost 50 leaders from across the continent.<sup>166</sup> The UK should use the forum to raise its concerns regarding the trajectory of EU defence policy.

<sup>166</sup> HM Government. (2024). UK to host European Political Community meeting in July 2024 at Blenheim Palace. Available at: <https://www.gov.uk/government/news/uk-to-host-european-political-community-meeting-in-july-2024-at-blenheim-palace>

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