

In Brief: The idea of developing an EU defense strategy is gaining traction. To reinvent the EU as a credible defense actor, the next moves should be driven by a “new realism.” Despite the growing need for military power, Europe’s defenses are in a deplorable state, with a dysfunctional industrial base, little political unity, and a severely underdeveloped defense policy. To be more capable as a union, Europe must still to be guided by a global assessment — yet the EU must also become more selective if it wants sustainable results. The EU’s approach to defense has to undergo a phase of recovery and restraint. The initial step is a baseline assessment of today’s defense and industrial capabilities, where they will stand in 2030, and which improvements are possible. Flagship projects such as integrating NATO’s Framework Nation concept into the EU and launching a big European unmanned aerial vehicle program can help to implement such a new approach, while also offering short-term political boost.

For a “New Realism” in European Defense: The Five Key Challenges an EU Defense Strategy Should Address

by *Claudia Major and Christian Mölling*

The EU governments and institutions are considering developing something like a “White Book on Defense.” It should outline and operationalize the defense dimension of the new “EU Global Strategy,” the successor to the 2003 EU Security Strategy that will be adopted in summer 2016.

Such a document should be informed by what we are calling a *new realism* in defense. A realistic approach would mean starting with a sober analysis of both the current state and the expected future developments of European defense and the EU’s Common Security and Defense Policy (CSDP). This, and not unrealistically high ambitions, should serve as the basis for rephrasing Europe’s defense and security concept and the role of the EU in this. Whatever is stated in the document, it should not be driven by unrealistically high ambitions but rather by the determination and the ability to implement the statements in the years following the publication of such a strategy. The new Defense White Book needs to be practical, to include only those statements that member states are determined and able to realize in the few years following publication. Such a strategy should address the five

most relevant realities of European Defense: 1) the growing need for military power, 2) a deplorable state of Europe's defense, 3) a dysfunctional industrial base, 4) divided members, and 5) a weak center. Applying realism in this situation would lead to a reassessment of the EU's goals in defense.

Military Power: More Important and More Integrated into Civilian Policies

The ability to act depends on the ability to exert military power, and Europe is losing capacity while others are gaining. Regionally and globally, the importance of military power has increased. Many governments have invested considerably in building up their military capabilities over the last decade, thereby weakening Europe's power comparatively. This true for Russia and China, but also for many other actors in the Middle East and Asia. Europe's military weakness has increased the likelihood of conflict in its neighborhood and beyond, as weakness invites other actors to test one's capacity (and willingness) to act. Indeed, as the balance of military parities changes, so do calculations. Military weakness may in fact tempt others to use force and thus seek a military solution to conflict or to the pursuit of interest.

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And in reverse, sufficient military power makes room for political solutions, and thus supports and enables non-military policy tools. This is true for crisis management, where violence is already the dominant instrument, as in Kosovo or Mali, or where violence is the part of the objective, as in terrorism or war economies like the Democratic Republic of the Congo. But this is also true for classical deterrence, where

sufficient military power dissuades adversaries from seeking military solutions to conflicts of interest.

Not only has military might returned to the fore, but security more broadly has gained new importance. Internal and external security are more intensely intertwined, as demonstrated by the link between counter-terrorism and operations against the self-proclaimed Islamic State group. As a result, security has become so complex that we now talk about resilience as much as protection. Since the complete elimination of threats and vulnerabilities, for instance from cyber or terror attacks, is unattainable, experts now focus on building resilience or quickly identifying, halting, and recovering from assault. Another key element in today's security environment is that defense and deterrence demand more civilian resources, because the threats to the European way of life have become more diverse.

As a result, the three main future tasks of the military remain in the spectrum between crisis management and territorial defense, and need to be modernized.

Deterrence: Military conflict — as a conventional war or as part of hybrid warfare — remains a risk for which Europeans must prepare. Military capabilities offer protection and also serve as a deterrent, helping prevent attack and enabling political solutions for conflicts.

Especially at early stages of escalation, deterrence is not only about threatening to use force, but about neutralizing the opponent's opportunities to exploit the weaknesses of societies such as minority issues or asymmetric dependencies (like energy or raw materials). Internal security is crucial — including a robust police and strong civilian administrative structures.

Resilience: The interconnectedness and openness of Western societies bestow them with great strength, but also leave them vulnerable to attack. Societies have to be empowered to better resist and quickly recover from attacks on their values, their cities, or their infrastructure. This requires intensified coordination

between national and European levels and civil and military entities.

Defense: For the protection of territory and national institutions against military attack, defense remains a condition sine qua non. However, crisis management cannot be neglected, because European states cannot guarantee their security through territorial defense alone. In light of global interdependences, they will be required to defend their security outside of Europe as well. Here, the military remains an instrument of last resort in acute emergencies. The use of political and economic tools to defend and support a stable international order has to be the highest priority, because such an order supports the openness and interconnectedness from which Europe benefits so tremendously.

Illusions of Sovereignty Created the Sad State of European Defense

The need for military power is growing, but European defense is in a deplorable state, and will remain so for the foreseeable future. It has lost about 25 percent of its capabilities during the last decade through budget cutbacks.

It will take a long time for Europe's defense capabilities to recover from the peacetime divestment and the austerity decisions taken during the financial crisis. It generally takes as long to get out of a mess as it took to get into it. Headlines about NATO's new spearhead force and increasing defense budgets are misleading: Short-term military measures like the Very High Readiness Joint Task Force (VJTF) only rearrange existing capabilities without adding a single new soldier. Increases in defense budgets can only offer new capabilities if they are sustained at significant levels over many years. Besides, so far only few states have committed to spend more.

European states have caused this dreadful state of their defense. While they have rhetorically recognized that military cooperation and specialization are necessary, the actual ambitions, let alone real progress toward

sharing, fall well short of the size of the problems. Quantitatively, European countries would outmatch Russian forces in almost all categories. Yet, because 28 EU and NATO countries treat their forces as national instead of European forces, the military power in Europe might be even less than the sum of its parts.

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The reason is that Europeans desperately hang on to the illusion of their sovereignty, strength, autonomy, and independence. But in reality they are weak, interconnected, and dependent on others. Countless and repeated rational arguments and even the perception of a growing threat have not changed governments' approach significantly. Although defense austerity has continuously diminished the means available for defense since 2009, Europeans have clung to their illusion and continue to accept the destructive loss of capabilities. As a result, states have lost control over their security and given up power and international influence. None of Europe's states has enough capabilities to offer an effective defense posture. This, quite ironically, eventually leads to a loss in sovereignty. The less a state can protect its citizens, the less sovereign it is — and the more dependent it is on the support of others to supply its missing power resources.

European Defense is Losing its Industrial Base

Military power needs to be backed by a defense technology industrial base (DTIB). While the EU has a declared policy for an EU defense technological and industrial base (EDTIB), the EU governments have

constantly developed away from an internal defense market or an industrial landscape that contributes to efficient defense investment and capability development in Europe. Instead of being a defense industrial community, Europe is caught between nationalist defense industrial and procurement policies, industrial globalization, and ineffective EU regulations.

The traditional preference of governments to buy national, i.e. to buy domestically as long as possible, has led to unnecessary but costly duplications of defense industrial capacities, like more than 20 producers of armored vehicles, all products very similar in design.

From an industrial point of view, European countries will soon have significantly fewer programs and less equipment — and hence, less to earn for industries by production and service, and more overcapacities. Industries react to this by scaling down, or by focusing their business outside of Europe via exports, which have become a lifeline of the industry. At the same time, key components, technologies, and raw materials for platforms used in Europe have to be imported from outside, such as high-end semiconductors or rare earth minerals, meaning European armed forces have to accept non-European dependencies in their supply lines. These dependencies are likely to increase. The EDTIB may further shrink, since the domestic consolidation into national champions, which some states favor, prevents a further Europeanization and drives companies, and thus the industrial backup of military power, out of Europe.

A Europe Divided by Several Trenches

Defense has returned to Europe as a preoccupation, yet the EU has not benefitted from it. While NATO and coalitions of the willing have gained in importance, the EU is further slipping into insignificance for two overarching reasons.

First, the EU as a political union — that is, an entity that constantly offers common solutions to common problems — is degrading. National governments and

EU-institutions are promoting national or institutional self-interest. Nobody fights for a union that protects the common good and a distinctive European way of life. EU-institutions search the business case for their institutional survival; the primary purpose of activities seems to be to introduce language into official texts to generate taskings for them. As a consequence, of these political and institutional problems, European security and defense related policies and other external policies of the EU are hardly connected in a consistent and systematic manner. Even worse, there is already a lack of consistency within European defense, with the activities in this area being scattered in various policy fields with different institutional competences and approaches. To put it simply, the EU's Common Security and Defense Policy (CSDP) has been de facto

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more about crisis management than about defense in its traditional and narrow sense. The European Defense Agency should support EU States in delivering capabilities. But it is hardly connected to the various formats of bi-, mini-, and multilateral defense cooperation between the member states. The Commission aims for a role in defense, as shown in the Task Force, the 2007 Defense package, or the “new Deal for defense.” Yet many member states consistently block it.

Second, there is also a gap between those inside the defense establishment who underscore the necessity and value of more Europe in defense, and those outside who remain reluctant to accept it or whose commitment is just rhetorical. However, the greatest challenge remains the lack of interest of the member states to stick to the agreed objectives of European defense and to implement them. In practice, they silently approve the current silo or pillar structure and

accept that defense within the EU therefore remains in an infant state.

CSDP is a Widely Discredited Brand

CSDP is the place where defense should traditionally happen within the EU, but it does not. Instead, the EU's main defense dimension seems to be paralyzed. It is unable to respond to the changes in the security environment and to adapt its toolbox. Instead it follows the mantra from the old days of CSDP, that it is about operations. However, a high number of accomplished and ongoing operations as such do not legitimize CSDP's existence these days. The other task of CSDP, i.e. generating capabilities, has not delivered significant results.

New narratives like “defense matters” did not resonate because the EU did not run its activities in support of its words. The EU “Defense Council” of 2013 that came up with this bold term wanted to “increase the effectiveness, visibility and impact of CSDP” and to “... help to enhance the security of European citizens and contributes to peace and stability in our neighborhood and in the broader world.” Three months later, Russia invaded a country in Europe's neighborhood and changed borders by force. While the EU played a role in generating and maintaining the consensus on sanctions against Russia, it has no role in defense: NATO took over this dimension.

To date, other deliverables under the new narrative, such as the four flagship projects (air-to air refueling, European drone program, governmental satellite communication, and cyber defense) have not generated substantial enough results to give evidence to a proclaimed change of mind set in defense cooperation.

What is more, CSDP has lost its unique selling point; other organizations can also claim that they offer crisis management in both its military and civilian dimensions, like NATO and the UN.

The resulting key problem for the future use of the framework is that governments and EU institutions

have spent CSDP's credit. This is not only true with regard to commentators, think tanks, and national decision-makers. The EU's competitors and those seeking its support have also taken note of CSDP's growing insignificance. Why, in view of the past achievements, or lack thereof, should any actor seriously believe that the EU will implement what it proclaimed and thus improve the defense dimension? Due to the lack of a political impetus, progress in CSDP has become mainly theoretical and mostly addresses technical issues. Institutional engineering and yet another tiny reform of the EU Battlegroups bear witness to this.

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Elements of a Sustainable Narrative to Define an EU Role in Defense

The only way to defend Europe's way of life and its common goods is a European way. Governments do not have the capacity to defend core values and interests individually. To become more capable as a union, the EU needs a global assessment, yet the EU must also become more selective in its engagement to reach sustainable results in security policy and therefore regain trust, power, and influence. Member states must figure out, based on their priorities and available resources, what capabilities they want to give up before they lose them anyway.

If the EU and the member states make the effort and draft a new defense document, they should do so with a great deal of realism. This new realism needs to reflect determination and resources, not on the temporary ambitions to make headlines at summits. The new document should take into account the fact

that the conditions for effective defense have become less favorable for the EU and more diversified.

Four elements should guide the potential document.

1. *A phase of consolidation:* The Union has to consolidate its power. For the coming years, the EU should plan and prepare its comeback into the security business. It has to limit itself to essential tasks in security, instead of doing everything a little and nothing convincingly. Europe has reduced its role in global security. A lack of political unity and military capability indicate that it will continue going down this road for some time at least. Instead of doing this by default, the EU should acknowledge and steer the process, letting partners know which elements of security the EU can provide and which others will have to deliver.
2. *Balancing internal and external power interdependencies as a long-term objective:* The primary challenge for the EU is to effectively manage EU-internal interdependencies as well as those that exist between the Union and its members on the one hand and other actors, such as the United States or China, on the other. In both cases, the solution is not to talk the EU and its members into a new illusion (such as strategic autonomy). Quite the opposite: It is about convincing Europeans that the EU can balance its interdependencies better, that is, retain the power to influence others while accepting the influence of others on its own policies.
3. *A political response to the changing security environment:* The new threat environment is only part of the problem; the other is the state of the Union and its foreign policy. To approach the future of European defense seriously, the EU would need to respond on a political level, and not with technical engineering. And it needs to respond not to the crises of the day but to the ongoing changes in the security environment that these crises reveal. It also needs to address the internal conditions for defense, namely the capability crunch and the growing interdependence of European states' defense.
4. *A comprehensive approach to deterrence, resilience, and defense:* The EU can build upon its achievements, such as the comprehensive approach. The latter does not (only) have to cover operations. Rather, the Union needs a comprehensive approach to preparedness. The new priorities of EU security and defense policy are deterrence and defense, wherein the civilian dimension has a significant impact. Here, the EU can still build upon existing achievements to transform into a civil-military connectivity power.

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Recommendations: Military Flagship Projects with Political Reach

The defense dimension of this narrative can be implemented by launching concrete projects that embody one or several of the elements that the narrative outlines. The minimal recognizable consensus on European defense is that all governments want to stay militarily capable. A recovery of the EU as a framework for defense can start in those areas where member states have, in principle, shown political leadership.

The industrial dimension is the only potential unique selling point left for a role for the EU and its institutions in defense. It is not that the EU has been successful in fostering a defense industry, but it is the only actor that has the potential at all.

A relevant and capable defense industrial base for Europe is primarily a strategic factor. While an EDTIB would still be too small to generate substantial growth and employment in Europe, it would make a tremendous contribution to sustain military capabilities and a certain level of autonomy — hence its strategic relevance. This implies a distinctively European and political approach to the DTIB. A “buy national”

approach will not generate this industrial basis nor can a purely liberal market approach, as this market generates political power resources and not consumer goods. However, to achieve such political capabilities, a more economic and efficient defense industry remains critical. It is up to the Europeans to consolidate their EDTIB to make it fit for survival.

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Europeanizing the Framework Nation Concept

The Union should transfer the Framework Nations Concept (FNC) (as currently implemented in NATO) into the EU and apply it to EU Battlegroups (EUBG). This would generate the necessary political momentum around military projects that have the potential to organize and keep capabilities on a more systematic basis, support EU-NATO cooperation, and retable the political questions to which EU member states still need to find answers. The FNC's core idea is to build clusters of smaller and bigger member states that coordinate the commitment of key equipment and forces to the cluster on a long-term basis. This is scalable, from individual projects up to larger formations.

Most EU states are members of NATO and have approved the FNC. Moreover, the EUBG Concept is built on similar concepts, but has run out of political steam and military relevance. The FNC provides a more tangible and realistic answer to the demands of European defense than EU-Battlegroups and thus can reinvigorate cooperation in defense among EU members to increase sustainability in such multinational frameworks. Politically, it represents a renewed approach to European burden sharing. It also raises central questions: how much dependence are member

states willing to accept — or have to accept — in order to ensure interoperability and guarantee access to core capabilities? Applying the FNC to the battlegroups would allow for a long-term cooperation of the units currently only operating on a six-months basis and would equip them with a greater range of capabilities. The resulting quickly deployable EU-Brigade could get an immediate task, namely the protection of and crisis management at the Southern flank.

Furthermore, fusing the EUBG and FNC on conceptual, doctrinal, and procedural levels would offer a transmission belt between the EU and NATO, thus allowing Finland and Sweden to participate in NATO developments below the threshold of membership.

The Essence of Realism: A Defense Sector Review

New realism starts with Europe knowing the realities of its own defense sector. Such a baseline for realistic defense strategies can result from a European Defense Review 2030. This would offer governments a candid assessment of what is available today and in 15 years' time in terms of both capabilities and industrial base. It would provide a more systematic base for the future work on European defense and could spur a debate about developments from a truly European perspective. The description of gaps and duplications would enable the development of well-grounded suggestions to identify future areas of cooperation within the EU context.

As the growing interdependencies among EU member states' security and defense policies will also become visible, questions about efficient and legitimate ways to organize these political interdependencies can be discussed. The review should be conducted by an independent commission to keep the process political but protect it from national politics.

Political and Institutional Principles: From CSDP to Multiple Geometries

The experiences of the past have shown that cooperation among 28 nations is cumbersome, ineffective, and often falls victim to politics. Out of this frustration, states have developed cooperation in smaller

groups, in and outside EU structures. These seem to deliver more results, as shown in the recent integration of German and Dutch military units. Inside the EU, the bold idea of Permanent Structured Cooperation (PESCO), agreed upon in the Lisbon Treaty, has never materialized.

It is therefore necessary to develop a way to gradually integrate defense, which could build upon existing ideas (core Europe in defense, PESCO, concentric circles, variable geometry, Europe at different speeds). The allegation that such an approach would affect European unity is not tenable — as such unity has not (yet) been delivered in defense. Rather, enabling those who are willing and able can have a motivating effect on the other Europeans, and therefore enable European defense as such. A small group of willing and able states would form a European Defense Core. Around this inner circle, the remaining states would form two or three additional circles, access to which would depend equally upon capability and willingness.

A second option would be a differentiation according to tasks. In this case, the circles would not be defined according to the level of capability and willingness to commit to defense, but according to the tasks that member states are most keen to carry out. Several circles with distinctive tasks would co-exist, rather than be sequenced according to defense quality. A deterrence and defense circle, a crisis management circle, and a stabilization and post crisis reconstruction circle would all be conceivable.

A Truly European UAV Program as an Industrial Driver
The EU needs to send a strong signal to its defense industry. The development of unmanned aerial vehicle (UAV) platforms and related technologies is one of the few options left to develop something significant to engage with the regulatory, industrial, and political challenges to a more European DTIB. While European governments have officially declared their support for such a strategic project, the steps undertaken to implement it are insufficient at least.

Industries are driven by contracts and money, not political declarations. While Europe is talking about EURO-MALE drones and the bilateral U.K.-French project is making small steps, others are doing bold things. Australia is going to invest €16 billion into the development of UAVs. The United States is considering investing several billion to keep the cutting edge in this technology, also vis-à-vis Europe.

If the EU and its governments want to send a bold signal, heard by industry, partners, and adversaries in the world alike, they would pledge €20 billion for research and development of a truly European drone program.

The EU needs to send a strong signal to its defense industry.

A UAV program developed and produced by European companies would allow the existing rules for the internal market to be applied to one of the last projects foreseeable that have the economic size and technological potential to shape Europe's industrial and technological landscape. It can drive consolidation and smart specialization of industries and prevent further degradation of the EDTIB through parallel national programs and non-EU procurements. This goes well beyond the military aerospace sector because the project is by definition dual use and incorporates many technologies from key (civilian) industries like IT and space. It would also push change in production processes and cooperation among civilian and defense companies, thus preparing Europe for the challenges of the next generation of industrial production and the just-established U.S. "Third offset strategy" for defense. It would also get the EU talking about support for strategic exports and regulation, since inter-European demand will not be enough to revitalize industry. The United States and Asia are growing markets that are

especially attractive for civilian producers of UAV technologies.

To contribute to European and global security effectively, the EU has to innovate again, in political unity, military capability, and institutional landscape. The degree of “new realism” in an EU Defense Strategy — and by extension in EU defense in action — will be the first indicator of whether or not the Union is up to this challenge.

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