

Actors in the European defence policy area: roles and developments

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Introduction

This study analyses the roles played by different actors in the European defence policy area, with a specific focus on the developments occurred in 2013-2014. The subjects analysed encompass main European national governments, and EU actors such as the European Commission (EC), the High Representative for Foreign Affairs and Security Policy and Vice-President of the Commission (HRVP), the European Defence Agency (EDA) and the European Parliament (EP).

While recognizing the importance of a comprehensive approach, the intrinsic links between defence and security, as well as the linkage of defence and security policies with foreign policy, the study focuses in particular on the European defence policy area, from both a military and an industrial point of view. European armed forces are deployed together in most missions abroad, whether under NATO, UN, EU aegis or within *ad hoc* coalitions. The European Defence Technological and Industrial Base (EDTIB) presents a dense network of players, which both compete with each other on the EU and global defence markets and cooperate within multinational procurement programmes. Moreover, since the 1990s the European integration process has begun to affect also the Union's foreign, security and defence policy, as well as the EU defence market, with a growing role of EC and EP. As a result, national governments manage their respective defence policy in an highly regulated and institutionalized EU context, which presents both limits and opportunities to their action.

The analysis aims to increase the understanding of recent developments of the roles played by such actors in the European defence policy area, as well as of the enduring dynamics which underpin their interplay. This understanding in turn poses policy-makers and public opinion in a better position to engage with various European interlocutors in this area, with a view to the June 2015 European Council which will deal again with defence issues.

Executive summary

Relevant developments have recently taken place in the European defence policy area, which mark an evolution of the roles of the main institutional actors in this field, including the European Commission (EC), the High Representative for Foreign Affairs and Security Policy and Vice-President of the Commission (HR/VP), the European Defence Agency (EDA) and, to a lesser extent, the European Parliament (EP).

European cooperation in the defence field is crucial from a military, industrial and technological point of view. European Armed Forces are deployed together in most missions abroad, whether under NATO, UN or EU aegis, while the European Defence Technological and Industrial Base (EDTIB) present a dense network of players, which both compete with each other on the EU and global defence market and cooperate within multinational procurement programmes. That means national governments manage respective defence policy in a European context which poses both challenges and opportunities. Moreover, since the 1990s the European integration process has begun to affect also the Union's foreign, security and defence policy, as well as the EU defence market.

In this context, it is particularly important for Italian policy-makers and stakeholders to get a deeper understanding of the current roles and actions in the European defence policy area, with a particular focus on the relevant EU and national actors, with a view to the June 2015 European Council which will deal with defence issues. This paper is aimed to contribute to such understanding.

Starting from the EU institutional actors, the EC has initiated to address the European defence policy area by leveraging on its treaty-based powers in relation to defence market and industries, on its financial resources mastered through various programmes - including Horizon 2020 - and on its well-established institutional weight within the EU institutional framework - for example in comparison with EDA. All these strengths will likely support eventual further actions by the EC in this field. Action which, consistently with the characteristics of this actor, will likely continue to be based more on a EU-centred and market-oriented approach than an intergovernmental and politico-strategic approach.

The HRVP is well-equipped by the Lisbon Treaty to bring to the table a politico-strategic approach able to balance both EU-centred and intergovernmental views, by relying on EDA, EEAS including EUMC and EUMS, as well as the coordinating role within the EC. Yet the

success of this approach largely depends on the political entrepreneurship of the personality holding the post, and its potentiality has not been exploited in the 2009-2014 period.

The EDA role has increased in the recent years, also by exploiting its dual nature as intergovernmental organization and EU actor fully part of the Union's institutional framework. Yet this very same nature keep the EDA heavily dependent on the political will of Member States to invest in cooperative initiatives in the defence field. The Agency will likely continue to promote such initiatives by providing an "hub and spoke" platform, but will probably not be able to steer them on its own. The "hub and spoke" platform may be a useful tool for groups of Member States willing and able to push their agenda in the European defence policy area, as demonstrated *inter alia* by the Code of Conduct on Pooling and Sharing and the Framework Arrangement for Security of Supply.

The EP has not a direct role in influencing the European defence policy area. However, it exercises an indirect influence by co-selecting the HRVP and the EC, two actors which in turn have a direct say in this regard. Moreover, in the context of the European integration process, the "parliamentary accountability" of CFSP/CSDP through EP monitoring is a significant element of EU system of checks and balances in relation to the defence field: hearings, queries and debates at the EP, as well as inter-parliamentary works with national Parliaments of EUMS, are relevant tools in this regard. Last but not least, the budgetary powers of the EP present an important potentiality for the enhancement of EP role with regard to the European defence policy area.

The EU Member States (MSs) are still the main players in the European defence policy area, either on their own as defence spenders, or in relation to national defence industries, or through bilateral or regional format of cooperation, as well as within extra-EU international bodies set up to deal with defence issues.

Any analysis of European cooperation in the defence policy area cannot dismiss the major trends in terms of national military spending and the economic importance of EDTIB. The European military spending has been decreasing in recent years, particularly with regard to research and development activities, and continues to be fragmented on a national basis. At the same time, European defence industry remains a crucial asset for the EU economy, and has adjusted to the decline of demand within Europe by seeking to export to non-EU countries. This adjustments cannot solve the problem without European investments in new technologies and products, since competitors in emerging countries are narrowing the gap with EDTIB. The defence industrial policy, in terms of security supply as well as protection of

key strategic activities, high-technology niches, centres of excellence and qualified jobs, plays an important role in influencing national governments' approach to European defence policy area. As a whole, the economic and budgetary situation encourages a process of consolidation of European defence industry. Yet this process cannot fully develop without a political agreement among major EU member states.

The reluctance to share and thus loose capabilities and the divergences among major European countries on defence policy continue to hamper the cooperative efforts in this area. At the same time, the sum of national contribution by medium and small EU MSs – although unable to make a difference without the commitment of Berlin, London or Paris, can help to reach that critical mass – in operational and political terms - which a unilateral or bilateral initiative by the aforementioned capitals continues to lack.

The net of bilateral and regional agreements have delivered mixed results. In some cases, they have produced some tangible outputs – as in the case of the Lancaster Treaty, German-Dutch cooperation and NORDEFECO – but well below the expectations raised. In other cases they proved to be only a forum for political consultation – a valuable but rather modest role. In any case, they have not represented a step change in the European defence cooperation, despite of the emphasis on bilateralism, regionalism and intergovernmentalism experienced in recent years. However, this reality is here to stay and may be revived to achieve political and/operational results, if the European security environment changes and/or the political will in relevant capitals materializes. Therefore, it should be not underestimated as an engine of cooperation initiatives, particularly if linked to a multilateral process firmly embedded in the EU institutional framework.

Concerning international organizations outside of the EU framework, the “Organisation Conjointe de Coopération en matière d'ARmement (OCCAR)'s main task is the management of armament programmes and the promotion of joint activities to improve the effectiveness of common projects. It is more a technical agency than a political forum, which provides a useful tool to support cooperation initiatives already agreed at political level by Member States. In fact, the EDA has wisely signed an agreement with OCCAR in order to exploit such existing tool without duplicating it within the EU institutional framework. The LoI is rather a political forum deal with defence industrial regulations and policies. It seems not to have produced relevant tangible outcomes when it comes to a closer industrial cooperation, even though in political terms it has launched a positive mechanism of formal and informal exchanges of views between the six major European defence manufactures.

The EU institutional actors did strongly interact in 2013 to prepare the December European Council focused on defence. The analysis of such interplay is useful to shed some light on the possible roles of these actors in the run up of the European Council planned to deal again with defence on June 2015.

The 2013 Communication was a move by the Commission to set the agenda of the upcoming European Council with regard to defence industrial and market issues. In doing so, the Commission has recognized the limits of its powers and competencies and has sought an early engagement with MSs and EDA, in a new climate of closer cooperation which may continue in the definition of priorities and initiatives also through the proposed consultation mechanism. At the same time, the EC has re-stated its traditional approach to the defence sector based on market integration, competitiveness, EU-based regulation, dual-use technologies rooted in research programmes such as Horizon2020. It has also tried to enlarge the scope of the communication not only to the security sector – a well-established pattern for the EC to put defence in a broader context – but also to fields such as energy and space closer to its focus, with a particular attention to SMEs.

With a view to the December European Council, the HRVP signed three important documents in 2013: the EEAS review, the Report aimed at preparing the Council itself, and the Joint Communication on comprehensive approach together with the EC. The first document had a very specific focus on the EEAS and its possible improvements, thus bearing little influence on the Council Conclusions on defence issues. The Joint Communication represented a significant example of cooperation between the HRVP and the EC, with a broad approach not directly targeted at defence issues which may yields positive results only if implemented by the various EU bureaucracies. The Report represented an effort made by the HRPV to deeply influence and actually frame the European Council works and decisions. This effort was possible thanks to the strong support of the EDA, particularly on military capabilities and EDTIB, since the Agency in recent years has been accumulating expertise in this regards. The Report inserts in the European policy-making process some noteworthy elements, such as the focus on the four key capabilities to deliver (AAR, RPAS, SATCOM and Cyber Defence) and the idea of a strategic level Defence Roadmap. Yet it does not put forward ambitious proposals, for example missing the opportunity to re-launch the Permanent Structured Cooperation on defence and/or to initiate a process for a new European Security Strategy 10 years after the 2003 document. This cautious approach reflects the personality of the HRVP at that time. The problem is indeed that the report was too cautious and vague, not

aimed to move forward the agenda on European defence cooperation through strong political and/or operational proposals at risk to be rejected by the upcoming European Council.

Generally speaking, when dealing with EDTIB, it is worthy to examine the Report positions in comparison with the EC Communication, because this analysis illuminates the developments of the interplay between these two actors. The Report makes it clear from the outset that the Communication is complementary to the actions outlined by the Report itself, thus recognizing the existence of the EC position on EDTIB but not its leadership. Generally speaking, when dealing with EDTIB the Report puts at the forefront the political commitment of Member States, their importance and interests, and outlines an EDA role as a “clearing house” where the consensus among MSs could be built in order to move forward on EDTIB issues – for instance on Security of Supply. This is the case for example of SMEs, whereby the Report underlines the importance of MSs recognition and support, while the Communication focuses on the use of EU financial and investment tools and other Union’s instruments in support of SMEs. A second general difference is that the Report has a well-defined focus on defence, with very little attention on the points made by the Communication for example in terms of energy efficiency. Also on technological research the views are somehow different: the Communication is focused on Horizon2020 and its spill over in the defence sector, with the intention to include a PASR related to CSDP; the Report, while acknowledging the importance of Horizon2020, aims at funding programmes for key technologies in the defence sector. Finally, even the terminology is somehow different between the two documents, for example regarding the key skills for the defence sector, and even the data on EDTIB are not the same: the Communication quotes the 2012 data, while the Report quotes the 2011 ones.

In conclusion, it can be argued that the EDA and the EC have talked to each other in the warm up of the European Council and made some progress in de-conflicting the respective agendas, but different views remain on some issues. These different views in turn are complementary to each other to some extent, but not completely.

At the end of the day, the outcomes of the December 2013 European Council were largely based on the Report presented by the HRVP with the support of EDA, particularly with regard to CSDP and military capabilities clusters. For example, the four key capabilities prioritized by the Conclusions are the same put forward by the HRVP Report: RPAS, AAR, SATCOM and Cyber Defence. This may have happened because the Report was already not that ambitious and thus acceptable by the 28 Member States. The European Council has instead

rejected the few bold proposals made by the HRVP Report, such as the VAT exemption for cooperative procurement programmes. The Conclusions also missed completely the opportunity to launch Permanent Structured Cooperation in the defence field. In turn, the Conclusions went further about RPAS with a commitment much more detailed than those proposed by the HRVP Report. Maybe this was due to the fact that RPAS issues were particularly pushed by some large EU countries having a military and defence industrial stake in this regard. The European Council has been less open towards certain new EC proposals, for example in terms of the energy efficiency aspect of military which is not dealt at all in the Conclusions while represented a significant chapter of the 2013 Communication. However, this narrow approach with respect to some EC proposals could derive from the fact that the European Council is a political engine rather than a technical forum. As mentioned earlier, it is important to underline that the Conclusions welcomed and recognized the EC Communication, and the Councils perhaps decided not to get into what is the most direct responsibility and competence of the EC – or other actors.

Above all, the Conclusions have provided a great deal of tasks and mandates to EDA, EC and the new HRVP to move forward on thematic issues, from maritime security to cyber defence, from defence planning to security of supply, plus a window of opportunity for a revision of the ESS. Such set of tasks coupled with the next milestone of the June 2015 European Council on defence issues provide the opportunity to maintain the momentum on European defence policy area somehow experienced in 2013. Nevertheless, what still lacks in the Conclusions is the willingness to invest in new defence procurement programmes. Defence companies are surviving on the benefits of R&D investment of the past and have been able to successfully replace falling national orders with exports in non-EU countries. Such an equilibrium, however, is doomed to fail without a strong political and financial commitment on new European defence capabilities by EU and national actors.

The EP elections in 2014 had an important impact on the European defence policy area. First, they brought to the EP a number of Euro-sceptic lawmakers (around 20% of seats) which are likely to raise the parliamentary scrutiny on defence issues, although the mainstream groups are likely to ensure a certain continuity with previous legislatures also on this field – also because of the fragmentation among the Euro-sceptics themselves. Second, the indication of EC President candidates before the elections by the major European parties increased the importance of the EP elections and set de facto a political nexus between the electorate and the EC President. This political boost may enhance the position of both EP and

EC – and perhaps HRVP - within the EU institutional framework. Moreover, the fact that the 2014 appointment of EC and HRVP took into account electoral results more than in the past could be a precedent which would attribute further importance to the next EP elections.

In the first ten months of 2014 EU actors have continued to play their roles, while their apex has been reshaped with the appointments of a new Commission and a new HRVP resulting from the European elections. The Commission remains engaged in the industrial aspects of defence cooperation, as demonstrated by the presentation of the Implementation Roadmap. The unification of DGs Market and Enterprise decided by the new EC opens a promising perspective in terms of EC approach to EDTIB and EDEM. The EDA is continuing its support activities to intergovernmental cooperation, particularly on SATCOM and RPAS but also on the defence industry – namely on Security of Supply. The HRVP and EC have proven to be able to follow up on time with a Maritime Security Strategy as envisaged by the European Council mandate, despite being in the transition towards the newly appointed Commission (and although much of the substance regarding maritime strategy is left to the Action Plan). As a whole, until October 2014 the EU actors in the European defence policy area have continued to work, albeit at low pace and with modest ambitions.

At the same time, the enhancement of Anglo-French cooperation on military capabilities and procurement, particularly regarding RPAS, the move made by Hollande to consolidate Franco-German industrial integration in the space field, and the Franco-German negotiations in the land sector, all together demonstrate the persistent importance of two elements concerning national actors' landscape: the relevance of bilateral initiatives, and the pivotal role of France in the European defence policy area. As a whole, in 2014 national actors have continued to play their roles in this area mainly at bilateral and regional level, on both military and industrial aspects, without channelling their cooperation in a EU institutional framework.

The last chapter of the paper considers the US and NATO role with regards to the European defence policy area. Both continue to have a relevant – although changing – impact on the European defence policy area. Washington's tendency to let Europeans to assume greater responsibility in their region may support intra-European cooperation in the defence field or weak the American security umbrella which favoured EU integration process over the past decade. At the same time, the US more aggressive role in the global defence markets puts under pressure European defence industries competing for exports. NATO may be a cooperative partner for the EU by benefitting European cooperation in the defence field. The Alliance is also crucial in dealing with the crisis in Ukraine and generally speaking with

Russia by ensuring both Europe's security and the strategic re-engagement of Russian Federation. In this context, the Wales summit disappointed those expecting a step-change in the NATO approach to European security and particularly to Russia. The number of practical measures agreed at the summit, which individually may bring some concrete benefits at operational level, leaves largely un-answered the key questions on NATO and US role with regard to the changing European security environment - particularly concerning Russia.

Finally, the conclusions of this study are drawn on the basis of the analysis, outlining key dynamics and future variables affecting the development of the roles played by EU and national actors.

1. The EU actors in the European defence policy area: an evolving landscape

Considering EU actors, the landscape is evolving regarding the roles of EC, HRVP, EDA and EP. The complex institutional framework designed by the Lisbon Treaty makes the HRVP both part of the Commission, as Vice-President of this collegial body, and an actor on its own, which relies on specific competencies and powers as well as bureaucratic tools such as the EDA and the European External Action Service (EEAS), the EU Military Committee (EUMC) and the EU Military Staff (EUMS). Such enhanced role provided by the Lisbon Treaty seemed aimed to ensure the overall coordination of the various aspects of EU external projection in the hand of the HRVP. In this study the HRVP is considered an actor on its own rather than a member of the EC, because during the Catherine Ashton's mandate (2009-2014) the Commission has continued to act relatively independently from the HRVP, who in turn relied more on EEAS and EDA than to her position within the Commission in order to put forward her agenda. This equilibrium may change during the tenure of the current HRVP Federica Mogherini, which took over the post on November 2nd 2014.

Concerning EDA, it is considered by this study not only one of the tools at disposal of the HRVP, but also an actor on its own. Indeed, the EDA has operated since 2004 on a regular basis in the European defence policy area, under the concrete lead of its Chief Executive Officer – a post hold since 2011 by Claude-France Arnould.

1.1 The European Commission (EC)

The role of the EC in the European defence policy area field has gradually evolved and increased in recent years, being this area a relatively new field for EC's activities in comparison with other traditional "community" policies such as trade or agriculture.

Even though the development of national defence policy remains in the hands of Member States, art. 6 of the Treaty on the Functioning of the European Union (TFEU) calls for the so-called supporting competency, which means that the Union shall have the competence to carry out actions to support, coordinate and supplement the actions of Member States.

The EC has progressively extended its footprint on the legislative, economic and industrial side of the European defence policy area, positioning itself "at the crossroads" between defence and issues such as internal market, procurement, industrial policies as well

as research and innovation.² The rationale behind this increasing involvement of the EC lies in the fact that “while defence industries and markets have undeniable specificities, they remain subject to “normal” market business imperatives, such as profitability and competitiveness”³. Against this background, the EC has mainly focused its attention and resources on the development of a capability-driven, competent and competitive EDTIB, which could benefit from a sustainable and efficient domestic market, namely the European Defence Equipment Market (EDEM).

As part of its efforts, the EC has exploited its regulatory power and has developed a legal framework through specific defence legislation and policies, aimed to strengthen the EDEM and support the competitiveness of the European defence industry. First, the so-called “Defence Package” was elaborated in order to address the weaknesses caused by the fragmentation of the EDEM, heavily regulated on a national basis. The Defence Package consists of a Communication on “A Strategy for a Stronger and More Competitive European Defence Industry” and two Directives adopted in 2009. The Directive 2009/81 is intended to regulate the procurement of sensitive and military equipment. The Directive 2009/43 on intra-community transfers aimed at establishing a common legal framework with a twofold goals: 1) reforming the European licensing procedures for the transfer of defence articles within the EU and 2) introducing common criteria for the certification of recipients of defence transfers. The ultimate objective is to create “a space” where defence goods and components can circulate more freely among EU Member States, on the basis of an harmonized European licensing system, thus reducing the overall number of individual licenses. However, the Directives’ implementation is not homogeneous across the Member States. The new regime seems to lack the immediate enforceability typical of European regulations, and gives an high level of autonomy to MSs in implementing the “Defence Package” and managing the two Directives.

In light of this situation, in 2011 the EC has set up a Task Force on Defence Industries and Markets, with the mandate to examine tools at the disposal of the EU and to explore ways to move beyond the current state of play in the defence domain, by looking into three priority areas: internal market, industrial policy, research and innovation. Besides, the establishment of the Task Force has been also a way to mitigate the EC lack of expertise in this fields and

² European Parliament, Directorate-General For External Policies of The Union, *The Development of a European Defence Technological and Industrial Base (EDTIB)*, June 2013, [http://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/433838/EXPO-SEDE_ET\(2013\)433838_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/433838/EXPO-SEDE_ET(2013)433838_EN.pdf)

³ Burkard Schmitt, “Defence Procurement in the European Union - The Current Debate”, in *European Institute for Security Studies*, May 2005, p. 9, <http://www.iss.europa.eu/uploads/media/bk05-01.pdf>.

the difficulties in coordinating different competencies. When it comes to the internal market issue, the Task Force has been focusing on “the effective transposition and implementation of the legislation and related areas”.⁴ At the same time, the creation of a task force is part of the Commission’s broader approach to the process of building a competitive EDTIB as well as the creation of the EDEM. In fact, the July 2013 EC Communication “Towards a More Competitive and Efficient Defence and Security Sector”, which was aimed also at setting the agenda of the European Council in December 2013, was the result of an unprecedented informal consultation done by the Task Force with Member States, the EDA and industry representatives.

Another pivotal role played by the EC is the management of significant budgets for research and development (R&D) activities through the Framework Programme 7 (FP7) and then Horizon 2020 (H2020). Both FP7 and H2020 can be understood as a financial instrument to spur innovation and to promote inclusive, innovative and secure societies. The fundamental assumption is that the dual-use nature of technologies and company portfolios is even growing thus blurring the traditional boundary lines between defence and security. Under the FP7 the Commission has created a security research theme by investing 1.4 billion euro with the objective, among others, to develop technologies and knowledge to build capabilities needed to ensure the security of EU citizens from threats such as terrorism, natural disasters and organized crime. At the same time, the security theme wanted to stimulate the cooperation of providers and end-users for civil security solutions, and improve the competitiveness of the European security industry. The novelty in this regard is that the Commission is working on a Preparatory Action for CSDP Related Research within Horizon 2020.

In conclusion, the EC has initiated to address the European defence policy area by leveraging on its treaty-based powers in relation to defence market and industries, on its financial resources mastered through various programme – including Horizon 2020 - and on its well-established institutional weight within the EU institutional framework – for example in comparison with EDA. All these strengths will likely support eventual further actions by the EC in this field. Action which, consistently with the characteristics of this actor, will likely continue to be based more on an EU-centred and market-oriented approach than an intergovernmental and politico-strategic approach.

⁴ Daniel Calleja-Crespo, Pierre Delsaux, “Defending European Defence: the Commission’s Role”, in *BEPA Monthly brief*, March 2012, Issue 54, p. 6-7, http://ec.europa.eu/internal_market/publicprocurement/docs/defence/task_force/article_defending_european_defence_en.pdf.

1.2 The High Representative for Foreign Affairs and Security Policy/Vice President of the EC

The post of HRVP has been established by the Lisbon Treaty in 2009. The Treaty entails the post with the former EC External Relation portfolio, the chair of the Foreign Affairs Council, the head of EDA, and the head of the EEAS which relies, *inter alia*, on a net of 139 EU Delegations⁵ and more than 5.000 personnel. As Vice President of the EC, the HRVP Mogherini has the mandate to steer and coordinate the work of all Commissioners with regard to external relations. Indeed, the EC is organised around “project teams” coordinated by Vice-Presidents. The HRVP Mogherini is thus responsible for the project “A Stronger Global Actor”, coordinating all the external relations Commissioners, including those in charge of European Neighbourhood Policy and Enlargement Negotiations, Trade, International Cooperation and Development, and Humanitarian Aid and Crisis Management.

Moreover, other two important actors are the EU Military Committee and the EU Military Staff. The former, established in 2001, is the highest military body within the Council of the EU and it is composed of the Chiefs of Defence (CHOD) of the 28 Member States, represented by their military representatives (Milreps). It is a forum for military consultation and cooperation between the EU Member States and provides the Political Security Committee (PSC) with advices and recommendations on military issues.⁶

The latter includes a significant number of military experts seconded from Member States to the Council Secretariat and it is the source of the EU’s military expertise within the European External Action Service (EEAS). It is under the direction of the EUMC and under the authority of the HRVP. The EUMS provides an early-warning capability and plans, assesses and makes recommendations regarding the concept of crisis management and general military strategy.

The Lisbon Treaty has undoubtedly enhanced the role of HRVP in comparison with the post of HR enjoyed by Javier Solana in the previous years.

However, its main institutional arm, the EEAS, still lacks the kind of institutional culture, esprit de corp, legal powers and financial budget enjoyed by the Commission. Furthermore,

⁵ Michele Comelli, Nicoletta Pirozzi, “La Politica Estera dell’Unione Europea dopo Lisbona”, in *Approfondimenti dell’Osservatorio di Politica Internazionale* n. 72, 11 February 2013, <http://www.parlamento.it/application/xmanager/projects/parlamento/file/repository/affariinternazionali/osservatorio/approfondimenti/PI0072App.pdf>.

⁶ Council of the European Union, *Decision Setting up the Military Committee of the European Union* (2001/79/CFSP), 22 January 2001, http://www.consilium.europa.eu/uedocs/cmsUpload/1_02720010130en00040006.pdf.

there are still a certain rivalry between EEAS and EC and problems in terms of coordination, despite the HR/VP is also Vice-President of the EC itself. Plus, in 2009-2014 a body with strong institutional and bureaucratic identity such as the EC has found difficult to leave single Commissioners being coordinated by the newly established post of HRVP. As a result of this overall situation, the importance of the personality holding the post of HRVP is even higher than for other top post within the EU institutional framework. If the person has a strong vision about defence issues, as Solana had in the early 2000s when he contributed to the set-up of CSDP from a much weaker position than his successor Ashton, the necessary tools to influence the European defence agenda are available. For example, currently the HRVP according to the Lisbon Treaty “shall conduct CSDP and exercise a right of initiative – shared with Member States – for Council decisions relating to CSDP”⁷. That means the HRVP has the power to set the agenda of the whole CSDP, including with respect to possible EC-EDA initiatives in the defence field by exploiting the double hat as the Commission Vice-President and EDA Head. Otherwise, if the HRVP shows scarce political entrepreneurship, the tools available remain under-utilized or not used at all.

In conclusion, the HRVP is well-equipped by the Lisbon Treaty to bring to the table a politico-strategic approach able to balance both EU-centred and intergovernmental views, by relying on EDA, EEAS including EUMC and EUMS, as well as the coordinating role within the EC. Yet the success of this approach largely depends on the political entrepreneurship of the personality holding the post, and its potentiality has not been exploited in the 2009-2014 period.

1.3 The European Defence Agency (EDA)

The EDA has progressively built a specific role in the European defence policy area, building on its “hybrid” nature of EU actor, with a sound legal basis in the Lisbon Treaty, and an intergovernmental organization close to MSs approach.

In comparison with the EC, the EDA has no binding regulatory powers at all. The Agency rather relies on soft law tools, such as the “Code of Conduct on Pooling and Sharing”⁸ approved by the Defence Ministers of EDA Participating Member States⁹ (pMS) on 19th

⁷ Treaty on the Functioning of the European Union (TFEU), Article 43.4.

⁸ European Defence Agency (EDA), *Code of Conduct on Pooling and Sharing*, November 2012, <http://www.eda.europa.eu/docs/news/code-of-conduct.pdf>.

⁹ All EU Member States with the exception of Denmark. As of 2014, with Croatia admission into the EU, EDA counts on 27 Participating Member States.

November 2012. Concerning its economic resources, in 2012 the EDA budget was about 30.9 million Euro. Roughly 60.3% of the budget was spent to pay personnel expenses, 13.4% for functioning costs, and only 26.3% for operational expenses¹⁰. That means only around 8 million Euros were devoted to research, development and cooperation programmes in the defence field. This is a marginal amount of funds in comparison with EC budget for the security theme within the Seventh Framework Programme (1.4 billions), let aside in comparison with Member States defence budgets. One of the reasons for this limited budget is that EDA has not been established as a direct military spender, but rather as a facilitator and linchpin at the crossroad between MSs intergovernmental cooperation and the EU.

Indeed, EDA role is mainly about an hub to assist and facilitate cooperation in the defence policy area among Member States, with EU institution, third countries, and other European relevant *fora*. The fact the EDA Steering Board is constituted by the pMS Defence Ministers enhances such role, since there are no other bodies within the EU institutional framework where these ministers meet formally and on a regular basis.

A broad mandate is officially provided to the Agency by its Statute approved with a Council Decision on July 2011, on the basis of the Lisbon Treaty. The statute ambitiously affirms the EDA “shall identify operational requirements, shall promote measures to satisfy those requirements, shall contribute to identifying and, where appropriate implementing any measure needed to strengthen the industrial and technological base of the defence sector, shall participate in defining a European capabilities and armaments policy”.¹¹

In this context, EDA actions have been two-fold. On the one hand, it has served as a platform to discuss and launch cooperative initiatives among small group of Member States on a flexible basis. Examples in this regards include: Helicopter Exercise Programme (joined by 18 MSs, over 1.000 aircrew involved); European Air Transport Fleet Partnership (20 MSs); Multinational Modular Medical Unites (16 MSs); Counter-IED Laboratory¹². On the other hand, EDA has established itself as a point of contact on behalf of participating MS with other relevant actors in the European policy area, through various agreements such as: European Framework Cooperation with the EC (2011); Administrative Arrangement with European Space Agency (2011); Administrative Arrangement with Organisation Conjointe de

¹⁰ European Defence Agency (EDA), *Financial Report 2012*, June 2013, p. 3-4,

<http://www.eda.europa.eu/docs/default-source/documents/2012-financial-report.pdf>.

¹¹ Council of the European Union, *Decision 2011/411 CFSP Defining the Statute, Seat and Operational Rules of the European Defence Agency and Repealing Joint Action 2004/551/CFSP*, 11 July 2011, p. 2, https://www.eda.europa.eu/docs/documents/eda_council_decision.pdf.

¹² European Defence Agency (EDA), *Annual Report 2013*, 2014, p. 10-11, http://www.eda.europa.eu/docs/default-source/brochures/eda_ar2013_web.

Coopération en matière d'ARmement (OCCAR) in 2012; Administrative Agreements with Norway (2006), Switzerland (2012) and Serbia (2013). Recently, the EDA has also established formal and regular contacts with NATO, in particular the Allied Command Transformation (ACT) led since 2012 by a French official, Gen. Jean-Paul Paloméros.

At the same time, the EDA Steering Board has approved important documents in relation with the European defence policy area. First, the Strategy on EDTIB was approved by the Defence Ministers of pMS, meeting in the Steering Board of the Agency¹³ already in May 2007. Second, the aforementioned “Code of Conduct on Pooling and Sharing”¹⁴ was endorsed in November 2012. In November 2013, the EDA Steering Board adopted the updated “Framework Arrangement for Security of Supply between subscribing Member States”. The Arrangement is a voluntary, legally non-binding, mechanism for the Member States to enhance their mutual support and assistance on Security of Supply. All 27 EDA participating Member States as well as Norway have decided to subscribe to and therefore participate in the implementation of the Framework Arrangement¹⁵. The Arrangements deal with situations when in peacetime or in crisis times, including but not limited to circumstances of operational urgency, critical defence goods or services are needed urgently and are available from another Member State. It applies to the supply of such defence goods or services either from a contracted supplier or from an inventory of another MS, with the exception of commercial goods and services commonly available in the market at the time of the request¹⁶. In addition, in 2008 the EDA also elaborated the initial Capability Development Plan (CDP) as a tool to foster convergence among the defence planning of pMS. The 2008 document has been then reviewed in 2011 by setting 10 prioritized actions¹⁷ and a new EU CDP is expected to be delivered to pMS by the end of 2014.¹⁸

¹³ European Defence Agency (EDA), *A Strategy for the European Defence Technological Industrial Base*, Statement of the Steering Board of the European Defence Agency, 14 May 2007, http://www.eda.europa.eu/docs/documents/strategy_for_the_european_defence_technological_and_industrial_base.pdf.

¹⁴ European Defence Agency (EDA), *Code of Conduct on Pooling and Sharing*, November 2012, <http://www.eda.europa.eu/docs/news/code-of-conduct.pdf>.

¹⁵ European Defence Agency (EDA), *Security of Supply*, 4 June 2014, <http://www.eda.europa.eu/projects/projects-search/security-of-supply>.

¹⁶ European Defence Agency (EDA), *Framework Arrangement for Security of Supply between Subscribing Member States*, 4 June 2014, <http://www.eda.europa.eu/docs/default-source/projects/framework-arrangement-for-security-of-supply.pdf>.

¹⁷ These 10 priorities are: Counter Improvised Explosive Device (C-IED); Medical Support; Intelligence, Surveillance and Reconnaissance; Increased Availability of Helicopters; Cyber Defence; Multinational Logistic Support; CSDP Information Exchange; Strategic and Tactical Airlift Management; Fuel and Energy; Mobility Assurance.

¹⁸ Julian Hale, “EDA To Produce EU Capability Development Plan by Autumn”, *Defence News*, 31 January 2014,

Finally, it should be noticed that the EDA internal reform, as of 1st January 2014, has re-organized the Agency around three Operational Directorates: Cooperation Planning & Support, Capability, Armament & Technology, European Synergies & Innovation¹⁹.

In conclusion, the EDA role has increased in the recent years, also by exploiting its dual nature as intergovernmental organization and EU actor fully part of the Union's institutional framework. Yet this very same nature keeps EDA heavily dependent on the political will of Member States to invest in cooperative initiatives in the defence field. The Agency will likely continue to promote such initiatives by providing an "hub and spoke" platform, but will probably not be able to steer them on its own. The "hub and spoke" platform may be a useful tool for groups of Member States willing and able to push their agenda in the European defence policy area, as demonstrated inter alia by the Code of Conduct on Pooling and Sharing and the Framework Arrangement for Security of Supply.

1.4 The European Parliament (EP)

After the entry into force of the Lisbon Treaty, the EP has showed a renewed political will and a new mind-set when it comes to the European defence policy area. Such a new approach envisages: the realization of public hearings, conferences, workshops, the adoption of thematic and specific studies commissioned to defence and security experts; the development of a closer working relationship with the EEAS, the Council, the EC, as well as with NATO, other international organizations and NGOs; the exploitation of EP budgetary powers enhanced by the Lisbon Treaty.

The Committee on Foreign Affairs (AFET) and, in particular, its Subcommittee on Security and Defence (SEDE) are responsible to cover the issues under both the Common Foreign and Security Policy (CFSP) and the Common Security and Defence Policy (CSDP).²⁰ There are three main instruments used by SEDE to provide a sort of "parliamentary accountability" over CSDP. First, to collect information and exchange views about the developments in CSDP, in order to prepare reports, questions and recommendations. Second, to monitor the civilian missions conducted under CSDP by making use of the related EP's

<http://www.defensenews.com/article/20140131/DEFREG01/301310030/EDA-Produce-EU-Capability-Development-Plan-by-Autumn>

¹⁹ Website of the European Defence Agency (EDA), <https://www.eda.europa.eu/aboutus/who-we-are/organisation>.

²⁰ In particular, the SEDE was created in 2004 to assist the AFET and to provide a sort of "parliamentary accountability" especially over CSDP.

budgetary powers (CFSP budget), and to look at military operations through direct contacts with the EEAS. Third, to send EP delegations to the military operations or civilian missions conducted under CSDP. The defence industry is also among the subjects examined by the Parliament with a number of debates, studies and hearings.²¹ Twice a year the EP holds debates on progress in the implementation of CSFP/CSDP and adopts reports on the CFSP, prepared by the AFET and including elements drafted by the SEDE. Moreover, since the declaration made by HRVP on political accountability in 2010, Joint Consultation Meetings (JCMs) are organized on a regular basis between the EP and other EU institutions dealing with CFSP/CSDP, such as the Political-Security Committee on behalf of the Council, Commission and EEAS, in order to exchange information for instance on the CFSP budget, or on the status of CSDP operations. In addition, consistently with Protocol 1 to the Lisbon Treaty on inter-parliamentary cooperation, since 2012 the EP and Member States' national parliaments have organised two inter-parliamentary conferences every year to discuss matters relating to CFSP.

More importantly, the EP has demonstrated of being able to expand, improve and consolidate its rights and powers also in the area of CFSP and CSDP. For example, the EP has the right of information in this regard on behalf of the HRVP. It can address queries and make recommendations to the Council and the HRVP, and it has the chance to hold a debate on the progress achieved in implementing the CFSP/CSDP twice a year. Although these rights seem not to provide a significant leverage to the EP, they offer a way to stay in the information-loop, bring ideas into the policy-process and to raise public awareness of key issues through regular public debates.

²¹ For example, documents and studies from the EP dealing with the defence industry include: European Parliament, Directorate-General For External Policies of The Union, *The Development of a European Defence Technological and Industrial Base (EDTIB)*, June 2013, [http://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/433838/EXPO-SEDE_ET\(2013\)433838_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/433838/EXPO-SEDE_ET(2013)433838_EN.pdf); European Economic and Social Committee (Ed.), *Opinion of the European Economic and Social Committee on the Need for a European Defence Industry: Industrial, Innovative and Social Aspects*, Brussels, 11 July 2012, <http://www.eesc.europa.eu/?i=portal.en.ccmi-opinions.21926>; European Parliament, Directorate-General For External Policies of The Union, *The Impact of The Financial Crisis on European Defence*, April 2011, <http://www.europarl.europa.eu/document/activities/cont/201106/20110623ATT22406/20110623ATT22406EN.pdf>; European Parliament, Directorate-General For External Policies, *Space and Security: the Use of Space in the Context of the CSDP*, November 2011, [http://www.europarl.europa.eu/RegData/etudes/etudes/join/2011/433834/IPOL-SEDE_ET\(2011\)433834_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2011/433834/IPOL-SEDE_ET(2011)433834_EN.pdf); European Parliament, Directorate-General For External Policies, *Space, Sovereignty and European Security. Building European Capabilities in an Advanced Institutional Framework*, January 2014, [http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433750/EXPO-SEDE_ET\(2014\)433750_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433750/EXPO-SEDE_ET(2014)433750_EN.pdf).

Recently, the political framework for consultation and dialogue has been evolving in order to allow the EP to play a full role in developing the CSDP. For example, there has been an increasing number of defence-related pieces of EU legislation on which the EP co-decides, such as: the EU security research programme including Horizon 2020; the EC “Defence Package”; the EU space policy and the space-based programmes (i.e. Galileo and Copernicus). Usually, other Committees are responsible for these issues, while the AFET and its Subcommittee SEDE are asked for its opinion by the lead Committee.²²

Last but not least, the EP has a say in the appointment of both the EC and the HRVP, as mentioned before two important actors in the European defence policy area. First of all, according to the innovations introduced by the Lisbon Treaty, when proposing a candidate for the post of President of the Commission, the European Council must “take into account the elections to the European Parliament”²³. Secondly, the EP must approve the candidate put forward by the European Council by a majority of its members; in case of rejection, the European Council has one month to propose an alternative candidate, to be elected by the EP following the same procedure. Once approved by the EP, the President-elect selects the list of Commissioners (with the exception of the HRVP²⁴) and their policy portfolios on the basis of the nominees suggested by Member States, and submits it first to the Council and then to the EP to approve it as a body, together with the President and the HRVP, by a majority of votes cast. Before the general vote, the EP usually requires all the Commissioners-designate and the proposed HRVP to participate in a public hearing at the specific parliamentary committees corresponding to their prospective portfolios. In case of a vote of consent by the EP, the President, the HRVP and all the Commissioners as a whole are then officially appointed by the European Council. Third, the EP also wields the power to pass a vote of censure against the Commission as a body: if such motion is approved, all members of the Commission must step down, with the partial exception of the HRVP, that shall resign only from the duties carried out within the Commission²⁵.

In conclusion, the EP has not a direct role in influencing the European defence policy area. However, it exercises an indirect influence by co-selecting the HRVP and the EC, two

²² European Parliament, Committee on Foreign Affairs, Subcommittee on Security and Defence, *Providing Parliamentary Accountability over EU’s Common Security and Defence Policy*, 8 March 2012, <http://www.europarl.europa.eu/document/activities/cont/201203/20120308ATT40252/20120308ATT40252EN.pdf>.

²³ Treaty on the European Union (TEU), Art. 17.7.

²⁴ The HRVP is appointed by the European Council in agreement with the President of the Commission (Art. 18.1 TEU).

²⁵ Treaty on the European Union (TEU), Art. 17.8.

actors which in turn have a direct say in this regard. Moreover, in the context of the European integration process, the “parliamentary accountability” of CFSP/CSDP through EP monitoring is a significant element of EU system of checks and balances in relation to the defence field: hearings, queries and debates at the EP, as well as inter-parliamentary works with national Parliaments of EUMS, are relevant tools in this regard. Last but not least, the budgetary powers of the EP presents an important potentiality for the enhancement of EP role with regard to the European defence policy area.

2. The national actors in the European defence policy area: still the main players

Member States are still the main players in the European defence policy area, in many ways: as military spenders which autonomously master national budgets; in relation to defence industries, often owned by national governments and/or heavily influenced by them; through bilateral or regional format of cooperation; within extra-EU intergovernmental bodies set up to deal with defence issues.

2.1 Military spending and defence industry: fragmentation versus consolidation

Any analysis of the European defence policy area has to take into account the trends in terms of national military spending, as well as the economic importance of EDTIB.

In 2012, the military spending of 26 EDA Members²⁶ reached €189.6 billion, a decrease of €1.1 billion or 0.6% compared to 2011.²⁷ Between 2005 and 2010 European defence spending declined by 10% in real terms, a situation in contrast to world total defence spending that is expected to further grow by 6.8% between 2011 and 2015. The austerity measures adopted by EU Member States to deal with the economic crisis are dramatically putting at risk the future of European defence industry and its capacity to provide cutting-edge technologies, research and innovation. As of 2012, Research and Development (R&D) expenditure in Europe has experienced the sharpest decrease since 2006 (-38%), amounting to €4.8 billion. Similarly, Research and Technology (R&T) expenditure fell to €1.93 billion in 2012 (only 1.02% of total expenditure). Both figures were the lowest since 2006.²⁸

However, defence industry still constitutes one of the major European industrial sectors, able to fuel innovation and growth of the wider EU economy with spill-over effects in other sectors such as electronics, space and civil aviation. In 2013, it generated a turnover of €98.4 billion and provided hundreds of thousands of highly skilled jobs.²⁹ The EDTIB is structured as a pyramid, with relatively few large companies at the apex that act as systems

²⁶ The data does not include Croatia which became the 27th EDA Member State on 1 July 2013, and Denmark which is not a EDA Member State.

²⁷ European Defence Agency (EDA) News, *Defence Data 2012*, December 2013, <http://www.eda.europa.eu/info-hub/news/2013/12/10/defence-data-2012>.

²⁸ European Defence Agency (EDA) News, *Defence Data 2012*, op. cit.

²⁹ Aerospace and Defence Industries Association of Europe (ASD), *Key Facts and Figures 2013*, http://www.asd-europe.org/fileadmin/templates/images/publications/Facts____Figures_2013.pdf

integrator/prime contractors. They put together complex platforms and systems by integrating different products such as sensors and weapons. They are supported by lower-tier companies on the supply chain, which produce specific components and subsystems. These, in turn, are supported by their own suppliers and so on, involving a large number of Small and Medium Enterprises (SMEs) which represent the basis of the pyramid. Although there are no recent official data in this regard, in 2009 it was estimated that there are more than 1.320 SMEs in the defence sector, which account for a share between 11% and 17% of the EU estimated sales of defence equipment.³⁰

The European defence sector relies on four main sub-sectors: aeronautics, land, naval and space. According to 2013 data from the Aerospace and Defence Industries Association (ASD)³¹, the military aeronautics is the main and most profitable sector with a turnover of €49.3 billion. The land sector has reached approximately €27 billion.³² Compared to the military aeronautics sector, the land one is less R&D intensive as demonstrated by the fact that roughly 80% of companies' sales are represented by defence-related and/or dual-use products such as ammunition, sensor and security systems, systems track/suspension components. Although some processes of consolidation have been carried out, this sub-sector is still affected by a certain level of fragmentation - despite industrial capabilities are concentrated in a relatively few countries in Europe. Finally, the naval defence sector had a turnover of €21.4 billion in 2013.³³ The companies of this sector are able to provide the full spectrum of services across the entire life cycle of a complex warship, from design and development to integration and logistic support. However, they suffer from fragmentation and duplication, as these companies operate on a relatively small scale, and that means less economies of scale and the need to spread R&D costs over small production runs.

The European defence market is characterized by a national-based procurement on the demand side. The persistence of national rules and habits in the military spending is indicated, for example, by the following data: in 2008-2010, more than 60% of the procurement contracts was awarded to domestic suppliers, 26% to providers from other EU MSs and 5% to extra-EU suppliers. In addition, recent data published by EDA shows that in 2012 more than 80% of the contracts in the defence sector were still assigned nationally, especially in the area

³⁰ Europe Economics, *Study on the Competitiveness of European Small and Medium Sized Enterprises (SMEs) in the Defence Sector*, November 2009, http://ec.europa.eu/enterprise/sectors/defence/files/2009-11-05_europe_economics_executive_summary_en.pdf.

³¹ Aerospace and Defence Industries Association of Europe (ASD), *Key Facts and Figures 2013*, http://www.asd-europe.org/fileadmin/templates/images/publications/Facts___Figures_2013.pdf.

³² Ibid.

³³ Ibid.

of defence procurement.³⁴ This means that Member States prefer to sustain national industry flagships and supply chains, which are adjusting to EU MSs budgetary constraints by relying on exports practices to third countries.

Overall, despite past and on-going efforts to consolidate and integrate the European defence industry, this sector is still affected by strong fragmentation, over-capacities and duplications, especially in the land and naval segments. The defence industrial production is concentrated in six European countries, namely France, Germany, Italy, Spain, Sweden and the United Kingdom, with the defence industry in these countries accounting for 87% of the whole European defence production. Until 2013, the lack of political consensus among these MSs has prevented the attempts of consolidation to succeed, as epitomized by the German government's veto to the merge of Airbus and BAe Systems in October 2012.

In the last decade, EDTIB adjusted to the stagnation and/or reduction of MSs defence budget by seeking greater exports in non-EU markets, including the US, Russia, the Middle East, Latina America and Asia. Such market penetration provided indispensable revenues to maintain current production lines and invest in new products and/or services. However, recipient countries also asked for offsets aimed to build up the local DTIB. This trade-off contributed, alongside with many other important internal factors such as the significant investments made by emerging economies, to enhance the industrial capacities of non-EU countries in the defence domain and improve their technological level. In 2004, the gap between EDTIB and competitors in these countries was estimated in 16 years, while in 2010 such gap was estimated down to 10 years and it continues to narrow at growing pace.

In conclusion, the European military spending has been decreasing in recent years, particularly with regard to research and development activities, and continues to be fragmented on a national basis. At the same time, European defence industry remains a crucial asset for the EU economy, and has adjusted to the decline of demand within Europe by seeking to export to non-EU countries. This adjustments cannot solve the problem without European investments in new technologies and products, since competitors in emerging countries are narrowing the gap with EDTIB.

The defence industrial policy, in terms of security supply as well as protection of key strategic activities, high-technology niches, centres of excellence and qualified jobs, plays an important role in influencing national governments' approach to European defence policy area. As a whole, the economic and budgetary situation encourages a process of

³⁴ European Defence Agency (EDA), *Defence Data 2012, 2013*, <http://www.eda.europa.eu/docs/default-source/eda-publications/defence-data-booklet-2012-web>.

consolidation of European defence industry. Yet this process cannot fully develop without a political agreement among major EU member states.

2.2 The role of large and small EU military spenders

As mentioned before, despite the growing role of EU institutional actors, Member States still remain the main players in the European defence policy area. National governments and particularly defence ministries are in charge of the respective policies, and armed forces continue to procure equipment, manage training and prepare for operations, basically on a national basis. The economic crisis and defence budgets' cuts put some pressure to spend resources in a more effective and efficient way through international – and particularly European – cooperation, a pressure reflected in both EDA Pooling and Sharing (P&S) and NATO Smart Defence initiatives³⁵. In particular, in times of economic crisis the “cost of non-Europe” is a compelling argument to save money through a more efficient defence spending, that would avoid unnecessary duplications and redundancies³⁶. However, so far this budgetary pressure has not led to any breakthrough in terms of cooperation in the European defence policy area, and as already mentioned military spending remains fragmented on a national basis.

For a variety of reasons national capitals remain reluctant to pool and share capabilities, even if this could be a smart way to manage defence spending, and this reluctance will continue to influence – and limit – future developments in terms of intra-European cooperation. For example, the fear that a shared capability will not be available should a crisis arise because the partner country will not be willing to risk its troops – as it happened with Germany during the air operations in Libya - is a disincentive to pool such a capability. This is particularly true for some of the largest military spenders that have different views on European defence cooperation: France, Germany and the UK. Without dwelling in the analysis of national strategic cultures³⁷, it is crucial to outline their respective approach to CSDP and cooperation in the defence area. The bottom line is that all of them – as others MSs – do see European defence policy mainly as a tool to pursue national interests and agendas

³⁵ See, among others, Alessandro Marrone, “Defence Spending in Europe in Light of the Economic Crisis”, *IAI Working Paper*, October 2012, <http://www.iai.it/pdf/DocIAI/iaiw1227.pdf>.

³⁶ For an in-depth analysis in this regard see Valerio Briani, “I Costi della Non-Europa della Difesa”, *CSF-IAI*, April 2013, http://www.iai.it/pdf/CSF-IAI_nonEuropadifesa_aprile2013.pdf.

³⁷ For an in-depth analysis of EU Member States strategic cultures see Heiko Biehl, Bastian Giegerich, Alexandra Jonas (eds.), *Strategic Cultures in Europe. Security and Defence Policies Across the Continent*, Potsdam: Springer VS, 2013.

rather than a goal *per se*. The problem is that these national visions continue to diverge in spite of the growing European integration in other fields – such as economic and monetary policies.

France has traditionally seen defence cooperation in Europe as a way to build up a European bloc autonomous from the US and able to act in line with French vital interests. The novelty of recent years is that France has been disappointed and frustrated by the inability of EU Member States to participate in high-intensity crisis management operations, to commit funds and resources to CSDP missions, to deploy BattleGroups³⁸. The return into NATO integrated military command in 2009, the Lancaster Treaty signed with UK in 2010, the missions launched in Africa on a rather unilateral basis since 2011, are all signs that France wants to retain its freedom of manoeuvre and sees European defence cooperation only as *one* way among others (transatlantic and unilateral ones) to pursue its defence policy.

Germany has traditionally seen defence cooperation in Europe as a way to exercise its defence policy in a multilateral framework where civilian, military, diplomatic and political efforts are linked. This framework in turn makes it easier to deploy military forces abroad considering German historical heritage, the constitutional and legal barriers to the use of force, and the strong parliamentary control in this regard³⁹. Moreover, participating in defence cooperation has been traditionally seen also as a way to foster a general process of European political integration supported by Berlin. The novelty of recent years is that Germany has been less and less interested in the European defence policy area, as its focused more on the economic and commercial aspects of EU integration and Union's external projection. This has been epitomized, *inter alia*, by the German scepticism on the attempts by other Member States, namely Italy, Poland, Spain and Sweden, to revive the strategic debate in Europe through the European Global Strategy project in order to re-launch cooperation and integration also in the security and defence fields.

The UK has expressed a very cautious approach to CSDP since Saint Malo Declaration, by limiting its focus, by safeguarding the primacy of NATO, and by looking at best value for money in terms of European military capabilities rather than to institutional build up through

³⁸ Manuel Muniz, "France: the Frustrated Leader", in Federico Santopinto and Megan Price (eds) *National Vision of EU Defence Policy*, GRIP-CEPS, 2013, p. 6.
<http://www.clingendael.nl/sites/default/files/National%20Visions%20of%20EU%20Defence%20Policy%20-%20Common%20Denominators%20and%20Misunderstandings.pdf>.

³⁹ Christian Wurz, "A German Vision of CSDP: It's Taking Part that Counts", in Federico Santopinto and Megan Price (eds) *National Vision of EU Defence Policy*, GRIP-CEPS, 2013, p. 27,
<http://www.clingendael.nl/sites/default/files/National%20Visions%20of%20EU%20Defence%20Policy%20-%20Common%20Denominators%20and%20Misunderstandings.pdf>.

an *à la carte* approach. The novelty of recent years in this regard is two-fold. On the one hand, also because of substantial defence budgets' cuts, London has privileged more and more bilateral cooperation with France – the 2010 Lancaster Treaty - over multilateral agreements⁴⁰. On the other hand, the promise of Prime Minister David Cameron to hold a referendum on EU membership if the UK will not obtain a re-negotiation of the Lisbon Treaty makes the British position on European defence policy area more uncertain than ever. Even if London's opt out from the Union remains unlikely, its commitment on cooperative initiative in this field remains very weak and limited.

In this context, the role of other EU Member States should not be underestimated. First, in times of defence budgets' decline in France, UK and elsewhere, the military spending of countries such as Poland becomes more important in relative terms. Second, several states can provide niche capabilities in various sectors, able to plug in, complement and enhance the full-spectrum capabilities provided by countries such as France, Germany, Italy or the UK. Third, countries like Sweden, Netherlands and Spain do maintain also significant defence industrial capabilities, even if at the second or third-tie of the EDTIB and not as system integrators. Finally, from a political point of view, EU decision-making needs a certain consensus to move forward, a consensus which is built also – although not predominantly - on the support by a vast majority of medium and even small Member States.

In conclusion, the reluctance to share and thus loose capabilities and the divergence among major European countries on defence policy continues to hamper the cooperative efforts in this area. At the same time, the sum of national contribution by medium and small EU MSs – although unable to make a difference without the commitment of Berlin, London or Paris, can help to reach that critical mass – in operational and political terms - which a unilateral or bilateral initiative by the aforementioned capitals continues to lack.

2.3 The role of regional and bilateral cooperation among MSs

The EU MSs have undertaken several and often overlapping intergovernmental formats of cooperation out of the institutionalized ones. With regards to regional defence initiatives, starting from the most “institutionalised”, the most relevant are: the Nordic Defence

⁴⁰ Giovanni Faleg “United Kingdom: the Elephant in the Room”, in Federico Santopinto and Megan Price (eds) *National Vision of EU Defence Policy*, GRIP-CEPS, 2013, p. 132, <http://www.clingendael.nl/sites/default/files/National%20Visions%20of%20EU%20Defence%20Policy%20-%20Common%20Denominators%20and%20Misunderstandings.pdf>.

Cooperation (NORDEFECO), the Visegrád Group (V4), the Weimar Triangle and Weimar Plus format. On the bilateral side, there are many examples of defence initiatives but only a few have resulted in interesting outcomes, including the defence cooperation between France and the United Kingdom, Germany and the Netherlands and, finally, between Germany and Poland. In light of the Ukraine crisis, it is interesting to see if and how such intergovernmental formats of cooperation, especially the V4 and NORDEFECO, have reinvigorated their efforts to achieve greater cooperation in the defence policy area.

Building on previous cooperation, in 2009 Denmark, Finland, Norway and Sweden signed the Memorandum of Understanding (MoU), establishing the Nordic Defence Cooperation (NORDEFECO) with the primary mission to explore common synergies and facilitate efficient common solutions.⁴¹ Especially throughout 2013, the NORDEFECO's efforts to enhance the level of cooperation have been very dynamic and have covered a variety of issues, thanks also to Sweden acting as a driving force when it comes to propose concrete initiatives. For example, in January 2013 Sweden has proposed a Nordic Defence Pact to go beyond the Nordic Declaration on Solidarity signed in 2011.⁴² In order to accelerate the pace and depth of Nordic cooperation, the Pact calls for the pooling and sharing of military equipment and capabilities, effectively creating joint air, naval and land forces units to undertake Nordic defence roles. Similarly, Sweden has also promoted the creation of a joint Nordic Battalion Force (NBF), separated from the existing EU Nordic BattleGroup, as a regional force for the protection of Nordic territories. However, both the initiatives have generated mixed results. Some Nordic countries have positively received the Swedish proposal but others, such as Finland, are sceptical claiming that these initiatives would require a treaty-based formal defence agreement among the relevant countries.

The V4 is participated by Poland, Czech Republic, Hungary and Slovakia⁴³. In recent years, following the introduction of several initiatives to increase the pooling and sharing of military

⁴¹ The NORDEFECO MoU is the result of three existing defence cooperation frameworks – NORDAC (1994), NORDCAPS (1997) and NORDSUP (2008) – that merged into the NORDEFECO unique structure. NORDAC was aimed to find common solutions for development, procurement and maintenance issues related to defence equipment. Through its “Peace Support Operations Education & Training Programme”, the main objective of NORDCAPS was to coordinate the common Nordic efforts in military peace support operations. Finally, the NORDSUP initiative was developed for identifying more than 140 areas where cooperation is possible and necessary to maintain defence capabilities among Nordic countries.

⁴² Gerard O'dwyer, “Sweden Looking To Build Nordic Defense Pact”, *Defence News*, 24 January 2013, <http://www.defensenews.com/article/20130124/DEFREG01/301240015/Sweden-Looking-Build-Nordic-Defense-Pact>.

⁴³ With the aim to stimulate a more closer defence cooperation following the collapse of Soviet Union, in 1991 Hungary, Czech Republic, Slovakia and Poland created the Visegrád Group (V4). Although in the 1990s the V4 played an important role to facilitate the Central European countries' accessions to the EU and NATO, its relevance has gradually decreased from time to time.

capabilities within EU and/or NATO, the four countries have revived the Visegrád Group by displaying a strong interest, at least at the political level, to strengthen their defence and security cooperation. However, with the exception of the Visegrád Battlegroup (V4BG) planned to reach the full operational capability by 2016, no tangible results have been achieved, and the reason does not seem the lack of sufficient political will but rather the persistence of structural obstacles.⁴⁴ One of these obstacles is the wide gap in terms of military expenditures and capabilities within the V4 countries, particularly between a relative large spender like Poland and the other three partners, which impedes a closer harmonization of defence planning and procurement schedules.⁴⁵ Even the defence industrial cooperation struggles to find its way to go further, mainly due to the differences in industrial performances and infrastructures of the four V4 countries.⁴⁶

The Weimar Triangle is composed by France, Germany and Poland.⁴⁷ In April 2010 the three countries launched the Weimar Triangle CSDP initiative through which they proposed to reform the EU BattleGroups, to revive the EU-NATO relations, to set up an EU Head Quarter and, finally, to jointly develop military capabilities at the European level. It is noteworthy that in November 2012 the Ministers of Foreign Affairs and Defence of Italy and Spain joined the initiative, in the so-called Weimar Plus format, and signed a joint declaration to support and to strengthen European defence.⁴⁸ Indeed, besides delivering a strong political message, the meeting was the occasion to make some recommendations in terms of EU military structures, operations and capabilities, to fuel the European debate on defence cooperation. In particular, one of the main issues proposed was the strengthening of cooperation efforts in the air-to-air refuelling field with an extension of the European Air Transport Command (EATC) to other Member States not yet participating to it.

⁴⁴ Madej Marek, "Visegrad Group Defense Cooperation: What Added Value for the European Capabilities?", *Foundation pour la Recherche Strategique (FRS)*, June 2013, <http://www.frstrategie.org/barreFRS/publications/notes/2013/201319.pdf>.

⁴⁵ Alicia Von Voss, Claudia Major and Christian Molling, "The State of Defence Cooperation in Europe", *Stiftung Wissenschaft und Politik, German Institute for International and Security Affairs*, December 2013, http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/WP_DefenceCooperationEurope_Voss_Major__Moelling_Dez_2013.pdf.

⁴⁶ Ibid.

⁴⁷ The first informal trilateral of the Weimar Triangle meeting took place in Gdansk on 21 September 1993 between the Presidents of France, Germany and Poland, during the awarding of the honoris causa degrees to François Mitterrand and Lech Walesa. The summit in Nancy on 19 May 2005 marked the commitment to strengthening their trilateral cooperation, in terms of the EU's internal issues as well as its foreign relations.

⁴⁸ Declaration following the Meeting of the Foreign Affairs Ministers and Ministers of Defence of France, Germany, Italy, Poland and Spain (Weimar Plus Group), Paris, 15 November 2012: http://www.diplomatie.gouv.fr/fr/IMG/pdf/121114_Outcome_proposal_Final_cle821c1b.pdf.

Concerning bilateral initiatives, the so-called Lancaster House Treaties⁴⁹ signed on November 2010 between France and the UK have the ambition to build a long-term mutually beneficial partnership in defence and security. The two countries have identified 13 areas in which they seek to enhance defence and security cooperation. Some of these have brought relevant developments, including the establishment of the Combined Joint Expeditionary Force (CJEF) which will may reach the full operational capability by 2016, and that is expected to be employed as an “initial entry force” with modular air, sea and land capabilities.⁵⁰ This initiative could be supported by a deployable Joint Force Head Quarter by 2016. Nevertheless, the bilateral cooperation has seen a considerable setback when the UK reversed the decision to equip its aircraft carrier with catapults necessary to allow French fighter aircraft to use this carrier, thus jeopardizing the interoperability between the two armed forces in such a strategic issue. Political and, above all, budgetary constraints have seemed to complicate the bilateral cooperation also in other programmes, including air refuelling and satellite communications.⁵¹ So far such defence cooperation has remained purely bilateral, despite the manifestation of interests of countries such as Italy to join the cooperative efforts, although France appeared to consider the possibility to allow other European MSs to participate in some of the military initiatives undertaken within the Lancaster Treaty umbrella.

In May 2013, Germany and the Netherlands agreed on an extensive cooperation of their military forces by signing a Declaration of Intent (DoI). The most important outcome of the agreement is the integration of the Dutch 11th Airmobile Brigade within the new unit German division Schnelle Kräfte (DSK), so as to facilitate the interoperability and common planning between the two Armed Forces.⁵² Other important initiatives have been undertaken by the two sides, including: the development of the German-Netherlands Corps Headquarters into a NATO Joint Task Force Headquarters; cooperation in the field of education, training and

⁴⁹ The two treaties signed on 2 November 2010 are: Treaty between the United Kingdom of Great Britain and Northern Ireland and the French Republic for Defence and Security Co-operation London; the Treaty between the United Kingdom of Great Britain and Northern Ireland and the French Republic relating to Joint Radiographic/Hydrodynamics Facilities.

⁵⁰ Margriet Drent, Kees Homan and Dick Zandee, “Bold Steps in Multinational Cooperation. Taking European Defence Forward”, in *Clingendael*, May 2013, <http://www.clingendael.nl/sites/default/files/Bold%20Steps%20in%20Multinational%20Cooperation.pdf>.

⁵¹ Benoit Gomis, “Entre Londres et Berlin: Le Difficile Rééquilibrage Stratégique Français et Son Impact sur la Politique de Sécurité et de Défense Commune (PSDC)”, in *Foundation pour la Recherche Stratégique (FRS)*, Note no. 20/13, June 2013, <http://www.frstrategie.org/barreFRS/publications/notes/2013/201320.pdf>.

⁵² Dutch Ministry of Defence, *Airmobile Brigade incorporated into Division Schnelle Kräfte*, 12 June 2014, <http://www.defensie.nl/english/latest/news/2014/06/18/airmobile-brigade-incorporated-into-division-schnelle-krafte>.

maintenance of NH-90 helicopters as well as in the submarines construction sector; the integration of the two countries' ground-based air and missile defence units.⁵³

Again in May 2013, Germany and Poland signed a DoI to increase their maritime cooperation.⁵⁴ The scope of the agreement covers a wide spectrum of aspects with 28 cooperation areas including operations, concept development, training, exercises, capability development and, above all, procurement and armaments. The most relevant element is the cooperation in the field of submarines and the creation of a common submarine operating authority that could facilitate an eventual leasing of two German submarines to Poland.⁵⁵

In conclusion, the net of bilateral and regional agreements have delivered mixed results. In some cases, they have produced some tangible outputs – as in the case of the Lancaster Treaty, German-Dutch cooperation and NORDEFECO – but well below the expectations raised. In other cases they proved to be only a forum for political consultation – a valuable but rather modest role. In any case, they have not represented a step change in the European defence cooperation, despite of the emphasis on bilateralism, regionalism and intergovernmentalism experienced in recent years. However, this reality is here to stay and may be revived to achieve political and/operational results, if the European security environment changes and/or the political will in relevant capitals materializes. Therefore, it should be not underestimated as an engine of cooperation initiatives, particularly if linked to a multilateral process firmly embedded in the EU institutional framework.

2.4 The role of extra-EU international bodies set up by EU Member States

The landscape of national actors in the European defence policy area also sees the presence of a number of intergovernmental bodies established in the last decades outside the EU framework, which continues to play a relevant role, such as OCCAR and LoI/FA.

The “Organisation Conjointe de Cooperation en Matière d’ARmement” (OCCAR) includes Belgium, France, Germany, Italy, Spain and the UK, while Finland, Luxembourg, The Netherlands, Poland, Sweden and Turkey can participate in the organization’s activities

⁵³ Margriet Drent, “Sovereignty, Parliamentary Involvement and European Defence Cooperation”, in *Clingendael*, March 2014, <http://www.clingendael.nl/sites/default/files/Clingendael%20Report%20-%20Sovereignty%20and%20Defence%20Cooperation.pdf>.

⁵⁴ Declaration of Intent between the Federal Ministry of Defence of the Federal Republic of Germany and the Minister of National Defence of the Republic of Poland, text available at: <http://augengeradeaus.net/wp-content/uploads/2013/05/DEU-POL-Marine-DoI.pdf>.

⁵⁵ Defence Industry Daily, *German Submarines for Poland?*, 22 July 2013, <http://www.defenseindustrydaily.com/german-submarines-for-poland-015457/>.

without being formal members⁵⁶. The OCCAR primary mission is to coordinate, control and implement those armament programmes that are assigned by MSs to the Organisation, as well as coordinate and promote joint activities for the future, thereby improving the effectiveness of project management in collaborative projects in terms of cost, schedule and performance.⁵⁷ In particular, the OCCAR: manages cooperative programmes which may include configuration control and in-service support, as well as research activities; prepares common technical specifications for the development and procurement of jointly defined equipment; coordinates and plans joint research activities as well as, in cooperation with appropriate military staffs, studies on technical solutions to meet future operational requirements; guides national decisions concerning the common industrial base and common technologies; manages both capital investments and the use of test facilities.⁵⁸ The main programmes managed by OCCAR include: Tactical and Strategic Airlifter A400M; Multi Role Armoured Vehicle BOXER; Weapon Locating System COBRA; European Secure Software Defined Radio ESSOR; Multi-Mission European Frigades FREMM; Federating Activities MUSIS; New Generation of Helicopters TIGER⁵⁹. In order to make more efficient and competitive the EDTIB, the OCCAR MSs reject, in principle, the industrial “juste retour” approach on a programme-by-programme basis, and replace it by the pursuit of an overall multi-programme/multi-year balance.⁶⁰ The intention is to enhance the creation of genuine industrial and technological complementarity in the relevant fields, thus ensuring support for the armed forces in the short and medium term.

The Letter of Intent/Framework Agreement (LoI/FA) has been constituted in the late 1990s by France, Germany, Italy, Spain, Sweden and the UK.⁶¹ The purpose of this intergovernmental agreement was to adopt the necessary measures to facilitate the European defence industrial restructuring. According to the LoI/FA, these countries are committed to

⁵⁶ On 12 November 1996, the Defence Ministers of France, Germany, Italy and the UK signed an Administrative Arrangement which establishes the OCCAR. Two years later, in 1998 the four founding members signed the “OCCAR Convention” which elevated the OCCAR legal status by allowing the organization to effectively carry out its mandate. In 2003 and 2005 Belgium and Spain joined the OCCAR.

⁵⁷ Convention of the Organisation Conjointe de Coopération en Matière d'Armement, Art. 7.

⁵⁸ Convention of the Organisation Conjointe de Coopération en Matière d'Armement, Art. 8.

⁵⁹ Website of the “Organisation Conjointe de Coopération en Matière d'Armement”, *Programmes*, <http://www.occar.int/programmes>.

⁶⁰ Convention of the Organisation Conjointe de Coopération en Matière d'Armement, Art. 5.

⁶¹ In April 1998 France, Germany, Italy and Spain displayed their interest to speed up the restructuring and enhancement of the European defence industry by announcing the signature of a new agreement. In July of the same year, Sweden and the United Kingdom joined the project and on 27 July 2000 the Letter of Intent (LoI) Framework Agreement was signed by these six countries. See: United Kingdom Ministry of Defence, *Letter of Intent: Restructuring the European Defence Industry*, 12 December 2012, <https://www.gov.uk/letter-of-intent-restructuring-the-european-defence-industry>

join their efforts towards capabilities convergence, industrial capacity inter-dependence, strategic activities' co-ordination, co-operation in terms of simplification of procedures for transfers and circulations of defence articles and services. As mentioned before, the 87% of European industrial production in the defence sector is concentrated in these six countries, but in the LoI view the consolidation of the EDTIB should be carried out in a sustainable and a more inclusive manner in all EU Member States. Greater responsibility falls on the major producer countries that could indicate the way to go further, but it is also necessary to identify new ways that will also cover the defence-related production activities developed by SMEs. Indeed, although the LoI countries accounts for 87% of the total European defence production, these countries represent only the 52% of defence-related SMEs production.

In conclusion, OCCAR's main task is the management of armament programmes and the promotion of joint activities to improve the effectiveness of common projects. It is more a technical agency than a political forum, which provides a useful tool to support cooperation initiatives already agreed at political level by Member States. In fact, the EDA has wisely signed an agreement with OCCAR in order to exploit such existing tool without duplicating it within the EU institutional framework.

The LoI is rather a political forum deal with defence industrial regulations and policies. It seems not to have produced relevant tangible outcomes when it comes to a closer industrial cooperation, even though in political terms it has launched a positive mechanism of formal and informal exchanges of views between the six major European defence manufactures.

3. The preparation of 2013 European Council on defence: a complex interplay

The EU actors did interact with each other in 2013 to prepare the European Council focused on defence issues. The analysis of such interplay is useful also to shed some lights on the run up of the European Council planned to deal again with defence in June 2015.

The December 2012 European Council identified three clusters to be discussed in December 2013 by the Council, also on the initiative of France and Italy: a first cluster aimed to increase the effectiveness, visibility and impact of CSDP; a second one focused on the enhancement of the development of defence capabilities; a third one with the purpose to strengthen Europe's defence industry. The very same fact to have the Heads of States and Governments of the EU tasked to discuss defence matters – including both military and industrial aspects – proved to be a political engine putting under pressure both EU and national actors to participate in the decision-making process and the wider debate.

3.1 The 2013 EC Communication: setting the European agenda on EDTIB

The EC Communication “Towards a more competitive and efficient defence and security sector”⁶² released in July 2013 has been the first heavy-weight policy document published by an EU institution to influence the December European Council.

The Communication is based on the work of the Commission's Task Force on Defence Industries and Markets, established in 2011 with the objective to strengthen the defence sector by exploring ways to move beyond the state of play in the defence domain. Interestingly, both EEAS and EDA have been fully associated to the work of the Task Force and in the preparation of the Communication. The track record of the Commission in the European defence policy area has always had a clear ambition: developing an EDTIB and an EDEM in order to maintain high-skilled employment in Europe, support SMEs, ensure that EU MSs have autonomous capabilities and that the defence sector delivers value for money for European citizens.

As a consequence, the Communication covers seven themes: 1) strengthening the internal market for defence; 2) promoting a more competitive defence industry; 3) exploiting dual-use

⁶² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Towards a More Competitive and Efficient Defence and Security Sector*, July 2013, http://ec.europa.eu/enterprise/sectors/defence/files/communication_defence_en.pdf.

potential of research and innovation; 4) development of capabilities; 5) increasing civil-defence synergies in the space field; 6) application of EU energy policies and support instruments in the defence sector; 7) strengthening the international dimension of defence industry.

Not all actions in relation to each theme covered by the document are worthy to notice in the context of this study. It should rather be identified what is innovative and what represents a permanent feature of the EC thinking about defence sector, in order to understand the ongoing development of the Commission's role in this regard. Some of these 7 issues are completely new and some are not, drawing a line of continuity with the previous Communications issued by the EC since 1996. In terms of continuity, a persistent policy action regards the application of art. 346 TFEU, as well as the Directives 2009/81 and 2009/43 (the two pillars of the so-called "Defence Package"). The two Directives set the desired end but their implementation is not homogeneous across the MSs, as it is up to national authorities to adapt laws and policies to meet this end in the way they choose. Other issues on the Commission's agenda since long time are synergies on dual-use technologies which constitute cost-effective force-multipliers, certifications, the phasing out of offsets as market distortion elements, and the improvement of the Security of Supply (SoS) regime. Last but not least, the EC proposes to help SMEs through the creation of a strategic partnership to support defence-related clusters of SMEs, and through other instruments/mechanisms such as European Structural and Investment Funds (ESIF) and the Enterprise Europe Network (EEN).

The Commission provides also something fresh by dedicating part of the Communication to the fields of space and energy for the first time. A novelty here is the intention to launch new European programmes in support of joint capabilities in the field of satellite infrastructure protection, communication and observation. It is also the first time that the Commission explicitly recognizes the importance of space applications for the European defence and security.⁶³ As far as the energy sector is concerned, one development is the Commission's move to create policy linkages between the EU Raw Material Initiative and critical material supplies to the defence sector. In addition, the EC has proposed to develop an Energy Strategy for Defence, as European armed forces are among the biggest consumers of energy in the Union. Accordingly, the EC wants to develop an energy concept to reduce the energy consumption of armed services and increase renewable energy and smart grid technology usage in Europe.

⁶³ Michele Nones, "I Nuovi Orizzonti dell'Europa della Difesa", in *AffarInternazionali*, 4 September 2013, <http://www.affarinternazionali.it/articolo.asp?ID=2401>.

Finally, in order to achieve and realize these goals the Commission envisages the creation of a new consultation mechanism with MSs, aimed to define a detailed roadmap with concrete actions and time-lines. In the EC view, such a consultation mechanism could see also the involvement of EDA and EEAS. This is an important innovation. On the one hand, it is recognized that a comprehensive strategy should be coordinated with the initiatives promoted by individual countries, within the competencies and powers provided to the EC by the Treaty. On the other hand, the Commission is aware of the necessity to exploit the experiences matured by the MSs that are more involved in the defence field.

In conclusion, the Communication was a move by the Commission to set the agenda of the upcoming European Council with regard to defence industrial and market issues. In doing so, the Commission has recognized the limits of its powers and competencies and has sought an early engagement with MSs and EDA, in a new climate of closer cooperation which may continue in the definition of priorities and initiatives also through the proposed consultation mechanism. At the same time, the EC has re-stated its traditional approach to the defence sector based on market integration, competitiveness, EU-based regulation, dual-use technologies rooted in research programmes such as Horizon2020. It has also tried to enlarge the scope of the communication not only to the security sector – a well-established pattern for the EC to put defence in a broader context – but also to fields such as energy and space closer to its focus, with a particular attention to SMEs.

3.2 The HRVP Report: proposing an acceptable compromise

The HRVP put forward two documents with an eye to the December 2013 European Council: the EEAS Review published in July⁶⁴, and the report “Preparing the December 2013 European Council on Security and Defence”⁶⁵ in October.

The EEAS Review addresses some of the aforementioned weaknesses of this important institutional arm at disposal of the HRVP, such as the problems in terms of coordination and the lack of an adequate budget. For example, it suggests an internal rationalization of Directorates General, the review of the CSDP missions’ financial mechanisms, the creation of a shared services centre to provide logistical, procurement and administrative support for all

⁶⁴ European Union External Action Service, *Review*, 23 July 2013, http://eeas.europa.eu/library/publications/2013/3/2013_eeas_review_en.pdf

⁶⁵ European Union External Action Service, *Preparing the December 2013 European Council on Security and Defence*, Final Report by the High Representative/Head of the EDA on the Common Security and Defence Policy, 25 October 2013, http://eeas.europa.eu/statements/docs/2013/131015_02_en.pdf

CSDP missions. Noteworthy, it is proposed to transfer some budgetary competencies to the EEAS in key sectors such as sanctions regimes, external communication and the management of programmes directly related to the EEAS tasks⁶⁶.

The Report issued on October 2013 was rather explicitly aimed at preparing the December European Council, as stated already in the title of the document. After a kind of brief evaluation of the strategic context, it sets a series of ambitious goals for EU external action: acting decisively through CSDP as security provider in the neighbourhood, in partnership when possible but autonomously when necessary, including through direct intervention; contributing to international security, including projecting power to support effective multilateralism; building bilateral and regional partnerships, including local capacity building; becoming able to engage in all five domains, land, air, maritime, space and cyber; applying comprehensive approach to the capability development. In line with these priority goals, the Report makes a number of proposals divided according to the three clusters of the European Council. Among them, some are particularly relevant for defence cooperation.

Concerning the first cluster on CSDP, it argues the necessity to further develop the comprehensive approach through the upcoming Joint Communication HRVP/EC and to elaborate regional or thematic strategies. Second, partnerships should focus on: a political dialogue on security issues; the concrete contribution of partners to CSDP missions; the capacity building of local partners, through both training and the provision of equipment, to enable them to address security challenges before they affect European interests. Regarding cyberspace and outer space, the Report proposes the elaboration of a Cyber Defence Policy Framework focused on capability development and training, and the evolution of the CSDP dimension of European space policy ensuring civil-military coordination. In addition to that, considering the importance of maritime security, the Report proposes the elaboration of a EU Maritime Security Strategy to bind together various initiatives in this field, including counter-piracy operations. Furthermore, the HRVP document proposes to make the EU BattleGroups more deployable by working on technical aspects such as modularity, exercises, certification, and advanced planning, and to develop structured civil-military rapid reaction assessment teams. As internal and external security are increasingly interlinked, the Report also proposes to enhance ties between CSDP and the area of Freedom/Security/Justice, also by greater involvement of EU agencies such as FRONTEX and EUROPOL in CSDP missions.

⁶⁶ Nicoletta Pirozzi, "SEAE, il Meglio Deve Ancora Venire", in *AffarInternazionali*, 17 October 2013, <http://www.affarinternazionali.it/articolo.asp?ID=2435>

Regarding the second cluster on military capabilities, the Report asks to the European Council to give a strong impulse to embed Pooling & Sharing on the national decision-making processes, on the basis of both the Code of Conduct on Pooling and Sharing and the EDA Capability Development Plan. In order to achieve a systematic and long-term defence cooperation, the Report also encourages the Council to adopt a strategic level Defence Roadmap. Transparency on national budgets' cuts and harmonisation of requirements is advocated by the document, and the idea of VAT exemption for collaborative procurement projects is put forward. The opportunity provided by the Lisbon Treaty for a Permanent Structured Cooperation is only mentioned by the Report, despite it was one of the greatest innovation of the Treaty and it has been considered in recent years as a possible step change in the European defence policy area⁶⁷.

Noticeably, the Report identifies four key capabilities to deliver: Air-to-Air Refuelling (AAR), whereby it is proposed the multinational acquisition of a multi-role transport aircraft; Remotely Piloted Aircraft Systems (RPAS), particularly a Medium Altitude Long Endurance (MALE) to be produced through a European programme, supported by the development of enabling technologies funded also by the EC; Satellites Communications (SATCOM), with the objective to develop a future dual civil-military capability by 2025, while enhancing Satellite High Resolution Imagery and using Copernicus programme in support of CSDP; Cyber Defence, whereby no further concrete steps are added in relation to the aforementioned proposal of a Cyber Defence Policy Framework.

It is worthy to mention the position expressed by the HRVP Report on the bilateral and regional defence cooperation. According to the Report, while it may yields results faster than an EU-wide initiative shared by 28 MSs, there is a need for coherence with the European level, to avoid un-useful duplications or gaps among the various bilateral/regional activities. Above all, crucial capability issues such as standardization, certification and interoperability require a broad approach, for example regarding RPAS and SATCOM, which can be ensured at the EU level.

On 11th December 2013 the EC and the HRVP adopted the Joint Communication “The EU comprehensive approach to external conflict and crises”⁶⁸, pointing out the specific steps

⁶⁷ See, among others, Gianni Bonvicini and Giovanni Faleg, “The Institutional Aspect”, in Alessandro Marrone and Michele Nones (eds), *More Europe on Defence or no Europe*, DOC IAI 13 03E, June 2013, <http://www.iai.it/pdf/DocIAI/iai1303.pdf>.

⁶⁸ European Commission, High Representative of the European Union for Foreign Affairs and Security Policy, *The EU's Comprehensive Approach to External Conflict and Crises*, Joint Communication to the European Parliament and the Council 11 December 2013, http://www.eeas.europa.eu/statements/docs/2013/131211_03_en.pdf

the EU is taking towards a comprehensive approach in all domains of its external action. According to the document, the EU needs to pursue in its activities the joined-up deployment of EU instruments and resources in situations of crisis and conflict. The Joint Communication, detailing a number of concrete actions to be implemented, encompasses the entire set of EU policies and tools to be employed during crises (diplomacy, CSDP, development cooperation, humanitarian aid, finance, trade), and covers all the phases of the conflict cycle.⁶⁹

In conclusion, with a view to the December European Council the HRVP signed three important documents in 2013: the EEAS review, the Report aimed at preparing the Council itself, and the Joint Communication on comprehensive approach together with the EC. The first document had a very specific focus on the EEAS and its possible improvements, thus bearing little influence on the Council Conclusions on defence issues. The Joint Communication represented a significant example of cooperation between the HRVP and the EC, with a broad approach not directly targeted at defence issues which may yields positive results only if implemented by the various EU bureaucracies.

The Report represented an effort made by the HRPV to deeply influence and actually frame the European Council works and decisions. This effort was possible thanks to the strong support of the EDA, particularly on military capabilities and EDTIB, since the Agency has been accumulating expertise in this regards in recent years. The Report inserts in the European policy-making process some noteworthy elements, such as the focus on the four key capabilities to deliver (AAR, RPAS, SATCOM and Cyber Defence) and the idea of a strategic level Defence Roadmap. Yet it does not put forward ambitious proposals,⁷⁰ for example missing the opportunity to relaunch the Permanent Structured Cooperation on defence and/or to initiate a process for a new European Security Strategy 10 years after the 2003 document. This cautious approach reflects the personality of the HRVP at that time. The problem is indeed that the report was too cautious and vague, not aimed to move forward the agenda on European defence cooperation through strong political and/or operational proposals⁷¹ at risk to be rejected by the upcoming European Council.

⁶⁹ European Commission, High Representative of the European Union for Foreign Affairs and Security Policy, *The EU's Comprehensive Approach to External Conflict and Crises*, Joint Communication to the European Parliament and the Council, 11 December 2013, http://www.eeas.europa.eu/statements/docs/2013/131211_03_en.pdf

⁷⁰ Alessandro Marrone and Alessandro Riccardo Ungaro, "La Cooperazione nella Difesa e il Consiglio Europeo di Dicembre: la Situazione e le Opzioni per l'Italia", in *Approfondimenti dell'Osservatorio di Politica Internazionale* n. 87, December 2013, p. 20, http://www.iai.it/pdf/Oss_Polinternazionale/pi_a_0087.pdf.

⁷¹ Alessandro Marrone, "Sulla Difesa la UE Rischia la Retromarcia", in *AffarInternazionali*, 4 December 2013, <http://www.affarinternazionali.it/articolo.asp?ID=2474>.

Concerning EDTIB, it is worthy to examine the Report positions in comparison with the EC Communication, because this analysis illuminates the developments of the interplay between these two actors. The Report makes it clear from the outset that the Communication is complementary to the actions outlined by the Report itself, thus recognizing the existence of the EC position on EDTIB but not its leadership. Generally speaking, when dealing with EDTIB the Report puts at the forefront the political commitment of Member States, their importance and interests, and outlines an EDA role as a “clearing house” where the consensus among MSs could be built in order to move forward on EDTIB issues – for instance on Security of Supply. This is the case for example of SMEs, whereby the Report underlines the importance of MSs recognition and support, while the Communication focuses on the use of EU financial and investment tools and other Union’s instruments in support of SMEs. A second general difference is that the Report has a well-defined focus on defence, with very little attention on the points made by the Communication for example in terms of energy efficiency. Also on technological research the views are somehow different: the Communication is focused on Horizon2020 and its spill over in the defence sector, with the intention to include a PASR related to CSDP; the Report, while acknowledging the importance of Horizon2020, aims at funding programmes for key technologies in the defence sector. Finally, even the terminology is somehow different between the two documents, for example regarding the key skills for the defence sector, and even the data on EDTIB are not the same: the Communication quotes the 2012 data, while the Report quotes the 2011 ones.

In conclusion, regarding EDTIB it can be argued the EDA and the EC have talked to each other in the warm up of the European Council and made some progress in de-conflicting respective agendas, but different views remain on some issues. These different views in turn are complementary to each other to some extent, but not completely.

3.3 The EP reports and conferences: a contribution to the debate

With a view to influence the European Council, in October 2013 the AFET/SEDE presented the biannual Report on the implementation of the CSDP⁷². While appreciating the decision of the European Council to hold a debate specifically focused on defence issues, the Report suggests a significant number of recommendations with reference to three clusters

⁷² European Parliament, Committee on Foreign Affairs (AFET), *Report on the Implementation of the Common Security and Defence Policy*, 31 October 2013, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2013-0360+0+DOC+PDF+V0//EN>.

stressing their equal importance and the fact they are interlinked by an inherent logic serving the same strategic goals. The EP also argued that the December 2013 meeting should be the starting point of a continuous process that revisits security and defence matters at European Council level on a regular basis, and called for the establishment of a Council of Defence Ministers in the medium term in order to give security and defence issues the weight they deserve. Subsequently, in November 2013 the EP passed a Resolution⁷³ adopting the Report, by a vote of 421 (70%) in favour, 104 (17%) against and 80 (13%) abstentions.⁷⁴

In November the AFET/SEDE issued also a report on the EDTIB⁷⁵. The MEPs urged the Council to “launch the development of a European Capabilities and Armaments Policy (ECAP) [...], as provided for in Article 42(3) TEU”, in order to improve the level of Member States’ military capabilities, and to “give all possible support to the EDTIB, and to that end first and foremost to define its scope more clearly, particularly as regards to those involved, by conferring [on them] a specific status [...] of Economic Defence Operators in Europe (EDOEs)”. The report also called on the European Council “to enable the EDA fully to assume its institutional role, as outlined in Articles 42(3) and 45 TEU, by giving it the necessary resources”, and argued that the Agency would be better financed through the EU budget. The EP then approved a Resolution⁷⁶ adopting the Report, by a vote of 415 (71%) in favour, 103 (18%) against and 67 (11%) abstentions.⁷⁷

Moreover, two inter-parliamentary conferences were held in 2013, in Ireland and Lithuania. The conclusions⁷⁸ of the latter, in September, reaffirmed the call for the European Council to “give a much needed boost to address the serious decline in European defence and to make proposals for speeding up CSDP decision-making and the financing of CSDP

⁷³ European Parliament, *Resolution on the Implementation of the Common Security and Defence Policy*, 21 November 2013, <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2013-0513&language=EN>.

⁷⁴ VoteWatch Europe, vote of the European Parliament on the *Resolution on the Implementation of the Common Security and Defence Policy*, 21 November 2013, <http://www.votewatch.eu/en/implementation-of-the-common-security-and-defence-policy-motion-for-resolution-vote-resolution-as-a-.html>, last retrieved 20 June 2014.

⁷⁵ European Parliament, Committee on Foreign Affairs (AFET), *Report on the European Defence Technological and Industrial Base*, 29 October 2013, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2013-0358+0+DOC+PDF+V0//EN>.

⁷⁶ European Parliament, *Resolution on the European Defence Technological and Industrial Base*, 21 November 2013, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0514+0+DOC+XML+V0//EN>.

⁷⁷ VoteWatch Europe, vote of the European Parliament on the *Resolution on the European Defence Technological and Industrial Base*, 21 November 2013, <http://www.votewatch.eu/en/european-defence-technological-and-industrial-base-motion-for-resolution-vote-resolution-as-a-whole.html>, last retrieved 20 June 2014.

⁷⁸ Inter-Parliamentary Conference for the Common Foreign and Security Policy (CFSP) and the Common Security and Defence Policy (CSDP), *Conclusions of the Inter-Parliamentary Conference*, Vilnius, 4-6 September 2013, <http://renginiai.lrs.lt/renginiai/EventDocument/1ce0171a-1309-477c-ae0c-a784d73fd8aa/EN%20Conclusions%20Vilnius%20IPC%20CFSP-CSDP.pdf>.

operations as well as on structured cooperation [...]”. The conference also underlined that the usability of EU BattleGroups, potentially one of the key tools of the CSDP, should be better defined, for instance “by adopting the modular approach, enhancing training, exercises and certification, improving advance planning, and ensuring a more equal burden sharing”. In this regard, the delegations of the EP and of the national parliaments encouraged the European Council to “endorse a new approach on the EU rapid response assets in the December meeting”.

In a final note, public hearings and workshops with experts and stakeholders have been held at the SEDE in 2013, for instance on the implementation of CSDP⁷⁹ and on a European defence industry strategy⁸⁰.

In conclusion, in 2013 the EP has used the limited available instruments – the biannual report, ad hoc reports, inter-parliamentary conferences, hearings – to influence the debate preceding the European Council. Its positions have been largely in favour of a greater cooperation and European integration also in this field, for example by proposing the formal establishment of a Council of Defence Ministers, the launch of a European Capabilities and Armaments Policy, adequate funding for EDA allocated by the Union’s budget, greater usability of BattleGroups. This general position in favour of a greater EU role in the European defence policy area has been endorsed by more than 70% of votes when the various reports and/or resolutions have been voted in the EP.

3.4 The December 2013 European Council Conclusions: decisions as part of a process

In December 2013, for the first time since the entry into force of the Lisbon Treaty, the EU Heads of States and Governments held a thematic debate on defence. Considering the landscape of EU and national actors in relation with the European defence policy area, such a commitment of the highest political level was noteworthy. Much of the expectations raised in the eve of the meeting have been disappointed, since the Conclusions as a whole are not ambitious concerning European cooperation in this field, nor very concrete regarding the

⁷⁹ European Parliament, Committee on Foreign Affairs (AFET), Subcommittee on Security and Defence, Policy Department, *The implementation of the Common Security and Defence Policy*, Workshop, 10 July 2013, [http://www.europarl.europa.eu/RegData/etudes/workshop/join/2013/433712/EXPO-SEDE_AT\(2013\)433712_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/workshop/join/2013/433712/EXPO-SEDE_AT(2013)433712_EN.pdf).

⁸⁰ European Parliament, Committee on Foreign Affairs (AFET), Subcommittee on Security and Defence, *European Defence Industry Strategy*, Public Hearing, 27 May 2013, <http://isis-europe.eu/wp-content/uploads/2014/08/pu117.pdf>.

initiatives aimed to improve it. However, few concrete decisions have been taken and some significant mandates have been given to the EU actors – namely the HRVP, the Commission and the EDA.⁸¹ The Conclusions obviously re-stated a number of shared concepts and wide-used rhetoric about CSDP and European cooperation in the defence field, and then focused on the three clusters.

Concerning effectiveness, visibility and impact of CSDP, the Conclusions are basically in line with the HRVP Report, for example regarding the support for partner countries and regional organizations, the improvement of BattleGroups deployability, the review of EU missions' financial mechanism, synergies between CSDP and the area of Freedom/Security/Justice – here with a new explicit reference to the need to tackle issues such as illegal migration and organized crime, as well as on CSDP support for third States to improve their border management capabilities. Accordingly, the Conclusions lists two important tasks for EU actors: a Cyber Defence Policy Framework by the end of 2014, on the basis of an HRVP proposal in cooperation with the Commission and the EDA; a Maritime Security Strategy by June 2014.

Moreover, the HRVP is tasked, “in close cooperation with the Commission, to assess the impact of changes in the global environment, and to report to the Council in the course of June 2015 on the challenges and opportunities arising for the Union, following consultation with the Member States”.⁸² This task can be seen as a compromise between those states arguing in favour of a revision of the 2013 European Security Strategy – such as Italy, Poland, Spain and Sweden which supported the European Global Strategy process in 2012-2013,⁸³ and many other Member States which endorsed the aim of the EGS process - and those who opposed a new ESS, in particular France and the UK.

Regarding the second cluster on enhancing the development of capabilities, the Conclusions prioritize four key assets, again perfectly in line with the HRVP Report: RPAS, AAR, SATCOM, Cyber Defence. On a European RPAS to be developed in the 2020-2025 time-frame, the commitments made by the Conclusions are quite detailed: preparations for a programme of a next-generation European Medium Altitude Long Endurance RPAS; the

⁸¹ Alessandro Marrone, “Il Bicchiere Mezzo Vuoto della Difesa”, in *AffarInternazionali*, 27 December 2013, <http://www.affarinternazionali.it/articolo.asp?ID=2489>.

⁸² European Council, *Conclusions*, 19-20 December 2013, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/140245.pdf

⁸³ Björn Fägersten, Alessandro Marrone, Martin Ortega and Roderick Parkes, *Towards a European Global Strategy: Securing European Influence in a Changing World*, Report prepared by Istituto Affari Internazionali (IAI), the Polish Institute of International Affairs (PISM), the Elcano Royal Institute (RIE), and the Swedish Institute of International Affairs (UI) in the framework of the European Global Strategy (EGS) project, 28 May 2013, <http://www.iai.it/content.asp?langid=2&contentid=925>.

establishment of an RPAS users community among the MSs owning and operating these aircrafts; close synergies with the EC on regulation, for an initial RPAS integration into the European Aviation System by 2016; appropriate funding from 2014 for R&D activities. On the other three key capabilities, the commitment is more vague than on RPAS: increasing overall AAR capacity and reducing fragmentation, especially as regards the establishment of a Multi-Role Tanker Transport capacity, with synergies in the field of certification, qualification, in-service support and training; preparations for the next generation of Governmental SATCOM through close cooperation between the MSs, EC and ESA - a users' group should be set up in 2014; developing a cyber roadmap and concrete projects focused on training and exercises, improving civil/military cooperation on the basis of the EU Cyber Security Strategy as well as the protection of assets in EU missions.

Furthermore, the Conclusions invite the HRVP and the EDA to put forward by the end of 2014 a policy framework for a more systematic and long-term cooperation on defence planning, in full coherence with existing NATO planning processes. The Conclusions also task the EDA to examine ways for a more effective cooperation among Member States in pooled procurement projects, and to report back to the Council by the end of 2014. Finally, the Conclusions encourage MSs to replicate the European Air Transport Command cooperative model in other areas.

With regard to the third cluster on strengthening Europe's defence industry, again several rhetoric declarations are made concerning the importance of EDTIB in terms of technological innovation, jobs creation, SMEs, and so far and so on. Yet, again, few concrete decisions are taken to implement such view. However, it is important to underline that the European Council welcomes and recognizes the EC Communication, and note the intention of the Commission to develop - in close cooperation with HRVP and EDA - a roadmap for the implementation of the July 2013 Communication.

Three other points are worthy to notice. First, the Conclusions invite EC and EDA to work closely with Member States to develop proposals to stimulate dual-use research, and announce the set up of a preparatory action on CSDP-related research. Second, the EDA and the EC are tasked by the Conclusions to prepare a roadmap for the development of industrial defence standards by 2014, while the EDA should also report on options for lowering the cost of military certification by 2014. Third, on the basis of the EDA Framework Arrangement on Security of Supply, the Conclusions task the EC to develop with Member States and in cooperation with the HRVP and EDA a roadmap for a comprehensive EU-wide Security of Supply regime.

Finally, the Conclusions commit the European Council to assess advancements on all these issues in June 2015 and to provide further guidance, on the basis of a report from the Council drawing on inputs from the EC, the HRVP and the EDA.

In conclusion, the Conclusions of the December 2013 European Council were largely based on the Report presented by the HRVP with the support of EDA, particularly with regard to CSDP and military capabilities clusters. For example, the four key capabilities prioritized by the Conclusions are the same put forward by the HRVP Report: RPAS, AAR, SATCOM and Cyber Defence. This may have happened because the Report was already not that ambitious and thus acceptable by the 28 Member States.

The European Council has instead rejected the few bold proposals made by the HRVP Report, such as the VAT exemption for cooperative procurement programmes. The Conclusions also missed completely the opportunity to launch a Permanent Structured Cooperation in the defence field. In turn, the Conclusions went further about RPAS with a commitment much more detailed than those proposed by the HRVP Report. Maybe this was due to the fact that RPAS issues were particularly pushed by some large EU countries having a military and defence industrial stake in this regard.

The European Council has been less open towards certain new EC proposals, for example in terms of the energy efficiency aspect of military which is not dealt at all in the Conclusions while represented a significant chapter of the 2013 Communication. However, this narrow approach with respect to some EC proposals could stem from the fact that the European Council is a political engine rather than a technical forum. As mentioned earlier, it is important to underline that the Conclusions welcomed and recognized the EC Communication, and the Councils perhaps decided not to get into what is the most direct responsibility and competence of the EC – or other actors.

Above all, the Conclusions have provided a great deal of tasks and mandates to EDA, EC and the new HRVP to move forward on thematic issues, from maritime security to cyber defence, from defence planning to security of supply, plus a window of opportunity for a revision of the ESS. Such set of tasks coupled with the next milestone of the June 2015 European Council on defence issues provides the opportunity to maintain the momentum on European defence policy area somehow experienced in 2013. Nevertheless, what still lacks in the Conclusions is the willingness to invest in new defence procurement programmes. Defence companies are surviving on the benefits of R&D investment of the past and have been able to successfully replace falling national orders with exports in non-EU countries. Such an

equilibrium, however, is doomed to fail without a strong political and financial commitment on new European defence capabilities by the EU and national actors.

4. The 2014 developments in the European defence policy area

4.1 The impact of the European Parliament elections

The first half of 2014 has been marked by the elections of the European Parliament. The results of the elections and their subsequent impact on the choice of Union's institutional apex have a certain influence on the EU actors dealing with European defence policy area.

Despite losing a number of seats compared to the previous legislature, the mainstream centre-right Group of the European People's Party (EPP) and the centre-left Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D) were reconfirmed respectively as first and second parties in the EP, with 29,43% and 25,34% of the ballots. Another important outcome of the 2014 polls are the gains made across a significant number of MSs by Euro-sceptic and anti-European parties of different nature, hailing from both the left and the right of the political spectrum. In large countries such as the UK and France, such parties even gained the highest share of votes, overtaking the main centre-right and centre-left traditional parties; in Italy such share is around 26%, while in Germany is very marginal. As a whole, these groups obtained around 20% of votes cast.

Seven political groups were formed in the EP after the elections. EPP gathers 221 out of 751 seats in the Parliament, while S&D counts on 191 MEPs. European Conservatives and Reformists (ECR), including the members of the British Conservative Party, have 70 seats (9.05% of votes), the Alliance of Liberals and Democrats for Europe (ALDE) gathers 67 MEPs (8.92% of ballots). On the far left side of the political spectrum, European United Left/Nordic Green Left (GUE/NGL) counts on 52 lawmakers (6.92% of votes), while the Greens/European Free Alliances (Greens/EFA) have 50 MEPs (6.66% of ballots). Europe of Freedom and Direct Democracy (EFDD) counts on 48 lawmakers (approx. 6.39% of votes): this is the political group mustering the MEPs belonging to two of the main Euro-sceptic parties emerged from the elections, namely the UK Independence Party (UKIP, 24 MEPs) and the Italian Five Star Movement (M5S, 17 lawmakers). Lastly, 52 MEPs are listed as Non Attached, (NI, from the French expression "Non Inscrits"), because they are not part of any political group. For instance, this is the case of the 23 MEPs of the Front National, the main Euro-sceptic party in France, and of the Italian Lega Nord lawmakers, that have failed to meet the requirements of gathering at least 25 MEPs, coming from 7 different Member States, and

needed to establish a political group in the EP. As NI MEPs, they do not have access to dedicated funding, staff, key positions within committees, extra speaking time, etc.

It should not be underestimated the political importance of a small but fairly vocal minority of Euro-sceptic and anti-European lawmakers, totalling 170 EP seats (including ECR, EFDD and NI MEPs), also at the level of the AFET committee and its SEDE subcommittee, as the political make-up of committees reflects that of the plenary assembly. However, their positions are quite differentiated on defence issues. For example, the ECR led by British conservatives is against expensive new EU military structures which would undermine NATO, while supporting an EU foreign policy driven by the Member States. UKIP and M5S don't have a clearly agreed policy as for CSDP. Within the EFDD, the M5S has always been against an increase in military expenditure while UKIP, at least prior to the EP elections, was in favour of it. Finally, among the NI, Front National supports the increase in military expenditure up to 2% of national , but its leader Marine Le Pen considers EU foreign policy a catastrophe.

In this context, EPP and S&D will likely work together to command a sound majority in the Parliament for managing most crucial issues at stake, also with regard to European defence policy area. By adding ALDE and Greens, the EP counts on a majority of pro-EU lawmakers totalling around 70% of seats. They will likely find among themselves a political compromise on a number of issues, including as far as defence is concerned , not that ambitious but in continuity with previous legislatures. Furthermore, the political differences among these mainstream groups are less significant than the cleavages among the various Euro-sceptical groups having very different ideological, nationalist or regionalist orientations. The EP will likely be more vocal on a number of issues, including defence ones, because of the positions expressed by Euro-sceptic groups. This renewed activism may be positive in terms of greater attention and awareness, as well as to put pressure on the pro-EU groups to refine, clarify and explain their positions on European defence policy area – including on the efficiency of defence spending and Union's institutions. The risk that the EP may take a position against greater European cooperation in this field remains very low.

It should be noticed that in 2014 the EP has played a more important role in the appointment of both EC and HRVP. For the first time in the EP history, the main political groups have made clear their respective candidates for the Commission's Presidency before the elections, somehow asking the electorate the endorsement of their choice. In particular, Jean-Claude Juncker has been chosen by the EPP, Martin Schultz by the S&D, Guy Verhofstadt by the ALDE. In line with the electoral results favouring the EPP, although after

intergovernmental consultation, on June 28th the European Council designed Juncker as the EC candidate president. Considering that Juncker belongs to the EPP, the S&D forces endorsed the progressive candidate Federica Mogherini, Italy's Foreign Affairs Minister from the Democratic Party (Partito Democratico), for the HRVP post.⁸⁴ On August 30th, again after intergovernmental consultation, Mogherini was designed HRVP. The final list of Commissioners-designate was adopted on 5th September 2014 after complex negotiations within the European Council. All of the designated Commissioners, the EC President and HRVP, have been scrutinised during EU parliamentary hearings in October, and the new Commission took office on November 1st.

In conclusion, the EP elections in 2014 had an important impact on the European defence policy area. First, they brought to the EP a number of Euro-sceptic lawmakers (around 20% of seats) which are likely to raise the parliamentary scrutiny on defence issues, although the mainstream groups are likely to ensure a certain continuity with previous legislatures also on this field – also because of the fragmentation among the Euro-sceptics themselves. Second, the indication of EC President candidates before the elections by the major European parties increased the importance of the EP elections and set de facto a political nexus between the electorate and the EC President. This political boost may enhance the position of both EP and EC – and perhaps HRVP - within the EU institutional framework. Moreover, the fact the 2014 appointment of EC and HRVP took into account electoral results more than in the past could be a precedent which would attribute further importance to the next EP elections.

4.2 The role of EU actors in 2014

Although several activities have been shelved during the first 10 months of 2014 because of the end of tenure of EC, HRVP and EP, the EU actors have continued to play their role during this year, also as a follow-up of the 2013 European Council.

⁸⁴ Dimitri Komodromos, "Mogherini Shows Clear Determination to Give EU More Political Impact and Visibility", *Group of the Progressive Alliance of Socialists and Democrats in the European Parliament*, 6 October 2014, <http://www.socialistsanddemocrats.eu/newsroom/mogherini-shows-clear-determination-give-eu-more-political-impact-and-visibility>.

The EC

In March 2014 the EC organised the “High Level Conference on the Future of the European defence sector: Setting the Agenda for the European Defence Industry”⁸⁵. Co-hosted by the Vice President and Commissioner for Enterprise and Industry Antonio Tajani and the Commissioner for Single Market Michel Barnier, the conference presented the EC point of view on the implementation of the Communication “Towards a more competitive and efficient defence and security sector”, taking also into account the outcome of the 2013 European Council.

In June 2014, the EC released the “Implementation Roadmap for Communication on European Defence and Security Sector”⁸⁶, suggesting four main points: 1) a more open and less fragmented EU internal market for defence and security with a more secure supply across national borders; 2) a more competitive defence industry by developments in EU standards and certification, improved access to raw materials, and better availability of skills and tools to support SMEs including on access to finance, information and other markets; 3) more R&D in areas of dual use technologies, including key enabling technologies critical for competitive European industries; 4) support for EU countries to cut their armed forces’ energy consumption and explore renewables. The Implementation Roadmap was presented by the Vice-President of the EU Commission, Michel Barnier, and by Commissioner Ferdinando Nelli Feroci to the first “Competitiveness Council”, held in September under the mandate of the Italian EU Presidency, which discussed industry and internal market issues⁸⁷.

In addition, in October 2014, the EC organized a Seminar on “SMEs in the Strengthening of the EDTIB”, in which the Commission announced it would establish an *ad hoc* Advisory Group in order to facilitate cross-border access market for SMEs.

Concerning the new Commission, it is noteworthy the decision to unify the Directorates General of “Internal Market and Services” and “Enterprise and Industry”. So far, the two DGs have put forward different approaches to the subject matter. On the one hand, DG Market traditionally has been more oriented to increase competition across the EU internal market without paying much attention to the needs for an industrial policy aiming to preserve and enhance European assets in terms of technology, production capacities and qualified jobs.

⁸⁵ European Commission, *Setting the Agenda for the European Defence Industry*, High Level Conference on the Future of the European Defence Sector, Brussels, 4 March 2014, http://ec.europa.eu/enterprise/sectors/defence/files/hl-conference-defence-agenda_en.pdf.

⁸⁶ European Commission, *Implementation Roadmap for Communication on European Defence and Security Sector*, 24 June 2014, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2014:387:FIN>.

⁸⁷ European Commission, *Competitiveness Council*, Brussels, 24 september 2014, http://europa.eu/rapid/press-release_MEMO-14-538_en.htm.

Vice-versa, DG Enterprise has largely prioritized this latter goal without focusing on the necessity to ensure EU-wide competition and openness of markets. The complementarity of such approaches is crucial with respect to the EDTIB and EDEM, whereby a balance should be achieved between the necessary greater integration of national defence markets into a truly EU and the peculiarities of defence sectors whereby demand and supply sides do follow a strategic rationale alongside a purely economic one. The unification of both DGs under the same Commissioner opens a promising perspective with regards to EDTIB, but the coordination task placed on the shoulder of the new Polish Commissioner Bienkowska is challenging.

The HRVP

On the 30th of August 2014, as mentioned before, Federica Mogherini has been appointed as the new HRVP. Within her first hearing before the EP on the 6th of October, the main policy statements relevant for the European defence policy area deal with: 1) the development of the security and defence cooperation, with reference to art. 21 of the TFEU: “preserve peace, prevent conflict and strengthen international security”; 2) the EU neighbourhood, i.e. the Balkans and Turkey, for which enlargement policy is the best option; 3) full support of Ukraine, complete implementation of the Minsk Agreement as for Russia; 4) focus on Islamic State, Libya, Arctic and transatlantic partnership.

During the debate with the MEPs, the most important issues in relation to the focus of this study dealt with: 1) the strategic cooperation with NATO; 2) a no-military-intervention policy towards Russia, reaffirming a stance she had already suggested during the NATO Wales Summit in September; 3) Pooling and Sharing approach concerning the national defence budgets; 4) the implementation of the 2013 European Council Conclusions on CFSP and CSDP; 5) the importance of EDA role, of rules on defence procurement and of building the EDEM.

Mogherini also welcomed the increasing cooperation between the EDA and the Commission, especially in the domain of technology and research, as well as the Commission involvement in capability projects. Moreover, she announced she would call for a clear assessment of the impact in Europe of the 2009 “Defence Package”. Finally, Mogherini hinted at the fact that there is a need for strategic reflection in Europe, although she did not explicitly said in which form, a statement that could anticipate a reopening of the debate on a new ESS.

Regarding the new Commission, it is noteworthy that the mandate given by EC President Juncker to HRVP Mogherini includes a formal mandate to steer and coordinate the work of all

Commissioners with regard to external relations. Indeed, the EC is organised around “project teams” coordinated by Vice-Presidents. The HRVP Mogherini is thus responsible for the project “A Stronger Global Actor”, coordinating all the external relations Commissioners, including those in charge of European Neighbourhood Policy and Enlargement Negotiations, Trade, International Cooperation and Development, and Humanitarian Aid and Crisis Management.⁸⁸

This potentiality was envisaged by the Lisbon Treaty but has remained unexploited during the Ashton tenure, and it may represent a positive step towards greater coherence, effectiveness and efficiency of EC external action, as well as of the relation among various EU actors dealing with the European defence policy area.

The EDA

In 2014 the EDA has continued its range of activities also with a focus on the four key areas prioritized by the 2013 European Council: AAR, Cyber Defence, SATCOM and RPAS. Concerning AAR, the EDA has since then continued to organise “practical flying events”, i.e. regular training exercise with the aim of increasing efficiency. The first ever European air-to-air Refuelling Training (EART14) took place in the Netherlands in March 2014, with the participation of aircraft and crews from Germany, Italy, and the Netherlands⁸⁹, and the second focuses on the use of Italian Boeing B767 tankers.⁹⁰

While the issue of charting a EU Cyber Defence Policy Framework- as envisaged by the European Council by 2014- has not yet been tackled by the relevant EU institutions, the EDA has conducted a Training Needs Analysis in this field and it is working to promote its Cyber Defence Research Agenda.⁹¹

In the area of SATCOM, a user group has been organised by EDA on civilian-military national Governmental Satellite Communications (GovSatCom) composed of the five member states currently operating SATCOM systems - France, Germany, Italy, Spain and the UK. The group is aimed to exchange views and lessons learned, identify Common Staff

⁸⁸ European Commission, *Mission Letter of Jean-Claude Juncker to Federica Mogherini*, 1 November 2014, http://ec.europa.eu/commission/sites/cwt/files/commissioner_mission_letters/mogherini_en.pdf

⁸⁹ European Defence Agency (EDA) News, *Launch of First European Air-to-Air Refuelling Exercise Today*, 31 March 2013, <http://www.eda.europa.eu/info-hub/news/article/2014/03/31/launch-of-first-european-air-to-air-refuelling-exercise-today>.

⁹⁰ Peter Round, *European Council Prioritises EDA Capability Development Initiatives*, European Defence Agency (EDA) News, 15 May 2014, <http://www.eda.europa.eu/info-hub/news/2014/05/15/peter-round-european-council-prioritises-eda-capability-development-initiatives>.

⁹¹ Peter Round, *European Council Prioritises EDA Capability Development Initiatives*, European Defence Agency (EDA) News, 15 May 2014, <http://www.eda.europa.eu/info-hub/news/2014/05/15/peter-round-european-council-prioritises-eda-capability-development-initiatives>.

Targets for future operational requirements to be submitted to the Steering Board in Autumn 2014, and draft a gap analysis in 2015. Such preparatory work is targeted at putting forward an EDA proposal by the end of 2015, focused on supplying Member States and European institutions with the appropriate GovSatCom capabilities through an innovative co-operative scheme⁹². In addition, in July and in October 2014 Greece⁹³ and Germany⁹⁴ have joined the EU SATCOM Market, previously known as European Satellite Communication Procurement Cell (ESCPC), an EDA initiative set up in 2012 for pooling procurement of commercial SATCOM services.

As far as RPAS are concerned, following the adoption by the EDA Steering Board of the Common Staff Target in November 2013, the Agency is currently working, *inter alia*, on the preparation of the Common Staff Requirement for the next generation of MALE RPAS, within a 2020-2025 time-frame⁹⁵. In June 2014 EDA has presented its Roadmap on RPAS during an international conference held at the Royal Military Academy in Brussels⁹⁶.

In addition, further steps have been announced in the domain of Security of Supply in early June 2014, with the decision by all EDA Member States plus Norway to participate in the implementation of the updated SoS Framework Arrangement adopted in 2013. The Agency will act as a facilitator to support national application of the Framework Arrangement. Furthermore, the EDA Steering Board adopted in May 2014 a voluntary Code of Conduct on Prioritisation, associated with the Framework Arrangement, in order to enable the involvement of industry in the EDA Security of Supply framework. Conditioned on the national acceptance of the Code – which is now open for subscription to the states participating in the Framework Arrangement – defence firms can subscribe to it voluntarily in order to demonstrate their commitment to meet some enhanced SoS requirements set by MSs in the domain of defence procurement⁹⁷.

⁹² European Defence Agency (EDA), *Governmental Satellite Communications*, Fact Sheet, 17 February 2014, http://www.eda.europa.eu/docs/default-source/eda-factsheets/2014-02-17-factsheet_govsatcomA7343FBBD1A5.

⁹³ European Defence Agency (EDA) News, *Germany Joins the EU Satcom Market*, 1 October 2014, <http://www.eda.europa.eu/info-hub/news/2014/10/01/germany-joins-the-eu-satcom-market>

⁹⁴ European Defence Agency (EDA) News, *Germany Joins the EU Satcom Market*, 1 October 2014, <http://www.eda.europa.eu/info-hub/news/2014/10/01/germany-joins-the-eu-satcom-market>.

⁹⁵ European Defence Agency (EDA), *Remotely Piloted Aircraft Systems*, Fact Sheet, 24 March 2014, http://www.eda.europa.eu/docs/default-source/eda-factsheets/2014-03-24-factsheet_rpas_high

⁹⁶ European Defence Agency (EDA), *EDA Presents its Roadmap on Remotely Piloted Aircraft Systems at International Conference*, 24 June 2014, <https://www.eda.europa.eu/info-hub/news/2014/06/24/eda-presents-its-roadmap-on-remotely-piloted-aircraft-systems-at-international-conference>.

⁹⁷ European Defence Agency (EDA), *Security of Supply*, Projects, June 2014, <http://www.eda.europa.eu/projects/projects-search/security-of-supply>

The Maritime Security Strategy

In June 2014 the EU Maritime Security Strategy has been approved by the General Affairs Council, upon a joint proposal by the HRVP and the EC – namely the Directorate General for Maritime Affairs and Fisheries. In order to protect EU maritime security interests against cross-borders and organised crime, threats to freedom of navigation, the proliferation of weapons of mass destruction, and environmental risks, the strategy covers both internal and external aspects of EU maritime security⁹⁸. The document is aimed at identifying the EU main strategic maritime interests and the threats, challenges and risks for the Union in the maritime domain, as well as at determining common and coherent principles underpinning the wide-ranging set of sector-specific maritime policies and strategies.

The related Action Plan is expected by the end of 2014. Actions are likely to involve five areas: a more effective use of all instruments at disposal, including political dialogue, development aid and support to capacity building; development of a common information sharing environment for maritime awareness and surveillance; pooling and sharing initiatives and development of dual-use technologies; enhancement of risk management, protection of critical maritime infrastructure and crisis response; strengthening of maritime security research and training.⁹⁹

In addition, on September 29th the General Affairs Council adopted conclusions concerning the EU Strategy for the Adriatic and Ionian Region, that will incorporate the Maritime Strategy for the Adriatic and Ionian Region and an Action Plan¹⁰⁰.

The Maritime Security Strategy does follow other sectorial or regional EU strategies, i.e. on cyber security, Sahel and Horn of Africa regions, adopted in the last three years. These are signal of a renewed willingness by EU actors to think and act strategically, but the effectiveness of such efforts is hampered by the enduring lack of a proper and update European Security Strategy more than ten years after the 2003 document.

In conclusion, in the first ten months of 2014 EU actors have continued to play their roles, while their apex has been reshaped with the appointments of a new Commission and a new HRVP resulting from the European elections. The Commission remains engaged in the industrial aspects of defence cooperation, as demonstrated by the presentation of the

⁹⁸ Council of the European Union, *EU Maritime Security Strategy Approved*, Press Release, 24 June 2014, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/genaff/143352.pdf

⁹⁹ Council of the European Union, *EU Maritime Security Strategy Approved*, Press Release, 24 June 2014, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/genaff/143352.pdf

¹⁰⁰ Council of the European Union, *EU Maritime Security Strategy Approved*, Press Release, 24 June 2014, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/genaff/143352.pdf

Implementation Roadmap. The unification of DGs Market and Enterprise decided by the new EC opens a promising perspective in terms of EC approach to EDTIB and EDEM. The EDA is continuing its support activities to intergovernmental cooperation, particularly on SATCOM and RPAS but also on the defence industry – namely on Security of Supply. The HRVP and EC have proven to be able to follow up on time with a Maritime Security Strategy as envisaged by the European Council mandate, despite being in the transition towards the newly appointed Commission (and although much of the substance regarding maritime strategy is left to the Action Plan). As a whole, until October 2014 the EU actors in the European defence policy area have continued to work, albeit at low pace and with modest ambitions.

4.3 The role of the national actors in 2014

In the first 10 months of 2014 the national actors in the European defence policy area have played their role mainly at bilateral level, concerning both military and industrial aspects of cooperation.

First, it is noteworthy the strengthening of the Anglo-French defence cooperation. Building upon the Lancaster House Treaties, in January 2014 the UK and France signed a number of agreements concerning the following issues: 1) a future unmanned combat air system; 2) a joint training of armed forces and cooperation in the fields of equipment capability and interoperability; 3) shared orders for a future helicopter-launched, anti-surface guided weapon for their Navies; 4) the development of underwater unmanned vehicles to find and neutralise seabed mines; 5) safe testing of British and French nuclear stockpiles; 6) the continuation of the development of a Combined Joint Expeditionary Force to conduct expeditionary military operations¹⁰¹. Defence cooperation between the UK and France has been further strengthened through the agreements signed at the Farnborough Air Show in July. The two countries agreed a £120 million feasibility phase with six industry partners for the joint development of combat RPAS concepts and technologies. They also signed a memorandum of understanding on the Storm Shadow missile programme with MBDA that continues cooperation on this cruise missile capability.

In the domain of RPAS, in May 2014 there has been the announcement of a jointly proposal submitted to the relevant Ministries of Defence by Airbus Defence and Space, Dassault Aviation and Finmeccanica-AleniaAermacchi, for the development of a Franco-

¹⁰¹ Website of the UK Government, *UK and France Agree Closer Defence Co-operation*, Press Release, 31 January 2014, <https://www.gov.uk/government/news/uk-and-france-agree-closer-defence-co-operation>

German-Italian MALE. According to their proposer, the project MALE2020 aims to meet the operational needs of European armed forces, by facing the defence budget constraints of MSs through pooling of Research and Development funding.¹⁰²

In June 2014 Airbus Group and Safran announced a 50-50 joint-venture with the goal of proposing a new family of competitive, versatile and efficient space launchers, to serve both commercial and institutional needs. The joint-venture would combine the expertise in the launcher systems by Airbus Group and the one in propulsion systems by Safran - the two companies already cooperate in Arianespace¹⁰³ - and pool rocket-related work and assets in France and Germany. Such decision, disclosed after a meeting of all involved industries with French President Francois Hollande at the Elysée Palace, is crucial for the future of the space launcher sector in Europe and for the European autonomous access to space. With a view to the development of the launch vehicles Ariane 5ME by 2018 and Ariane 6 by 2021, it appears a move to confront the competing American space rocket SpaceX.¹⁰⁴

In addition, in June two important defence industries in the land sector – the German Krauss-Maffei Wegmann and the French Nexter - signed a declaration of intents which formally initiated the negotiation for a merger¹⁰⁵, a plan currently under review by the EU Commission¹⁰⁶. The deal will probably be finalised by the beginning of 2015.

At the regional level, in the NORDFECO meeting hold in April 2014, Nordic defence ministers have assessed how the situation in Ukraine impinges on European security and have decided to cease military cooperation with Russia.¹⁰⁷ The crisis in Ukraine has somehow revived the political importance of NORDEFECO, as a forum to create consensus and to develop common positions. In this context Norway, as the chairmanship in NORDEFECO in 2014, hosts an expanded Nordic-Baltic defence minister meeting in November, with the participation of the UK, the Netherlands and Poland.

¹⁰² Dassault Aviation, *Airbus, Dassault Aviation and Alenia Aermacchi Propose Joint Approach to Europe's Next Generation Drone*, Press release, 19 May 2014, <http://www.dassault-aviation.com/en/dassault-aviation/press/press-kits/airbus-dassault-aviation-alenia-aermacchi-propose-joint-approach-europes-next-generation-drone/>.

¹⁰³ Safran Group, *Airbus Group and Safran To Join Forces in Launcher Activities*, Press Release, 16 June 2014, <http://www.safran-group.com/site-safran-en/finance-397/financial-publications/financial-press-releases/2014-989/article/airbus-group-and-safran-to-join-13978>.

¹⁰⁴ Robert Wall, "Airbus, Safran to Combine Space-Launcher Activities", *The Wall Street Journal*, 16 June 2014, <http://online.wsj.com/articles/airbus-safran-to-combine-space-launcher-activities-1402904085>

¹⁰⁵ Alessandro Ungaro, "Difesa, Fusione Franco-Tedesca alle Porte, in *AffarInternazionali*, 19 September 2014, <http://www.affarinternazionali.it/articolo.asp?ID=2809>.

¹⁰⁶ Reuters, *EU mergers and takeovers (Oct 16)*, 6 October 2014, <http://www.reuters.com/article/2014/10/16/eu-mergers-takeovers-idUSL6N0SB33Q20141016>.

¹⁰⁷ Nordic Defence Cooperation (NORDEFECO), *Nordic Defence Ministers Met in Norway*, April 8-9 2014, Press Release, <http://www.nordefco.org/Nordic-defence-ministers-met-in-Norway>

In conclusion, the enhancement of Anglo-French cooperation on military capabilities and procurement - particularly regarding RPAS - the move by Hollande to consolidate Franco-German industrial integration in the space field, and the Franco-German negotiations in the land sector, all together demonstrate the persistent importance of two elements concerning national actors' landscape: the relevance of bilateral initiatives, and the pivotal role of France in the European defence policy area. As a whole, in 2014 national actors have continued to play their roles in this area mainly at bilateral and regional level, on both military and industrial aspects, without channelling their cooperation in a EU institutional framework.

5. The roles of the US and NATO with respect to the European defence policy area

An analysis of the actors in the European defence policy area could not be complete without addressing the respective roles of US and NATO. In fact, the US is not a European actor in geographic terms, but undoubtedly the Americans continue to play an important role with respect to European defence. Without dwelling in contemporary history, two aspects of such role are relevant to the focus of this study.

First, the US have been considered so far the ultimate guarantee of European security, but this perception today is questioned by Barack Obama administration's reluctance to militarily intervene in Europe and its neighbourhood, coupled with the rebalancing of Washington's focus towards the Asia-Pacific. This changing role of the US may have different impacts on the European defence landscape. On the one hand, it may fuel a greater intra-European cooperation in the defence policy area in order to take over the security responsibilities previously shouldered by the US – a development increasingly encouraged by Washington. On the other hand, the changing US posture may deprive Europe of one of the main glues of EU integration – an American benevolent security umbrella on the Old Continent – by reviving the old rivalries among major MSs and hampering cooperation in the European defence policy area.

A second relevant aspect of US role with regard to European defence concerns the global defence market, where the Americans are a major player both at the governmental and at the industrial level. The US is keen to move forward multinational procurement programmes involving European allies under an American lead, such as the F-35. At the same time, US defence industries are willing and able to penetrate the European defence market by providing state-of-the-art capabilities at affordable costs – i.e. RPAS and combat RPAS - because they rely on a large and unified internal market. Again, the US role may have different impacts on the European defence policy area. On the one hand, it may provide the opportunity for military, technological and industrial advancements thanks to the transatlantic partnership with a military-industrial complex using cutting-edge technologies, equipment and doctrines. On the other hand, the US role may prevent Europeans to develop and/or maintain an autonomous military and defence industrial leadership in the defence field, simply by offering to MSs' armed forces “off the shelf” solutions more cost-effective in short term than the development of European procurement programmes.

Moreover, the recent and ongoing cuts to American defence budget have let US defence industry to focus more on exports, a move encouraged and supported by the Obama administration which has eased some political barriers in this regard. That means European defence industries will face growing competition in markets such as the Middle East, Latin America and Asia, which they used so far in order to compensate the reduction or stagnation of MSs defence budget. A competition very tough for Europeans because the Americans rely on a large unified domestic market allowing economies of scale, as well as on government's investments on research and technology activities much greater than the European ones.

The role of NATO deserves an analysis on its own, because the Alliance continues to be led by the US but, somehow, it acts by taking into account European views and it does not completely overlap with the American action. NATO has played a crucial role over the past six decades in shaping Allies doctrine, tactics, training, and generally speaking the military posture of MSs, although this influence had little impact on defence procurement which has continued to be decided on a national basis. While the assessment of NATO's role in European defence landscape is beyond the scope of this study, two aspects of such role are particularly relevant in the context of our analysis.

First, the 2009 France reintegration in the NATO integrated military command, and the recent US encouragement to European allies to assume greater security responsibilities – as demonstrated by the 2011 air campaign in Libya – have removed part of the ideological confrontation between NATO and the EU which hampered cooperation in past decades. Moreover, the aforementioned decline of European defence budgets has increased the awareness that 22 members of both NATO and EU have only one - limited - set of military forces to be put at disposal of whatever institutional framework is effective to deal with a certain crisis. In other words, both NATO and the EU are less concerned about their rivalry, and more worried about the poor state of European defence capabilities. Today the cooperation between the Alliance and the Union is still very unsatisfactory, mainly because of the Cypriot-Turkish issue, despite of good cooperative praxis in some operational theatres as well as growing contacts between EDA and the NATO Allied Command Transformation (ACT). If NATO-EU cooperation on operations, capabilities development and military standards makes progresses, this may have a positive impact on various European actors in the defence policy area.

A second important aspect of NATO's role with regard to European defence policy area relates to the Alliance relations with Russia. The crisis in Ukraine, and generally speaking the Russian Federation's strategy towards former Soviet republics, is already having an impact on

European defence landscape by altering the security perceptions and priority of several EU MSs, particularly in Eastern Europe and the Scandinavia region. While many aspects of the crisis in Ukraine should be dealt at economic and political level by the Union and its MSs, NATO and the US play an important role in reassuring Eastern European countries, deterring Moscow from further aggressive actions, and engaging Russian leadership in a strategic-level dialogue on pan-European security. The way this role will be performed (or not performed) will have an impact on the peace and stability of Europe and its neighbourhood, and will directly or indirectly influence the posture of European militaries and therefore the European defence policy area.

During the NATO Summit of the Heads of States and Governments held in Wales in September 2014, most of the agenda was focused on the relations with the Russian Federation. Indeed, the Alliance committed to support Kiev government and to review its relations with Russia, while reaffirming NATO's "open door" policy regarding possible new European members. A Defence and Related Security Capacity Building plan was offered to Georgia and the Republic of Moldova (as well as Jordan). At the same time, concerning military readiness, Allied leaders decided to adopt a package of measures – the Readiness Action Plan – designed to make NATO forces more responsive, better trained and equipped to respond to the changed security environment in, or near, Europe. Allies also made a pledge to support their military capabilities with adequate financial resources, by reaching 2% GDP spending on defence by a decade, and by achieving a better and more efficient allocation of resources.¹⁰⁸

In conclusion, both US and NATO continue to have a relevant – although changing – impact on the European defence policy area. Washington tendency to let Europeans to assume greater responsibility in their region may support intra-European cooperation in the defence field or weaken the American security umbrella which favoured the EU integration process over the past decade. At the same time, the US more aggressive role in the global defence markets puts under pressure European defence industries competing for exports. NATO may be a cooperative partner for the EU by benefitting European cooperation in the defence field. The Alliance is also crucial in dealing with the crisis in Ukraine and generally speaking with Russia by ensuring both Europe's security and the strategic re-engagement of the Russian Federation..

¹⁰⁸ Website of the North Atlantic Treaty (NATO), *Wales Summit Declaration*, Press Release, last updated 29 September 2014, http://www.nato.int/cps/en/natohq/official_texts_112964.htm

In this context, the Wales summit disappointed those expecting a step-change in NATO's approach to European security and particularly to Russia¹⁰⁹. The number of practical measures agreed at the summit, which individually may bring some concrete benefits at operational level, leaves largely un-answered the key questions on the role of NATO and the US with regard to the changing European security environment - particularly concerning Russia.

¹⁰⁹ Stefano Silvestri, "Il Salvagente della Nato alla Sua Missione", in *AffarInternazionali*, 9 September 2014, <http://www.affarinternazionali.it/articolo.asp?ID=2798>.

6. Conclusions

In light of the overall analysis put forward in this study, the European defence policy area continues to be characterised by three key dynamics: the renewed traditional rivalry among national interests, the interplay among EU actors, and the interaction between them and the MSs.

The first dynamic is somehow the continuation of centuries of rivalries among the states in the Old Continent, but adapted to the current EU context. European countries continue to compete with each other also in the defence policy area in order to protect national interests, i.e. by seeking to increase their respective influence in the EU neighbourhood, by trying to maintain the autonomy of their (smaller) armed forces against a pooling and sharing rationale, and by supporting national defence industry. The EU institutional framework represents a two-fold novelty in this regard. Firstly, it prevents national rivalries to result into another European war, and channels the traditional competition to advance national interests in a legally regulated and institutionalized political arena. Secondly, the MSs play the old game of competing with each other in the defence policy area according to the new rules of this arena. Therefore, for example they seek to appoint their nationals in key posts of EU institutions dealing with defence; they build alliances with other like-minded MSs in order to translate a national priority into a European priority, in order to mobilize the EU political weight and its tools accordingly; they compete for the allocation of common funds related to the defence policy area, such as Horizon2020 budget (or the funds by ESA, although the European Space Agency is not an EU institution); they do lobby to frame the EU regulation in order to benefit the respective national defence industry. At the same time, MSs cooperate with each other, mainly in the bilateral and regional formats analysed by this study, and such cooperation has gained some ground in 2013-2014 for example on the Anglo-French and Franco-German axis.

A second key dynamic regards the interplay among EU actors. As in other European capitals, the Brussels based actors do compete with each other in order to advance their respective agenda and priorities, to protect and expand their competencies and budgets, and so on. The bureaucratic logics, often resulting in the so called “turf wars”, applies to offices, units, directorates general, up to the apex of EU institutions which express different views and priorities in the European defence policy areas, as showed by the analysis of the respective roles of EC, HRVP and EDA in the preparation of 2013 European Council. As mentioned off-the records by some European diplomats, the Rue de la Loi physically dividing the Berlaymont building, where the EC is located, and the Justus Lipsius one, where the

European Council has its offices, often becomes, in political terms, a moat dividing two opposite camps. Interestingly, the building of the EEAS – an institution meant to support the HRVP by bringing together EC and European Council units and staff – is located on a square on top of Rue de la Loi, not falling in any of the two – physical and political - sides of the street. In this context, Mogherini’s decision to move the HRVP offices from the Justus Lipsius building to the Berlaymont one may demonstrate in political and symbolic terms the willingness to bridge the gap between the HRVP and the EC created during the Ashton mandate. Off course, the interplay among EU actors also sees cases of cooperation, or at least constructive dialogue, for example with regards to the relation between the EC and EDA which has recently improved with respect to previous years. Such complex dynamic among EU actors, marked at the same time by competition and cooperation, is particularly important for the European defence policy area, because of the different roles of several actors playing in this arena. For example, if the relations between the EC and EDA will continue the recent trend of greater dialogue and cooperation, this could greatly benefit the effectiveness and efficiency of EU policies in this field, and thus contribute in achieving positive results in terms of European armed forces capabilities and EDTIB. The same applies, *mutatis mutandis*, for the relation between the EU and NATO.

A third key dynamic is the interaction between EU and national actors, marked by the tension between those forces in favour of a greater transfer of sovereignty, competencies and powers to the Brussels institutions, and those willing to maintain a strong control at the national level. Actors taking sides in these two camps may be motivated by idealistic reasons, such as the advancement of a European identity and collective interests or, vice-versa, the protection of the national identity and interests perceived under threat. Such a clash of diverging perspectives, ideological and political views on the recent and future developments of the European integration process have become more evident with the 2014 EP election, where euro-sceptic parties and movements have challenged the mainstream forces and particularly the federalist ones. Actors may be also motivated by *real-politik*, bureaucratic and personal reasons, insofar changes in the equilibrium between EU and national levels have relevant implications in terms of competencies, budgets and, ultimately, power.

These three dynamics - the renewed traditional rivalries among national interests, the interplay among EU actors, and the interaction between EU and national actors – do interact with each other, thus making the European defence policy area even more complicated. For example, in recent years several MSs have tried to utilize EDA to counterbalance the EC push to accelerate a build-up of EDEM perceived as too much market-oriented and too little

strategic-oriented, by relying on their influence over the Agency in terms of budget, personnel and guidance by the Steering Committee. In addition, such landscape is not static over time. The Lisbon Treaty has represented a step towards the federalist direction also in the European defence policy area, for instance with the enhancement of the HRVP role, the inclusion of EDA in the Treaty providing a sound legal basis to the Agency and the breakthrough opportunity of Permanent Structured Cooperation. Since 2009 these potentialities of the Lisbon Treaty have not been exploited, due to the opposition and/or reluctance of major MSs - not only the UK - and because of the inertia of EU actors such as the HRVP in this regard. This contributed to a revival of unilateral, bilateral and regional initiatives, particularly in the 2009-2012 period. In the meanwhile, the euro-crisis and the debate in Europe on how to address it have marked the enhancement of traditional rivalries among national interests, and greater criticism towards the EU institutions. This changing political atmosphere has been reflected also in the defence field, for example with the maintenance of strong national control over military and industrial cooperation, as well as with the increase of purely bilateral cooperation de-coupled by the EU framework such as the Lancaster Treaty.

The enduring relevance of these three dynamics is confirmed by the analysis of the evolving roles of actors in the European defence policy area in light of recent developments. Such roles are likely to continue to evolve in the next years depending on a number of key variables. The first variable is whether the EC and the EP will enhance their position as engine for further cooperation and integration also in the European defence policy area, building on the new political mandate provided by the 2014 elections as well as on their budgetary powers. The second variable concerns the ability of the new HRVP to exert her coordinating role within the EC, as well as to exploit her multiple hat as Commission VP, EU HR, chair of the Foreign Affairs Council, Head of EDA and master of the EEAS including the EUMC and EUMS. The third variable is represented by the developments of bilateral cooperation in the defence domain, and particularly of the Lancaster Treaties which could be put under severe stress by the possible referendum on UK presence within the EU. The fourth variable is constituted by the fade of a truly European RPAS: this is the very last chance to launch a multinational procurement programme by pooling resources from national and EU actors, in order to meet military requirements, maintain Europe's strategic autonomy and support to maintain EDTIB technological edge in this field, also fuelling industrial consolidation. The fifth variable concerns the direction and pace of the EDTIB consolidation, a process which accelerated in 2014 under the pressure of the economic situation in Europe and worldwide as well as of the renewed French approach to defence industry. The sixth

variable depends on US and NATO posture with respect to Russia, with the possibility of a worsening of the Ukraine crisis and a further deterioration of European security environment if a proper strategy is not agreed and implemented by the West as a whole.

In conclusion, the aim of the overall analysis provided in this study is two-fold. First, it wants to increase the understanding of how the roles of the EU and national actors are evolving in the European defence policy area, which are the ongoing dynamics and future variables key in this regard, and what is the realistic room of manoeuvre to achieve greater cooperation in this area. By doing so, it also aims to stimulate a more accurate and in-depth debate among policy-makers, practitioners, experts and stakeholders, at national and EU levels, regardless of their respective agendas, since such debate is deemed crucial to achieve a better cooperation among various actors in the European defence policy area.