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EU Defense Cooperation: Progress Amid Transatlantic Concerns

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Executive Summary

European defense cooperation has made unprecedented strides since 2014 and further progress is expected under the new European Commission. Driving these developments are a combination of internal and external factors. Among them is a more challenging security environment in Europe, the disruptive impact of the Brexit negotiations and the election of U.S. President Donald Trump, demands for deeper European Union (EU) integration in the wake of the 2009 eurozone debt crisis, and defense industrial rationales. As the 2016 European Global Strategy makes clear, the EU's ambition is to become a more strategically autonomous security player capable of taking more independent action, especially in its own neighborhood. But this will require the decisionmaking structures that can act swiftly and autonomously in crises, the necessary civilian and operational capabilities to carry out these decisions, and the means to produce the necessary capabilities through a competitive high-tech European defense industrial base.

The evolving EU defense cooperation goes far beyond crisis management operations. At its core, it has the goal of leveraging EU tools to strengthen European security. In particular, new EU defense initiatives such as Permanent Structured Cooperation (PESCO) and the European Defense Fund (EDF), though still nascent, are potential game changers in this regard. PESCO operates as a platform for groups of member states to cooperate on defense capability projects. The EDF, as an internal market instrument backed up by European Commission co-funding, has the potential to spur and incentivize collaboration on the development and acquisition of new capabilities between member states. These initiatives lay a framework upon which stronger cooperation can gradually be structured. Nevertheless, these new European defense schemes will have to have the right level of ambition, be successfully implemented, and contribute to strengthening both European and transatlantic security.

Indeed, the United States should broadly welcome the prospect of a stronger EU security and defense role. If well designed and executed, European defense projects can make valuable contributions toward strengthening the North Atlantic Treaty Organization (NATO) by helping to bring about more European military capabilities and promoting investments in defense technology innovation. The EU can also put forward valuable cyber, hybrid, and civilian crisis management tools that can mutually reinforce NATO- and U.S.-led military operations. EU defense projects stand to benefit NATO and U.S. forces operating in Europe in concrete ways, such as by removing obstacles for military transports to move around Europe. Moreover, as Washington gears up for a sustained period of great power competition against China, a stronger Europe—one that is less dependent on Washington for its own security—would be a tremendous asset.

However, the Trump administration has reacted negatively to new EU defense schemes, expressing concern that they can duplicate NATO efforts and harm transatlantic interoperability. This is partly

misplaced fear, partly exaggeration, and partly based in actual concerns. The real transatlantic difference revolves around industrial interests. The strongest U.S. opposition has to do with restrictions on these schemes that prevent non-EU countries from participating in new EU projects. However, this otherwise manageable dispute should not keep both sides from focusing on resolving their main differences and working toward a shared understanding about the role of European defense cooperation in transatlantic security. Although the United States will have to understand and accept a higher degree of European independence as part of a rebalanced transatlantic relationship, the EU is not in a position to pursue complete autonomy in a way that fully assuages its member states' security concerns. Rather, the EU should take steps to ensure the United States is not excluded from new EU defense initiatives, and should prioritize capabilities over integrationist objectives.

Recommendations for Washington

- Avoid automatically criticizing European defense initiatives
- Encourage greater European collaboration on practical, feasible scales
- Work with the EU to step up defense against nontraditional threats

Recommendations for Europe

- Avoid polarizing terminology and narratives
- Clarify the scope of strategic autonomy
- Start talking defense at the highest levels in Europe
- Lock the United Kingdom into EU policies and missions
- Focus PESCO on overcoming the disconnect between ambitions and capabilities
- Focus EDF implementation on effectiveness
- Allow meaningful third-party access
- Clarify the connections among EU, European, and regional defense projects in Europe
- Invest in strategic partnerships
- Clarify the EU's mutual defense responsibilities

Introduction

After years of relative inactivity, European defense cooperation has seen a major upswing in recent years. New initiatives such as the European Defense Fund (EDF) and revival of the Permanent Structured Cooperation (PESCO), which gathers a large group of European Union (EU) countries desiring deeper defense integration, are at the center of these debates. Driving these recent developments is a combination of several factors that are acting as catalysts for scaling up the EU's defense ambitions. Among these are the growing instability on Europe's Eastern and Southern flanks, the nebulous position of Britain's continued EU membership following its 2016 referendum on leaving the EU, rising uncertainty about American leadership and commitment to the North Atlantic Treaty Organization (NATO) under President Donald Trump, increasing demand for deeper European integration, and defense industrial rationales.

Although the new policy developments reflect a growing political attention and interest paid to European defense, it is still too early to assess their import. Fundamental issues—including the direction, ambitions, and likely outcome of these EU defense initiatives, as well as the ways in which they will relate to NATO, the United States, and other European regional defense cooperation formats—remain unresolved. Several European capitals remain on the fence or are openly skeptical about new defense initiatives, as a result of competing interests that point against participating in or prioritizing EU defense schemes.

Moreover, these developments raise important questions concerning the EU's defense industrial and strategic autonomy, the effectiveness of joint defense procurement, and the need for new institutional structures in the decisionmaking process. Despite recent geopolitical upheavals in Europe and new commitments to advance European defense integration, is Europe any closer to a shared understanding of what “European strategic autonomy” really entails? How much autonomy in operations, capabilities, and the defense technological industrial base can the EU realistically afford? Compounding these questions, the Trump administration has doubled down on traditional American concerns about European defense integration and industrial competition. There is a palpable risk, therefore, that rather than reinforcing European security, such defense initiatives may end up creating new transatlantic fissures at a time when the broader policy agenda between Washington and the European capitals is already under severe strain.

These different (and at times clashing) incentives and perspectives can make it difficult to understand the potential risks and opportunities in the area of defense for Europe and the transatlantic relationship. They also suggest a varied range of possible outcomes for the future of European defense policy and transatlantic security. To ensure European and transatlantic unity and cohesion going forward, it will be crucial to understand the core drivers and assumptions shaping the European defense debate, and to extrapolate likely trajectories and possible end states for various

initiatives. Only with a more robust and pragmatic transatlantic dialogue will it be possible to overcome mutual misperceptions and misunderstandings about European defense schemes, let alone to foster trust or promote collaboration. From the outset, it will be vital to understand how the EU and member states define “strategic autonomy,” and to determine the potential advantages and tradeoffs of enhancing “European sovereignty” in security and defense.

This paper assesses this fast-moving policy space to make sense of the overall direction of the European defense dimension and its wider impact on transatlantic security. First, it discusses the recent evolution of European defense cooperation and its main achievements to date. Next, it explores the underlying drivers for such deepened cooperation on defense in the EU. It then discusses the current politics of European defense and the concept of “strategic autonomy.” From there, it zeros in on the transatlantic dimension of the European defense debate, unpacking the position of the Trump administration with regard to new European defense initiatives. In conclusion, it offers recommendations to Europe and the United States to help advance European defense cooperation in ways that strengthen both European and transatlantic security.

The New Momentum Behind European Defense

After nearly a decade of relatively slow progress, European defense cooperation recently has moved into a higher gear. As far back as 2009, the European Commission took initial steps on this front when it changed rules on defense procurement in ways that made it more difficult for member states to protect their national suppliers.¹ This policy shift led to more cross-border acquisitions and some mergers. The Lisbon Treaty, which entered into force in late 2009, also introduced Article 42(7), the so-called EU mutual assistance clause, which supported joint action of member states if one EU member experienced a terrorist attack or a natural or manmade disaster. (France would be the first to activate this clause in response to the November 2015 terrorist attacks in Paris.) In December 2013, the European Council, for the first time in recent history, broke with EU leaders’ traditional reticence to discuss EU defense policy priorities and considered more substantial defense questions, including priority actions for greater cooperation.² This movement demonstrated an emerging majority view among EU member states concerning potential ways to fill their capability gaps collectively at a supranational level, at a time of decreasing defense budgets and economic austerity across Europe.

Another milestone was the release in June 2016 by EU High Representative for Foreign Affairs Federica Mogherini of the document “Shared Vision, Common Action: A Stronger Europe—A Global Strategy for the European Union’s Foreign and Security Policy,” which replaced the outdated European Security Strategy from 2003 and included additional priorities for security and defense.

This paper was followed in November 2016 by the “Implementation Plan on Security and Defence,” a set of tangible actions for security and defense. To take one notable example, in November 2016 the European Commission put forward the “European Defense Action Plan: Towards a European Defence Fund,” which proposed a financial tool as part of the next EU budget to fund cooperation and investment in the joint research, development, and prototyping of strategic defense equipment and technologies.

Meanwhile, at the July 2016 NATO summit in Warsaw, NATO and EU leaders signed a joint declaration—subsequently supplemented with another joint declaration in 2018 and seventy-four joint agenda items—signaling greater NATO receptiveness to a stronger EU defense role, provided that certain conditions are met.³ Since 2016, the EU has made several significant policy developments pertaining to security and defense. These include the establishment of a military planning and conduct capability (MPCC) within the EU military staff in June 2017, as well as the activation in December 2017 of the Lisbon Treaty’s “Sleeping Beauty”: PESCO, underpinned by legally binding commitments and national implementation plans.⁴ Further impetus came in December 2017 with the launch of the European Defense Industrial Development Program (EDIDP) as a precursor to the future EDF, providing €500 million in co-financing over 2019–2020 for the joint industrial development of defense equipment and technologies.⁵ Prior to the launch of the EDIDP, in May 2017 the EU had initiated the Preparatory Action on Defense Research, which for the first time supported defense-related research and technology developments directly from common EU funds. These developments were intended to prepare the groundwork for an ambitious future EDF.

The EDF’s exact amount is not fully clear; for the period 2021–2027 the amount is expected to be €13 billion, out of which €4.1 billion will go toward collaborative research projects and €8.9 billion toward capability development, making the EU one of the top four defense R&D players in Europe.⁶ All these sums will directly come from the common EU budget and will coexist with the different national and multinational sums dedicated to military technology.⁷ If successfully implemented, the EDF is expected to increase the European Commission’s agenda-setting power in the field of security and defense, bolster more efficient joint investment schemes in defense technologies research and innovation, and also boost the EU’s leadership position in this strategic sector. In this regard, the EDF symbolizes an unprecedented step taken both to safeguard the EU’s technological and industrial base, by developing key technologies in critical areas, and to contribute to the EU’s strategic autonomy by making defense cooperation under the EU budget a reality.

The EDF’s substantial financial envelope is set to scale up European homegrown joint strategic defense projects (especially in the case of disruptive technologies) and streamline defense spending, thus making the EU a major defense investor in Europe. In February 2019, the European Commission presented a principled agreement on the EDF, framing it as a timely catalyst for

cutting-edge defense research and innovation. The document was then approved by the European Parliament in April 2019 and it is expected to be approved by the European Council, which will formalize the adoption of the instrument. That said, the EDF, however important as a foundation for future work, it is unlikely to transform the European defense market anytime soon.⁸ Ultimately, member state buy-in will be necessary as national governments will need to set aside resources from their own defense budgets to invest in EDF projects. To help manage the EDF, a new Directorate General for Defense Industry and Space will be established in the next European Commission, bringing many relevant EU security and defense components under one institutional roof. Other tricky issues such as arms export policy will also remain outside the remit of this new entity, and procurement rules will not be changed.⁹

Since then, implementation of PESCO has begun in earnest, along with the establishment of a revised Capability Development Plan and associated EU Capability Development Priorities (CDP) to serve as key reference for member states and ensure coherence with NATO.¹⁰ A Coordinated Annual Review on Defense (CARD) will serve as a link between national defense planning and EU priorities. In March 2018, the council adopted an initial list of seventeen projects under PESCO, followed by a second list of seventeen additional projects approved in November 2018 and an additional thirteen projects in November 2019 (see table 1). The projects cover areas such as training, capability development, and operational readiness, as well as cutting-edge technologies such as the European Medium Altitude Long Endurance Remotely Piloted Aircraft Systems (MALE RPAS). The third batch of new projects approved in November 2019 was smaller than the previous two and included more mature projects.

Nevertheless, in order to maintain momentum and continued political buy-in from member states, the below projects will need to come to fruition soon and provide successful deliverables. The first one-year implementation report of PESCO from May 2019 demonstrates that while progress is taking place, more work remains to be done.¹¹ In particular, not all of the forty-seven PESCO projects directly address critical capability shortfalls.¹² In the worst cases, some PESCO projects have merely repackaged existing national-level projects, with most progress to date stemming from increases in defense spending rather than new cooperation initiatives. Key determinants of PESCO success include the level of ambition in future projects and whether member states will commit to PESCO. Given that national implementation plans will be key, the links among PESCO, CARD, and CDP will need to be strengthened in future endeavors.

Taken together, these and other related policy developments represent an unprecedented demand signal for deepened European defense cooperation from member states. In particular, PESCO and EDF are milestones when it comes to incentivizing cooperation and joint development and acquisition of new European capabilities. At the same time, real progress of these initiatives will depend on their successful implementation over time.

TABLE 1.

PESCO Projects

	First List of PESCO Projects (March 2018)	Second List of PESCO Projects (November 2018)	Third List of PESCO Projects (November 2019)
1.	European Medical Command	Helicopter Hot and High Training (H3 Training)	Integrated European Joint Training and simulation Centre (EUROSIM)
2.	European Secure Software-Defined Radio (ESSOR)	Joint EU Intelligence School	EU Cyber Academia and Innovation Hub (EU CAIH)
3.	Network of Logistic Hubs in Europe and Support to Operations	EU Test and Evaluation Centers	Special Operations Forces Medical Training Centre (SMTTC) Poland, Hungary
4.	Military Mobility	Integrated Unmanned Ground System (UGS)	CBRN Defence Training Range (CBRNDTR)
5.	European Union Training Mission Competence Centre (EU TMCC)	EU Beyond Line of Sight (BLOS) Land Battlefield Missile System	European Union Network of Diving Centres (EUNDC)
6.	European Training Certification Centre for European Armies	Deployable Modular Underwater Intervention Capability Package (DIVEPACK)	Maritime Unmanned AntiSubmarine System (MUSAS)
7.	Energy Operational Function (EOF)	European Medium Altitude Long Endurance Remotely Piloted Aircraft Systems (MALE-RPAS)	European Patrol Corvette (EPC)
8.	Deployable Military Disaster Relief Capability Package	European Attack Helicopters TIGER Mark III	Airborne Electronic Attack (AEA)
9.	Maritime (semi-) Autonomous Systems for Mine Countermeasures (MAS MCM)	Counter Unmanned Aerial System (C-UAS)	Cyber and Information Domain Coordination Center (CIDCC)
10.	Harbor & Maritime Surveillance and Protection (HARMSPRO)	European High Atmosphere Airship Platform—Persistent ISR Capability	Timely Warning and Interception with Space-based Theater surveillance (TWISTER)
11.	Upgrade of Maritime Surveillance	One Deployable Special Operations Forces (SOF) Tactical Command and Control (C2) Command Post (CP) for Small Joint Operations (SJO)	Materials and components for technological EU competitiveness (MAC-EU)
12.	Cyber Threats and Incident Response Information Sharing Platform	Electronic Warfare Capability and Interoperability Program for Future JISR Cooperation	EU Collaborative Warfare Capabilities (ECoWAR)
13.	Cyber Rapid Response Teams and Mutual Assistance in Cyber Security	CBRN Surveillance as a Service	European Global RPAS Insertion Architecture System
14.	Strategic Command and Control (C2) System for Common Security and Defense Policy (CSDP) Missions and Operations	Co-basing	
15.	Armored Infantry Fighting Vehicle, Amphibious Assault Vehicle, Light Armored Vehicle	GeoMETOC Support Coordination Element (GMSCE)	
16.	Indirect Fire Support (EuroArtillery)	EU Radio Navigation Solution (EURAS)	
17.	EUFOR Crisis Response Operation Core (EUFOR CROC)	European Military Space Surveillance Awareness Network (EU-SSA-N)	

SOURCE: “Permanent Structured Cooperation (PESCO)’s projects—Overview,” European Council, November 12, 2019, <https://www.consilium.europa.eu/media/41333/pesco-projects-12-nov-2019.pdf>.

Drivers of EU Defense Cooperation

A combination of internal and external factors is driving the rapid increase in demand for deeper European defense cooperation in the past few years. These internal and structural factors will continue to drive and shape the European defense policy agenda in the coming years.

First, and most obviously, is the more challenging geopolitical environment confronting Europe. Russia's illegal annexation of Crimea in the spring of 2014 and ongoing aggression in eastern Ukraine, combined with the Syrian civil war and the ensuing 2015–2016 migration crisis, have brought conflict and instability closer to Europe's doorstep. European leaders no longer take their security for granted, and have begun to invest more into defense and crisis management capabilities in general.

One benefactor of this geopolitical instability was NATO. The reversal in the long-standing decline in defense spending in Europe started long before the election of Donald Trump, and has been directly linked to the war in Ukraine and the migration crisis. But the new awareness of Europe's vulnerabilities also has provided both the need and the justification for the EU to discuss security and defense issues and its own role therein in a more systematic way. The European Commission has redoubled its efforts to end the fragmentation of European defense markets and create greater economies of scale, using EU funds to incentivize collaboration between member states. Most states, however, continue to jealously protect national defense companies. With little competition and efficiency in defense markets, EU member states get a lot less for their euros than the United States receives for its defense dollars. In light of the growing insecurities facing Europe, the EU also is expected to do more to help address emerging issues such as hybrid threats, border management, and crisis management (including maritime security, counterpiracy, and countertrafficking). The ongoing threat factor will fuel demand for the EU to take more comprehensive action in the area of security and defense during the new European Commission's term (2019–2024) and beyond.

Second, Britain's decision to opt for Brexit in the June 2016 referendum means that the United Kingdom's traditional opposition to deeper European defense integration has become a far less salient factor. London traditionally has been skeptical of European defense schemes and has frequently resorted to trying to prevent or dilute key initiatives such as an independent military headquarters for the EU or more funding to the European Defense Agency. Owing to its staunchly Atlanticist outlook on European security, the British defense establishment has always prioritized NATO and the "special relationship" with Washington over European defense, while simultaneously playing a relatively low-key role in the EU's Common Security and Defense Policy (CSDP)—even though a British headquarters commanded the EU's antipiracy operation Atalanta for several years. Although Brexit (at the time of writing) remains unresolved, British influence over EU decisionmaking has already significantly dwindled, thus providing an opportunity for others to move

past the impasse of traditional British opposition. Conversely, Brexit has made it harder for those likeminded, smaller member states who share many British hesitations about European defense integration to remain on the sidelines by hiding behind Britain's position. Their collective influence, however, does not equal that of the United Kingdom. Ironically, London itself has actually become more interested and engaged on European defense matters in the wake of Brexit, as the country seeks to forge a new partnership with the EU on security and defense issues, but with its future still uncertain, it will exercise zero influence on the future direction of EU defense integration.

Third, the election of Donald Trump as U.S. president in November 2016 has cast doubt on the wisdom of Europe's continued reliance on the United States for its security. This is an old concern in some way—even under former president Barack Obama, who displayed greater investment in the transatlantic alliance, many in Europe wondered whether the United States would help manage crises in places such as the Balkans and North Africa. Since the advent of the Trump administration, however, the allies have grown increasingly concerned about the U.S. commitment to defend Europe itself. Trump has relentlessly criticized America's allies, seems obsessed with burden-sharing and defense spending, and apparently does not believe in NATO's mutual defense clause. Moreover, his administration's National Security Strategy, with its emphasis on near-peer competition with China, signals shifting U.S. foreign policy priorities away from Europe toward Asia.

Most of the current European defense initiatives predate Trump's election, but the politics of European defense have changed profoundly during his presidency. It has triggered unprecedented debates in Europe on a need for a plan B to NATO.¹³ With the broader issues raised by several other wider transatlantic policy disagreements, including the Paris climate accords, the Iran nuclear agreement, and trade tariffs, it perhaps is not surprising that some prominent European voices have begun calling for Europe to cultivate more independence from Washington.

Some European leaders have explicitly justified EU defense cooperation as a way to reduce dependency on Trump. For example, when presenting the new EU defense package in June 2017, European Commission President Jean-Claude Juncker stated that “the protection of Europe can no longer be outsourced.”¹⁴ Similarly, leaders such as France's Emmanuel Macron and Germany's Angela Merkel have both made headlines by suggesting Europe can no longer fully rely on the United States and must therefore take on more responsibility for itself.¹⁵ In an interview published in the *Economist* in November 2019, Macron raised eyebrows when he referred to NATO as “braindead”. Macron further added that “The instability of our American partner and rising tensions have meant that the idea of European defence is gradually taking hold.”¹⁶ In the past, only a minority in Europe had pressed for EU defense cooperation in order to undermine the centrality of NATO in European security. Now that the U.S. president himself has done so, it has become difficult for European leaders not to look to the EU to do more to defend the continent.

Fourth, security and defense cooperation has become more of a proxy for the overarching political goal of furthering European integration as a way to shore up the cohesion of the EU. For a short period after the eurozone crisis, the migration crisis, and the Brexit referendum, the very existence of the EU seemed at stake. Some pro-European leaders saw in security and defense cooperation an opportunity to demonstrate that the European project was alive and well, and to press back against the doomsayers. Defense stands out as a rare example of deeper integration at the time when the European project was stalling or faltering in several key areas. Progress on defense also allowed EU leaders to counter the euroskeptical narrative that the EU has ceased to care about voters' concerns. Defense remains popular among EU citizens, with some 68 percent of respondents demanding that the EU do more on the subject, according to the 2018 Eurobarometer survey.¹⁷ The next European Commission, led by former German defense minister Ursula von der Leyen, is expected to keep security and defense matters a top priority, striving toward "a genuine European Defense Union."¹⁸

Finally, while Europe needs to pool its acquisition and production of defense goods, some in the EU talk up European defense cooperation for protectionist purposes, in order to steer defense orders away from American companies and toward European industry. This trend is most notable in European capitals with a sizable and partly state-owned domestic defense industry, such as in France and Italy. The European Commission itself is keen to promote a stronger European defense industrial base. The EU treaty does not give the commission a mandate to look after defense capabilities; rather, it has the narrower goal of prosperity and autonomy for EU defense companies.

This is a controversial subject in many member state capitals, which primarily regard strong industry as a means to an end: capable European militaries. Their leaders worry that measures that protect EU industrial champions will drive up the cost of defense equipment and reduce supply, thereby leaving the EU less rather than more prepared to face insecurity. Central and Eastern European countries feel this concern particularly strongly. Europe remains heavily reliant on the United States to contend with the defense threats that it faces on its eastern flank, and will continue to do so for the foreseeable future, and member states that are closest to this front line fear that EU intervention into the transatlantic defense trade might serve as yet another excuse for Trump to renege on his commitments to NATO. A related concern in countries such as the Czech Republic, Poland, and Romania—but also the Netherlands, Sweden, and the United Kingdom—is that the United States will respond to these strictures in kind by restricting access to the U.S. defense market for European suppliers. Countries such as the United Kingdom and Sweden, whose national defense industry is highly integrated into the American defense industry, would suffer the most from such a transatlantic defense trade war.

In other words, while member states generally agree on the broad goal of European defense integration, there is considerably less unity regarding the direction of European defense industrial policy. The importance of this issue cannot be overstated. The primary challenge facing Europe's

defense market is well-known and has to do with gross fragmentation and inefficiency. On top of that, many European countries continue to restrict their defense spending, with military R&D concentrated in a small number of member states. Most NATO countries are still far from fulfilling the goal of spending 20 percent of their defense budgets on investments in new equipment and R&D. The fact that European R&D investments decreased by 18 percent between 2006 and 2014 means that additional EU incentives are necessary to generate new technologies and achieve economies of scale for joint procurement.

Moreover, currently 80 percent of the development of defense capabilities and two-thirds of acquisition of defense capabilities in Europe take place on the national level, generating massive unnecessary duplication. An estimated €25 billion could be used more effectively if unnecessary overlap was eliminated. This unfortunate situation means that many member states' industries, facing small volumes and large inefficiencies, often struggle to make it on their own. To cope with slow innovation cycles, Europe needs to spend more efficiently and better harmonize its scarce resources. Changing this status quo is an arduous task, one that cuts to the core of the national priorities and industrial interests that have made EU defense integration such an uphill battle.

These five drivers do not necessarily produce a coherent agenda. The different motivations often push European defense integration into mutually exclusive directions. For example, those who worry primarily about threats on the EU's southern and eastern borders want a capable, effective European military, and they care little about whether it is organized under the EU or NATO, or whether it is equipped with French or American arms. Others in Europe share this strategic assessment, but are concerned with U.S. reliability as an ally: they also want a powerful military, but one that does not depend on the United States for spare parts or crucial enablers, and over which Washington will not have a veto. Those who want to strengthen the European defense industry by restricting U.S. sales in Europe may not lose sleep over the prospect that the European militaries may end up worse off in the end, as far as their capabilities are concerned.

Note also that EU capitals are not necessarily driven by one single motivation. In France, many in the political class have long believed in reducing European defense dependency on the United States, yet the defense establishment in Paris is more concerned with augmenting European defense capabilities, and will cooperate with the United States if that is what it takes. (French politics in this regard will be discussed in greater depth in the sections to follow.) In the complicated worlds of EU decisionmaking, it is not unusual for capitals to be sending conflicting signals and rooting for different outcomes at the same time.

The EU defense policy framework itself is full of contradictions and contrary motivations. The notification establishing PESCO, for example, nods to the need for greater military capabilities, but it also calls for greater European autonomy—which, if applied to defense industry, is likely to reduce

competition, increase costs per unit, and thus produce less capable European militaries.¹⁹ Greater defense industrial autonomy may well be desirable, but it is not without costs, and European debates rarely acknowledge these trade-offs. To build consensus among member states, EU defense frequently must appear to be all things to all people.

European Strategic Autonomy and Its Politics

A recent pressing issue in the European defense debate is the concept of “strategic autonomy.” Commensurate with the increased demand for greater EU defense cooperation, it has gained traction in recent years, albeit not entirely without controversy. The term has historical roots in French strategic culture, particularly dating back to the end of the Cold War and the need to reevaluate French military thinking beyond the concept of nuclear deterrence.²⁰ Since the 1990s, it typically has referred to the notion that the EU should be able to carry out modest-size, out-of-area crisis management operations, especially in its own neighborhood, independently of NATO and the United States.²¹ This is still the conventional meaning of the term, as exemplified in the June 2016 European Global Strategy.²² However, the scope of strategic autonomy has more recently expanded from security-defense to encompass other EU foreign policy, economic, and technology dimensions.²³

These days, strategic autonomy in defense terms is broadly understood as having at least three main components: (1) established EU decisionmaking structures to make autonomous and swift decisions in crises; (2) the necessary civilian and military capabilities required for operations; and (3) the means to produce capabilities through the existence of a competitive, though not necessarily independent, high-tech European defense industrial base.²⁴ As with most other EU defense policies, the exact meaning of these components is heavily disputed.

It is helpful to view autonomy not as an absolute thing or a binary choice, but rather a continuous spectrum. In its most limited interpretation, defense autonomy is not controversial, and reflects both Europe’s worsening security environment and the United States’ declining interest in underwriting the continent’s stability. Washington—or Ottawa, for that matter—would be the first to expect Europe to be able to handle trouble in its immediate neighborhood (for example, in the Balkans) on its own. That expectation presumes that EU member states have the prerequisite capacity to plan, launch, command, and execute operations, and to equip their militaries. Most of the building blocks are already in place. For example, the EU has a small planning and command capacity within the European External Action Service, as well as access to several national military headquarters.²⁵

However, several notable shortcomings still plague potential EU military action. For one, defense is currently only a part of the EU's foreign policy dimension, and the EU defense ministers lack a regular meeting format in Brussels. It frequently has been difficult for the EU's twenty-eight capitals to reach a consensus on military interventions.²⁶ This issue is compounded by the lack of a shared, Europe-wide strategic culture and threat perception, different defense institutional framework with diverse rules of engagement and use of military force, and a lack of common vision on the role of the EU in defense.²⁷ Because of the ongoing problems with official EU defense collaboration mechanisms, future European military operations might well take the form of bilateral, trilateral, or ad hoc coalitions of member states as opposed to using the CSDP instrument.

Moreover, in terms of capabilities, the EU has only a questionable ability to operate autonomously during more ambitious types of scenarios. European militaries remain heavily dependent on the United States for critical capabilities and strategic enablers during operations. These include strategic airlift, air mobility, medevac, air-to-air refueling, smart munitions, space, networks and ISR.²⁸ The difficulties experienced during the Libya intervention in 2011 or the French-led Operation Serval in Mali in 2013 both highlighted such deficiencies.²⁹ Though progress has been made to develop and acquire such capabilities since the early part of the decade, and the current European defense package has the potential to help more, the EU is still far from fulfilling the vision set out in the European Global Strategy of being able to operate alone during external conflicts and crises. The added impact of Brexit and ensuing loss of the EU's second most capable military will further heighten European capability shortfalls. For example, the EU stands to lose some 40 percent of defense R&D and about a third of its airlift capabilities after Brexit. Military experts are skeptical that the EU could manage to take on ambitious missions such as conflict prevention or peace enforcement under most scenarios without the British contribution, or react in the event of multiple simultaneous crises.³⁰

Yet to other EU member states, strategic autonomy means more than a mere concept. France is on this end of the spectrum. In his Sorbonne speech in September 2017 and his "letter to Europe" in early 2019, President Emmanuel Macron laid out a vision of a Europe that should be striving to become as militarily independent as possible.³¹ The country's government has been the staunchest supporter of European defense integration. This position comes naturally to France, given its historic hesitations about being reliant on NATO and the United States for European regional security. The view also reflects the experience of the 2011 Libya operation, in which Washington only reluctantly "led from behind." Along with the Obama administration's "red line" debacle in Syria in 2013, in which the United States did not match its tough rhetoric against Syrian President Bashar al-Assad with corresponding military action, the Libya episode reinforced the French perception about Washington's unreliability for addressing security threats in Europe's immediate neighborhood. And Trump, to put it mildly, has done nothing to allay those concerns.

French strategists have come to the view that Europe must not rely on Washington and must obtain greater ability to take autonomous military action, particularly in the southern neighborhood and sub-Saharan Africa, along with the necessary capabilities backed up by a stronger indigenous defense industry. This chimes with a long-standing preference of the Gaullist part of the political class for a French-led Europe to stand equal to the United States.

The EU itself features only lightly in the French vision for strategic autonomy. When the country's leaders talk about a European army, they do not necessarily have in mind a unified European command. (French defense minister Florence Parly, however, has spoken in favor of a European army to share in procurement, command, and operations.³²) Rather, they focus on the idea that Europe (though not necessarily the EU) should be able to manage external crises on its own, particularly in its southern neighborhood. The European component here is to bring European armies together as a single set of forces as a complement to, but not a replacement of, other structures such as NATO.

Yet French belief in strategic autonomy is not dogmatic. It is open to flexibility when military needs dictate. Paris continues to rely heavily on a bilateral partnership with Washington for many of its own stabilization missions in the Sahel. The difficulties experienced during the 2013 intervention in Mali also underscored to French officials how far from being self-reliant Europe really is. Nor does France view a stronger European defense as antithetical to NATO (though Macron has questioned NATO's viability in the future such as in his recent the *Economist* interview)³³; it recognizes the centrality of the transatlantic alliance when it comes to managing the threat from Russia in the east. Macron has made clear on several occasions that he favors continued membership in NATO, and wants European countries to become stronger and more critical allies. The "autonomy" desired by Paris is best understood as partial autonomy, not covering a potential conflict with Russia.

Macron has strived to forge a close partnership with Germany and has sought to use that partnership to advance his defense vision, but in this endeavor he has had only limited success. The two countries have a gap in their strategic culture that is unlikely to be resolved anytime soon. Whereas France has a strong sense of urgency in addressing regional security threats, Germany is less focused on specific missions and more concerned with the deterioration of the multilateral order, and seeks to build institutions and frameworks for long-term action. France sees military solutions to problems in places like Africa, but Germany overwhelmingly still favors diplomatic tools and addressing root causes through development assistance.

For short-term, tactical reasons, France and Germany briefly collaborated to deepen EU defense integration after Macron's election in 2017. Germany was reluctant to join his broader European reform agenda, such as eurozone integration, but did not want to be seen as undermining the new French president or the bilateral relationship. Berlin felt compelled to adopt a somewhat more

pragmatic stance on *some* issue, and defense was the one area where French ideas were in least conflict with German preferences. Chancellor Angela Merkel has been cautious about some of Macron's initiatives, but she has echoed his call for European strategic autonomy and even paid lip service to some of his ideas such as a European army, an idea normally only advocated by ardent European federalists.³⁴ Similarly, the former German defense minister and European Commission President-elect Ursula von der Leyen has spoken of an "army of the Europeans."³⁵

Although Merkel appears to have become more convinced that Europe should not be dependent on the United States, Berlin still believes that a common European army is at best several decades away. Germany therefore continues to regard NATO as the cornerstone of European security and hopes that U.S. support for the alliance will revert back to normalcy after the Trump presidency. The talk of strategic autonomy in Berlin is also intended to serve domestic political calculations at a time when German voters are increasingly wary of relying on Trump. For German politicians, calling for "more Europe" is simply a more effective way to justify increases in national defense spending without seeming to cave in to Trump's demands for European countries to pay more for their defense. Germany also believes that new EU defense initiatives, like most other forms of EU integration, should aim to be as inclusive as possible. It opposes the "multispeed" model of defense integration favored by Paris. France wanted a smaller grouping of the most militarily capable countries to form a lead guard to which others would aspire to catch up, but Germany favored a wide membership in PESCO and prevailed. Paris responded by launching its own European Intervention Initiative (E2I) in June 2018 as a joint military project with a smaller number of capable militaries in Europe, completely outside EU structures and including the United Kingdom.

For strategic autonomy in defense to work in practice, either Brussels institutions or key member states such as the Franco-German axis would need to take a strong lead on the initiative.³⁶ At the moment, neither option seems realistic. The debate between Paris and Berlin only highlighted their differences, and at the same time triggered a polarizing, divisive reaction in wider Europe.³⁷ A group of more Atlanticist-oriented member states in Central and Eastern Europe and some Northern European countries, including the Netherlands and Sweden, have tended to be more reluctant joiners in European defense integration. Denmark, for instance, does not take part in European defense initiatives at all. For many of these countries, their primary concern is a conflict with Russia, which the EU does not aspire (nor has the means) to deter or defend against. Naturally, these countries view NATO and the preservation of the transatlantic link as a cornerstone of their defense. They fret that the pursuit of European defense autonomy, particularly the occasional loose talk of a European army, might undermine NATO without creating a credible European alternative. Instead of "strategic autonomy," these countries prefer to use the words "responsibility" and "burden-sharing" when describing their perspective on EU defense cooperation. Some of them have even sought to boost bilateral defense ties with the Trump administration, albeit in a more transactional way, as evidenced by the Polish debate over hosting a new U.S. military base.³⁸

At the same time, many Central and Eastern European states are loath to be left behind on EU defense cooperation initiatives for two main reasons. First, they are wary of the prospect of multispeed cooperation in Europe in general, whereby a core group of Western European member states initiate new cooperation initiatives while leaving others on the sidelines. As they see it, such an initiative that starts with defense could expand to other areas such as tax policy, leaving the Central Europeans in an uncompetitive position on the EU's political periphery. Second, they prefer to be part of shaping new EU defense initiatives to ensure they do not end up undermining NATO. Granted, not all Central and Eastern European countries fall into the same camp. Countries such as the Czech Republic, Estonia, and Slovakia have taken a more pragmatic approach toward European defense cooperation than, for instance, Poland. Finally, Brexit also has made it more difficult for smaller EU countries to oppose EU defense schemes by using Britain's traditional opposition as a cover.

Current EU Defense Initiatives as Seen From Washington

Traditionally, the United States has held many reservations and mixed views about the development of a more autonomous European defense identity apart from NATO. The dominant American view of CSDP over the past decade generally has been one of disinterest and skepticism. Washington continues to view European defense from a strictly transatlantic security perspective with NATO as its cornerstone. Though most of the current American positions span multiple administrations, the Trump administration has a particularly negative view of EU defense colored by its overall euroskeptical outlook. As opposed to previous U.S. administrations, which have tended to be supportive of most aspects of European integration (if not defense itself), the Trump administration is ideologically inclined to see the EU as a supranational organization that constrains its member states' national sovereignty and is an economic competitor to the United States. Unsurprisingly, therefore, it has opted to reduce engagement with Brussels in favor of bilateral, transactional ties with individual national capitals. Informed by a skeptical view of European integration in general, some U.S. officials have even come to see EU defense initiatives as attempting to replace NATO, thus limiting American influence on the continent.

Some of the language frequently used by European officials when describing European defense plans has added fuel to this fire. Terms like "strategic autonomy," "European army," and "sovereignty" risk reinforcing certain U.S. leaders' perception that new EU defense initiatives are being designed to undermine the centrality of NATO in European security, or are merely a reaction against Trump (which is at best only partly true.) Even many Atlanticists in Washington who normally are committed to keeping the United States engaged in NATO are uncomfortable with the notion of

strategic autonomy, as it feeds into a political narrative of “ungrateful” Europeans signaling that they want to decouple from the United States.

In the worst case, U.S. politicians’ misinterpretations of the nuances of European defense rhetoric can bolster isolationist instincts and euroskeptical attitudes in Washington. A cautionary tale was Trump’s incendiary reaction to Macron’s comments about a European army ahead of the World War I anniversary in France in November 2018. Trump interpreted his language as a threat to himself and lashed out against his French counterpart.³⁹ Although Macron never actually called for a European army to defend Europe against the United States, and did not mean to suggest the EU should somehow replace NATO, he did argue that Europe needed to cultivate more independence from Washington to be able to defend itself against security threats. Moreover, in that same speech, he did mention the United States as a source of cyber attacks against Europe, notably in light of recent U.S. cybersecurity operations that had intercepted sensitive communications among European leaders, including Merkel.

As the United States doubles down on strategic competition against near-peer competitors like China and Russia, it expects NATO allies to improve burden-sharing through meeting the 2 percent spending pledge agreed on at the 2014 NATO summit in Wales. Trump has repeatedly voiced frustration with European leaders on this topic. In this context, the U.S. administration doubts whether EU defense cooperation will bring much of significance to the table. Washington has been disappointed with the EU’s track record of implementing serious defense proposals, and the level of ambition of current EU defense initiatives is incommensurate with the serious threat environment facing Europe. Rather than prioritizing new European defense schemes that likely will take several years to materialize, U.S. officials would prefer that Europeans first fulfill their NATO spending pledges and focus on addressing capability gaps that the alliance already has identified. With some exceptions, Washington regards most new EU initiatives as distractions that are most likely to dilute NATO capabilities. Until the United States sees EU defense cooperation generating clear and tangible outputs, it will remain reluctant to throw its weight behind it. This is a broadly held view in the U.S. defense establishment, which is separate from, and precedes, Trump’s unique concerns.

On the specific question of the latest iteration of European defense initiatives, such as PESCO, the EDF, and CARD, not to mention strategic autonomy, the American attitude can best be described as lukewarm and in some cases even openly antagonistic. The U.S. administration’s initial reaction was a mix of confusion and blanket criticism of the new EU initiatives, echoing concerns from the 1990s about the dangers of a separate European defense identity apart from NATO.⁴⁰ In a recent letter sent to Mogherini, two senior American officials, Ellen Lord and Andrea Thompson, warned that PESCO and the EDF would “produce duplication, non-interoperable military systems, diversion of scarce defense resources and unnecessary competition between NATO and the EU.”⁴¹ However, as U.S. officials received clarification from European allies about the proposals, these

concerns began to subside (in part because Washington has seen many EU defense ideas come and go in the past, without leaving much behind).

One exception is the continuing tension over provisions in PESCO and the EDF pertaining to the role of third parties (including the United States) participation in EU defense research, and ownership of related intellectual property rights (IPR). The Pentagon is cautiously on board with PESCO as long as it contributes to addressing capability gaps identified in the NATO defense planning process and does not take vital resources from NATO. Defense officials, however, continue to object to current wording on the role of third-state participation in PESCO projects, an issue that U.S. officials have referred to as a “poison pill.” The potential exclusion of non-EU entities (and even their European subsidiaries) is seen as yielding inferior EU capabilities, undermining technological development, and harming alliance interoperability and EU-NATO cooperation in contradiction of the joint declaration. The U.S. administration wants to see that third parties—including Norway, as well as the United Kingdom after Brexit—be allowed to participate and receive a seat at the table to shape PESCO processes and decisions, though not necessarily preferential treatment.⁴² The United States accuses Europe of negotiating in bad faith: the EU insists that U.S. participation in PESCO projects hinges on the signature of an administrative arrangement between the United States and the European Defense Agency. Washington is willing to agree to these terms, but some EU member states have refused to allow the arrangement to signed over concerns about U.S. defense industrial influence.

Meanwhile, American criticisms of the EDF are even more pointed. The Trump administration contends that the current EDF regulation is far too restrictive for third states to participate in EDF-funded projects. It also sees such restrictive IPR and export control stipulations against non-EU entities as a means of discouraging American companies from bidding on EDF-funded projects. Its main concern is not merely the €13 billion the fund is expected to disburse between 2021 and 2027, but the precedent it sets: the prospect of future European defense cooperation with limited or no American industrial participation. Unless the EU removes the restrictions on third parties and removes or modifies the IPR and export controls, U.S. officials have hinted at taking retaliatory steps against European companies selling to the Pentagon. The message from Washington is unmistakable: it will oppose any European attempts to duplicate industrial rationales that reduce transatlantic burden-sharing and hamper defense industrial ties. For a U.S. administration with a penchant for linking economics and security and pursuing a distinctly economic nationalist agenda, the importance of the industrial dimension should not be underestimated. That said, even a different American administration with a more favorable disposition toward the EU would still have to reckon with skeptical defense industrial interests at home and possibly a more vocal U.S. Congress. It is far from guaranteed that a different administration would completely reverse the U.S. position.

How to Forge European Strategic Responsibility

Security and defense issues will remain high on the European political agenda under the new European Commission. The security situation in the European neighborhood is getting worse, the United States is less and less interested in underwriting the continent's stability, and a looming European economic downturn may well revive questions about the viability of the EU defense industry and spawn calls to protect it through additional subsidies and import restrictions. Those who are interested in building a more cost-effective European defense—one that will enable Europe to sort out trouble on its doorstep and lock in U.S. collaboration in deterring and defending against Russia—will need to channel this energy and momentum toward constructive outcomes. But with competing interests in Europe and frequent transatlantic discord on the subject, how can this be done? What should the EU's main priorities be for the next five years for advancing EU defense cooperation in an ambitious yet realistic way? And what is the most constructive role for the United States to play in response?

Recommendations for Washington

- **Avoid automatically criticizing European defense initiatives.** First, Washington needs to calibrate its message on European defense. The United States should resist knee-jerk criticisms of European defense initiatives and instead be more willing to take a step back and let these efforts evolve. Although some in Europe would probably welcome NATO's demise, they are a clear minority. Most supporters of European defense recognize the centrality of NATO for European security, especially when it comes to defense against Russia. The real transatlantic difference revolves around industrial interests. Both sides have always favored their respective national champions, but that protectionism has grown more brazen in recent years. The rules governing the EDF are indeed designed in part to make it more difficult for U.S. companies to compete for European orders. When confronted, the Europeans reply—not entirely without merit—that the United States protects its own defense companies by restricting competition, even though some European companies such as SAAB and Leonardo have had successes on the U.S. defense market.

The smart approach for the Pentagon would be to work through likeminded EU countries such as Sweden and Italy, both of which do considerable business in the United States and stand to lose the most from a transatlantic defense trade war. Rather than simply doubling down, the U.S. administration should actively seek a compromise with the EU on the role of third-party participation and IPR as part of PESCO and EDF projects.⁴³

- **Encourage greater European collaboration on practical, feasible scales.** On the broader issue of strategic autonomy, the U.S. goal should be to channel European momentum toward outcomes that strengthen transatlantic security. For example, rather than pressing back against PESCO, the United States should work with its like-minded allies in Europe to make sure that new armaments projects in this framework address real capability shortfalls of the EU and NATO, and also adhere to NATO technical standards. Capabilities thus developed will not belong solely to the EU, but will remain in the hands of member states. States can then use these capabilities for EU, NATO, or coalition operations, thus contributing to transatlantic burden-sharing. Significant progress has been made to deepen ties between the EU and NATO, but more must be done, especially in terms of aligning the CARD and NATO defense planning process to ensure transatlantic interoperability.

Ultimately, the United States should push Europeans to make sure current initiatives such as PESCO and EDF work and deliver real capabilities. Rather than merely stressing the 2 percent spending goal, the United States should broaden its perspective to account for output and potential improvements in efficiencies on the European defense market. Finally, the United States should provide concrete suggestions to the ongoing EU debates over whether it should focus on developing capabilities where the United States does not have any, or whether it should prioritize efforts to address the existing transatlantic capabilities gap. For instance, to what extent is the U.S. administration willing to tolerate a degree of redundancy if it means that Europe can take more responsibility for regional security concerns?

- **Work with the EU to step up defense against nontraditional threats.** The United States should encourage the EU to focus on elements of defense that NATO does not have the mandate to cover. Cyber is the obvious case. The fragility of critical civilian networks, such as those that govern electricity distribution, makes the United States and its European allies vulnerable to potential blackmail in times of crisis and war. Both sides urgently need to improve cyber defenses to protect their decisionmaking autonomy. In Europe, the obvious path leads through EU legislation. Recent laws have mandated the creation of national teams capable of rapidly responding to cyber attacks, but far more needs to be done in terms of preventing such attacks, such as by criminalizing negligence in cyber protection. Only the EU, not NATO, has the power to pass such laws, and an enlightened U.S. policy would encourage more forceful EU action in cyber defense. Similarly, the United States should encourage the EU to be a strong partner in coalitions and active in areas of lower-priority U.S. and NATO engagement, such as Africa and the Balkans, where the EU can add value.

Recommendations for Europe

- **Avoid polarizing terminology and narratives.** European leaders must be mindful about the terminology they choose to describe the EU's burgeoning ambitions in the area of defense. Certain terms like European "strategic autonomy" and "sovereignty" might serve domestic political reasons in some member states, but the EU narrative on defense is not always equally helpful, making it harder to bring more skeptical member states on board. In some cases, their use can even give rise to misunderstandings and trigger unnecessary divisions both within Europe and across the Atlantic. For these reasons, emphasizing more neutral expressions like "burden-sharing," "strategic responsibility," and a "European pillar" within NATO when describing EU defense cooperation can help avoid some of the worst pitfalls and keep expectations in check. Similarly, instead of using terms like "European army," which suggests a common European military force, it is better to talk about joint forces or a single set of forces that can be employed in a variety of formats, including NATO.
- **Clarify the scope of strategic autonomy.** The conversation in Europe must more realistically reflect the military level of ambition the EU is capable of aiming for, and be clearer about its scope and goals. In particular, the EU must strengthen the link between capability development and grand strategy, especially regarding the type of missions it plans to undertake. European leaders should engage in further strategic reflection about what capabilities the EU needs in order to implement the ambitions set out in the European Global Strategy. European leaders will have to assess national and supranational abilities to assume defense tasks and capabilities for which the United States traditionally has been responsible. Calls for maximum autonomy from NATO may satisfy a minority faction's yearning to remove Washington from the business of European defense, but this maximalist vision is not merely divisive but also militarily and financially unrealistic. It leaves northern and central European states without credible defense against the Russian threat, and hampers defense officials and military planners, who will have no clear sense of what capabilities most deserve their focus.

To give them clearer guidance, the EU should spell out that strategic autonomy means being able to defend Europe against most threats (save territorial defense against Russia) with little or no help from the United States, and to be able autonomously to project stability to areas immediately adjacent to Europe such as the western Balkans and northern Africa and to further afield regions like sub-Saharan Africa. As is, this would be a substantial challenge. Today, the EU would struggle to take on more ambitious conflict prevention or peace enforcement missions without additional key enablers such as air-to-air refueling or airborne surveillance. When it comes to Russia, the EU should focus on raising the costs for potential Russian aggression by strengthening its capabilities to counter cyber and hybrid threats, particularly against critical infrastructure, and improving military mobility. These efforts complement NATO's deterrence

efforts on the Eastern flank. Additionally, the EU must step up its role in shaping global approaches to the increasing use of digitalization and artificial intelligence in defense in order to be able to defend itself against future security threats. In short, European leaders should avoid overpromising and underdelivering, focusing instead on making practical contributions toward strengthening European and transatlantic security.

- **Start talking defense at the highest levels in Europe.** The guidance mentioned above will need top-level political buy-in. To this end, the EU should establish a regular forum for member state defense ministers to meet in Brussels. They should agree on a defense white paper that sets out EU ambitions and more clearly defines strategic autonomy. They should regularly review progress in meeting military ambitions, and either invite NATO leadership to these discussions or brief on them in the Alliance. Such high-level conversations would better link the work in PESCO and the future EDF on encouraging more industrial collaboration to capability building, so that future joint European projects do not merely end waste but also close critical EU and NATO capability gaps.
- **Lock the United Kingdom into EU policies and missions.** Regardless of the final outcome of the Brexit negotiations, the EU will need to ensure that it can continue to tap into British capabilities—and vice versa. For the EU, continued collaboration will be essential to avoid widening its existing capability shortfalls. Brexit undermines the EU's military power and autonomy unless it can find a way to effectively incorporate a British contribution into EU defense initiatives. Some member states might be tempted to increase bilateral cooperation with the British at the expense of participating in EU frameworks. The United Kingdom must continue to have a role in EU security and defense policy as part of a new UK-EU special partnership after Brexit.

In this regard, Macron's intriguing idea of establishing a European Security Council that would include the British, as Europe's preeminent military power, is worth considering.⁴⁴ It could help ensure close EU-UK coordination on security and defense matters after Brexit and greatly add to EU influence and defense capability. That said, such a body is unlikely to become reality anytime soon, and in its absence the EU should focus on safeguarding defense collaboration from the aftershocks of its potentially acrimonious divorce. Ensuring close cooperation on security and defense matters after Brexit is therefore a vital avenue to pursue now.

- **Focus PESCO on overcoming the disconnect between ambitions and capabilities.** EU defense initiatives should focus on delivering tangible output and adding value to NATO's capability needs. Unfortunately, not all PESCO projects are targeting previously identified EU and NATO capability requirements. Some merely relabel national initiatives. Instead, most progress to date comes from increases in defense spending rather than new cooperative projects.

European countries must therefore redouble on their intention to deliver on the Wales 2 percent defense spending commitment and the 20 percent R&D goal. In addition to addressing known shortfalls in conventional capabilities, PESCO projects need to invest in cyber and space. This work must start today in order to give the EU a meaningful level of strategic autonomy in the decades to come. One evident area where the EU can do more is in countering hybrid warfare and promoting resilience. The EU has unique assets and competencies with regard to NATO in this area, and should make better use of what it has.

Rather than pressing on with additional PESCO projects (the next call for projects is expected to take place in 2021), the immediate focus must be taking stock of PESCO implementation and delivering on existing initiatives to ensure projects are coherent and address critical EU and NATO capability shortfalls. A key determinant of PESCO success is whether collaboration makes the EU as a whole more militarily capable. This is achieved through making PESCO more attractive, not punitive. For instance, excessive emphasis on the legally binding nature of PESCO commitments, and the threat of suspension of member states as an enforcement tool, is counterproductive. Similarly, overly restrictive third-party participation and IPR rules might easily prevent some of the more Atlanticist-oriented European defense players from partaking in PESCO and EDF-funded research projects, or simply prompt them to go to other cooperation formats instead.

- **Focus EDF implementation on effectiveness.** The EDF should be both industry- and military-driven, and strongly connected with PESCO. To address this issue, the European Commission should report yearly on projects to show that their cooperative efforts reflect member states' interests, particularly their military needs. The commission should also prioritize high-end spectrum projects and harness the innovative and disruptive potential in the civil tech sector.⁴⁵ The next multiannual financial framework should provide sustained, ambitious funding levels for the EDF.
- **Allow meaningful third-party access.** Though the notion of a “Buy European Act” can be a strawman argument, the importance of addressing pressing security and defense concerns should always trump defense protectionism. The potential exclusion of key non-EU NATO allies such as the United States, Canada, Norway, and a post-Brexit United Kingdom, all of whom have a legitimate interest in participating in EU defense initiatives, should be minimized. More restrictions risk producing suboptimal results in terms of capabilities, and so PESCO and the EDF should focus on generating open, flexible project formats wherein non-EU entities are allowed to compete.⁴⁶ These efforts may include sharing more industrial arrangements, easing IPR restrictions so that U.S. and other non-EU firms can compete on a case-by-case basis, and collaborating in standards and certification issues. In the absence of a change in the existing regulations, the European Commission should at least interpret these with as much flexibility as

possible and develop guidelines for the EDF's implementation phase and the participation of non-EU entities therein.

- **Clarify the connections among EU, European, and regional defense projects in Europe.** The variety of bilateral, regional, and ad hoc defense partnerships across Europe is both an opportunity and a curse. The EU is far from the only game in town, but it is crucial to ensure coherence and linkage between the various European defense initiatives and manage divisions between EU member states. Though CARD and NATO's defense planning process have been forging stronger ties, more must be done to ensure their close coordination and complementarity. The same can be said for EU capability efforts and the plethora of bilateral, subregional, and regional defense cooperation formats and partnerships, including the UK Joint Expeditionary Force, the French-led European Intervention Force, the German-led Framework Nations Concept, and Nordic Defense Cooperation. The prospect of Brexit also means that further fragmentation of the European security landscape is likely, with additional ad hoc partnerships and groupings being formed.

For the time being, many national-, bilateral-, or regional-level capability development initiatives are more consequential to EU countries than EU-level initiatives, though this could change over time. Yet the EU and member states should attempt to ensure that such efforts are closely coordinated and do not contribute to further duplication.⁴⁷ Contrasting commitments can also dilute states' ability to contribute to defense initiatives, especially for smaller member states. The EU is well placed to take constructive steps to ensure coherence and reduce fragmentation. In this regard, the new Directorate General for Defense Industry and Space could help provide a single point of contact for defense issues in EU. Though member states ostensibly will remain in charge and are unlikely to cede too many responsibilities to Brussels in sensitive defense areas, the arrival of a Directorate General for Defense Industry and Space nevertheless marks a shift toward more supranational governance of EU defense industrial policy.⁴⁸

- **Invest in strategic partnerships.** The EU needs to further develop its key security and defense partnerships with external actors. Chief among these is of course EU-NATO relations, which have been making significant progress in recent years. A stronger EU and a stronger NATO are mutually reinforcing. Following the joint declaration and the ensuing set of seventy-four action items, the EU and NATO should focus on implementing these items while continuing to strengthen their interaction and coordination. Another crucial defense relationship that the EU could develop is with the United States, where there is no existing permanent format for discussing bilateral EU-U.S. security and defense cooperation. Given the EU's burgeoning responsibilities on security and defense issues, the lack of a formalized dialogue between U.S. and EU officials in this area is a missed opportunity.⁴⁹ Besides more regular dialogue between the European External Action Service and the U.S. State and Defense Departments, new

conversations could be initiated between entities such as the European Commission's new Directorate General for Defense Industry and Space and the U.S. Department of Commerce. Topics conducive to direct U.S.-EU dialogue and cooperation include export control and IPR issues, space, defense technological innovation, resilience, hybrid warfare, energy security, security in Africa, and military mobility.

- **Clarify EU's mutual defense responsibilities.** For strategic autonomy to ever become a reality, the EU must promote a more genuine European strategic culture and a common European defense policy. This debate should not shy away from controversial issues like the EU's role in enforcing solidarity, mutual assistance, and national preparedness. Recently, EU leaders have shown more interest in thinking about Article 42(7) of the Treaty on the European Union, the so-called mutual assistance clause of the Lisbon Treaty. It is relatively new and it has been used only once, to mixed responses, and so its application and purpose remains uncertain. EU leaders need to offer more clarity on how Article 42(7) relates to NATO's Article 5 on mutual assistance, what type of scenarios might be relevant for it to be triggered (for example, hybrid situations beneath the Article 5 threshold), and how to train for them. The EU should also study the lessons from the French experience with activating the mutual assistance clause after the Paris terrorist attacks of November 2015 in order to better understand its potential applicability in future external and internal crises. That said, even if the EU has a comparative advantage on the lower end of the threat spectrum (short of Article 5 situations), potential adversaries might seek to exploit this situation, thus raising the question of how the EU and NATO can manage crisis escalation together. Maintaining a level of ambiguity between the two may therefore be advantageous so as to keep would-be adversaries guessing. Finally, operationalizing Article 42(7) should also include more thinking into how to protect and defend common EU assets and capabilities such as cyber and space infrastructure, such as the Galileo global satellite-based navigation system.

Ultimately, EU security and the transatlantic link are mutually reinforcing. A deeper EU defense dimension will increase burden-sharing and provide for a stronger partner for the United States. Transatlantic relations are now at an inflection point, where the EU has lost patience with the Trump administration's increasingly hostile rhetoric but the United States has also lost patience in the EU's slow defense spending. Let us hope that leaders on both sides of the Atlantic will use this moment to forge a new transatlantic balance, wherein Europe takes more responsibility for its own security in return for continued U.S. transatlantic commitment.

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Notes

- ¹ Another key early development was the establishment of a strong European Defense Technological and Industrial Base (EDTIB) in 2007 as a top mission for the European Defense Agency (EDA) by improving both the EU's defense capabilities and the military expenditure of member states.
- ² "European Council, 19/20 December 2013, Conclusions," European Council, December 20, 2013, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/140245.pdf.
- ³ "Joint Declaration by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization," NATO, July 8, 2016, https://www.nato.int/cps/en/natohq/official_texts_133163.htm; "Joint Declaration on EU-NATO Cooperation by the President of the European Council, the President of the European Commission, and the Secretary General of the North Atlantic Treaty Organization," NATO, July 10, 2018, https://www.nato.int/cps/en/natohq/official_texts_156626.htm. According to Secretary General Jens Stoltenberg, the new EU defense initiatives have great potential to be useful in terms of generating more capabilities as long as they address three priorities: (1) to complement, not substitute for, NATO efforts; (2) to avoid duplicating existing NATO activity; and (3) to ensure that EU-generated activities would be available for NATO's use.
- ⁴ For the term "Sleeping Beauty" in reference to PESCO, see "Speech by President Jean-Claude Juncker at the Defence and Security Conference Prague: In Defence of Europe," European Commission, June 9, 2017, https://europa.eu/rapid/press-release_SPEECH-17-1581_en.htm.

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- ⁵ The European Commission launched the Pilot Project and Preparatory Action on Defense Research to pave the way for the EDIDP under the 2019–2020 EU budget, with a view toward boosting European defense industrial competitiveness.
- ⁶ “EU Budget: Stepping Up the EU’s Role as a Security and Defence Provider,” European Commission, June 13, 2018, https://europa.eu/rapid/press-release_IP-18-4121_en.htm
- ⁷ “European Defence Fund,” European Commission, March 19, 2019, https://ec.europa.eu/commission/news/european-defence-fund-2019-mar-19_en.
- ⁸ Sophia Besch and Martin Quencez, “The Importance of Being Protectionist: A Long View of the European Defense Fund,” *War on the Rocks*, June 13, 2019, <https://warontherocks.com/2019/06/the-importance-of-being-protectionist-a-long-view-of-the-european-defense-fund/>.
- ⁹ See Sophia Besch, “The European Commission in EU Defense Industrial Policy,” *Carnegie Europe*, October 22, 2019, <https://carnegieeurope.eu/2019/10/22/european-commission-in-eu-defense-industrial-policy-pub-80102>.
- ¹⁰ “New 2018 EU Capability Development Priorities Approved,” European Defense Agency, June 28, 2018, <https://www.eda.europa.eu/info-hub/press-centre/latest-press-releases/2018/06/28/new-2018-eu-capability-development-priorities-approved>. The Capability Development Plan aims to provide a full capability snapshot in Europe in order to inform national and EU decisionmaking processes on military capability development, thus contributing to more coherent defense planning between member states. They act as a key reference for the EU’s and member states’ capability development initiatives. Together with the plan, the priorities will be instrumental in identifying future joint activities irrespective of the chosen cooperation framework, including under the European Defense Fund and PESCO. See Daniel Fiott, “EU Defence Capability Development: Plans, Priorities, Projects,” *European Union Institute for Security Studies*, June 2018, https://www.iss.europa.eu/sites/default/files/EUISSFiles/Brief%206_CDP.pdf.
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- ²⁰ Frédéric Mauro, “Strategic Autonomy Under the Spotlight: The New Holy Grail of European Defence,” Group for Research and Information on Peace and Security Report 2018/1, https://www.grip.org/sites/grip.org/files/RAPPORTS/2018/Rapport_2018-1_EN.pdf.
- ²¹ Giovanni Grevi, “Strategic Autonomy for European Choices: The Key to Europe’s Shaping Power,” European Policy Centre, July 19, 2019, https://www.epc.eu/pub_details.php?cat_id=17&pub_id=9300.
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- ²⁷ “European Defence,” *European Court of Auditors*, 2019, https://www.eca.europa.eu/Lists/ECADocuments/REW19_09/REW_EU-defence_EN.pdf.
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- ²⁹ Thom Shanker and Eric Schmitt, “Seeing Limits to ‘New’ Kind of War in Libya,” *New York Times*, October 21, 2011, <https://www.nytimes.com/2011/10/22/world/africa/nato-war-in-libya-shows-united-states-was-vital-to-toppling-qaddafi.html>. In the case of Operation Serval in 2013, logistical deficits proved to be challenging in terms of maritime and air transport of supplies. Without the assistance of cargo planes from NATO partners, the deployment would have been postponed by weeks. Moreover, a shortage of in-flight refueling capacity significantly hindered combat air support on several occasions, and the United States was the predominant provider of this capability. See Sergei Boeke and Bart Schuurman, “Operation ‘Serval’: A Strategic Analysis of the French Intervention in Mali, 2013–2014,” *Journal of Strategic Studies* 38, no. 6 (2015): 801–25.
- ³⁰ Bastian Giegerich and Christian Mölling, “Protecting Europe: Meeting the EU’s Military Level of Ambition in the Context of Brexit,” International Institute for Strategic Studies, November 2018, <https://www.iiss.org/events/2018/11/protecting-europe-brexit>.
- ³¹ “Sorbonne Speech of Emmanuel Macron - Full text / English Version,” *Tout un monde* (blog), Ouest France, September 26, 2017, <http://international.blogs.ouest-france.fr/archive/2017/09/29/macron-sorbonne-verbatim-europe-18583.html>; Emmanuel Macron, “Dear Europe, Brexit Is a Lesson for All of Us: It’s Time for Renewal,” *Guardian*, March 4, 2019, <https://www.theguardian.com/commentisfree/2019/mar/04/europe-brexit-uk>.
- ³² Helene Fouquet, “France Maintains the Goal of Creating a ‘European Army,’” *Bloomberg*, July 14, 2019, <https://www.bloomberg.com/news/articles/2019-07-14/france-maintains-goal-of-creating-a-european-army-minister>.
- ³³ “Emmanuel Macron in His Own Words (English),” *Economist*.
- ³⁴ Maïa de la Baume and David M. Herszenhorn, “Merkel Joins Macron in Calling for EU Army to Complement NATO,” *Politico Europe*, November 13, 2018, <https://www.politico.eu/article/angela-merkel-emmanuel-macron-eu-army-to-complement-nato/>.
- ³⁵ Kay-Alexander Scholz, “From the EU to Trump: Where does Ursula von der Leyen Stand?,” *Deutsche Welle*, July 4, 2019, <https://www.dw.com/en/from-the-eu-to-trump-where-does-ursula-von-der-leyen-stand/a-49476870>.
- ³⁶ A recent report presented by the EU Court of Auditors concludes that in spite of the EU’s and member states’ enthusiasm and commitment to enhancing European strategic autonomy, there is still a disconnect between stated rhetorical ambitions in defense and the realities of delivering existing projects in order to make up for current Europe defense and military capabilities deficits. See “European Defence,” European Court of Auditors.
- ³⁷ “The Baltics Fear European ‘Strategic Autonomy,’” *Economist*, October 4, 2018, <https://www.economist.com/europe/2018/10/06/the-baltics-fear-european-strategic-autonomy>.
- ³⁸ Alan Cowell, “Fort Trump? Poland Makes a Play for a U.S. Military Base,” *New York Times*, September 19, 2018, <https://www.nytimes.com/2018/09/19/world/europe/poland-fort-trump.html>.
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- ⁴⁰ “US Fears Closer EU Defence Ties Could Undermine NATO,” *Financial Times*, February 12, 2018, <https://www.ft.com/content/70aaf9c-1018-11e8-8cb6-b9ccc4c4dbbb>; Madeleine Albright, “The Right Balance Will Secure NATO’s Future,” *Financial Times*, December 7, 1998.
- ⁴¹ Ian Wishart, “EU Hits Back Over U.S. Concerns That Bloc’s Military Plans Weaken NATO,” *Bloomberg*, May 16, 2019, <https://www.bloomberg.com/news/articles/2019-05-16/eu-hits-back-over-u-s-concerns-bloc-s-military-plans-weaken-nato>.

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- ⁴² Discussions to date indicate that individual PESCO project members may invite third-party states to participate on a case-by-case basis, provided that these outside states share EU values, meet general participation conditions, and prove they will bring significant value to the specific project.
- ⁴³ See also Hans Binnendijk and Jim Townsend, “A Compromise Is Needed on Trans-Atlantic Defense Cooperation,” *Defense News*, October 16, 2019, <https://www.defensenews.com/opinion/commentary/2019/10/16/a-compromise-is-needed-on-trans-atlantic-defense-cooperation/>.
- ⁴⁴ Macron, “Dear Europe, Brexit Is a Lesson for All of Us.”
- ⁴⁵ In this regard, the European Commission should prioritize calls for proposals like the one issued in April 2019 for applications in the case of “innovative defense products, solutions, materials and technologies, including those that can create a disruptive effect and improve readiness, deployability, reliability, safety and sustainability of Union forces in all spectrum of tasks and missions, for example in terms of operations, equipment, infrastructure, energy solutions, new surveillance systems.” See “News: European Defense Fund on Track With €525 Million for Eurodrone and Other Joint Research and Industrial Projects,” European Commission, March 19, 2019, https://ec.europa.eu/commission/news/european-defence-fund-2019-mar-19_en.
- ⁴⁶ See Nikos Chrysoloras, “EU Set to Allow U.S. Participation in Joint Defense Projects,” *Bloomberg*, November 5, 2019, <https://www.bloomberg.com/news/articles/2019-11-04/eu-set-to-allow-u-s-participation-in-joint-defense-projects>.
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- ⁴⁹ There is precedent for such dialogue, such as during the Obama administration. But such EU-U.S. dialogue would need to be restructured to better reflect the EU’s growing responsibilities over security and defense policy during the past decade. See “Fact Sheet: U.S.-EU Cooperation on Common Security and Defense Policy,” White House, Office of the Press Secretary, March 26, 2014, <https://obamawhitehouse.archives.gov/the-press-office/2014/03/26/fact-sheet-us-eu-cooperation-common-security-and-defense-policy>.



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