



CONSERVATIVE EUROPEAN FORUM

KEEP CALM AND  
DEFEND EUROPE

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Keep Calm and Defend Europe

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## Executive Summary

The United Kingdom is a European country, and our security depends on the security of the European continent. Since the end of the Second World War, the military defence of Europe has been based on American commitments through NATO, and the military strength of individual European nation states first in Western Europe, and then, after the fall of the Berlin Wall in the former Soviet bloc too. Russian aggression in Ukraine reminds us just how indispensable these are. Strictly European defence integration has not however matched the economic. The European Defence Community did not take off, while the Western European Union was overshadowed by NATO and abolished after being folded into the EU's common foreign and security/common security and defence policy, which itself has remained largely inter-governmental. Since the UK's vote to leave the EU however, a more centralised EU defence policy has shown signs of life. The EU's member states want to do more in defence through EU structures, and while the UK has decided it does not want to be part of the EU, effective defence policy needs to engage with the fact that our friends and allies do.

Many of the EU's remaining member states have chosen to take part in EU-led initiatives in procurement (such as PESCO and the European Defence Fund), planning (the Coordinated Annual Review of Defence) and threat perception (the upcoming Strategic Compass). Many of these programmes are open to non-EU member states. The UK has not taken advantage of this, even though countries like Norway and the United States have.

Participation in these programmes would bring benefits to UK security and the UK defence industry. While UK involvement is obviously not available on terms available to EU members, it certainly is available on terms acceptable to a country such as the United States that guards its sovereignty extremely closely.

The resignation of Lord Frost as Brexit negotiator and the transfer of responsibility for negotiations to the Foreign Commonwealth and Development Office provides an opportunity to reconsider the UK's approach to cooperation with EU defence initiatives as a non-member state, which should include at least the following:

- Joining PESCO projects that benefit UK security (including the military mobility project, which would improve the UK's ability to deploy forces in Eastern Europe in the event to of a conflict)
- Concluding an "administrative agreement" with the European Defence Agency
- Engagement to ensure that ownership requirements related to the disbursement of EDF funds are do not discriminate against firms whose ultimate majority ownership is British.

## 1. Introduction

The years since the Brexit referendum have witnessed a cautious but determined intensification in EU defence integration. Though rumours of an “EU army” continue to be greatly exaggerated, and individual member states retain command of their own armed forces, the EU has made definite progress towards more common defence policy activity in procurement, research, technology, and now, with the forthcoming ‘Strategic Compass’, threat perception.

This can be attributed to several causes: the presidency of Donald Trump forcing EU decision makers to confront a longer-term shift towards Asian and Pacific concerns by the United States; increasing realisation that EU militaries, while numerous, were falling behind other Western allies in important supply, intelligence and high tech capabilities, and of course, the absence of UK pressure to prevent further European defence integration lest this weaken the role of NATO.

This does not mean the EU will itself carry out new types of missions: these remain mostly naval enforcement coalitions (such as Atalanta<sup>1</sup> and Irini<sup>2</sup>) or training and security sector reform operations such as those in Bosnia, Ukraine and West Africa. But the new programmes are beginning to institutionalise European defence

policy cooperation and constitute a reality with which the UK needs to engage.

Though bilateral defence and security ties with EU member states, such as the Lancaster House treaties with France, and the UK-German Joint Declaration of Summer 2021, are important, they can no longer track the evolution of European defence policy, increasing elements of which are being developed at EU level.

This coincides with a shift in American attitudes — originally worried that European defence integration would weaken NATO, Washington has now become more comfortable with it as a means for burden-sharing.

At the same time, lightweight operations-focused structures, such as the French inspired European Intervention Initiative, while potentially important in the event of US reticence, are more properly understood as crisis-management tools than instruments of long term policy development.

While it is inevitable that the current UK government’s political Europe policy is dominated by the consequences of Brexit, and military operations and planning effort is focused on NATO, limiting defence policy diplomatic activity to bilateral relationships with national capitals is short sighted and risks leaving the UK, and the

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<sup>1</sup> A maritime security and counter-piracy operation in the Horn of Africa.

<sup>2</sup> Enforcement of the arms embargo on Libya.

UK's defence industry, outflanked by the accumulating integration of the EU's defence industrial base.

It is also more likely than not that European defence integration will accelerate following the conclusion of the Conference on the Future of Europe. The new German government is committed to negotiating a new Treaty in which defence will play a part. Should Emanuel Macron be re-elected next year, the Franco-German "motor" will be at its most energetic since the time of Chirac and Schröder and could well be supported by Mario Draghi in Italy, and the strongly pro-European Sanchez in Spain. Poland would be the only big country outside this consensus, at least until its next elections in 2023, and a new push towards further integration is more likely than it has been at any time since the early 2000s.

This renewed emphasis on integration is very much needed from the EU's perspective. The intergovernmental arrangements left by the Lisbon Treaty, in which foreign policy and defence matters are decided by unanimity by the EU's member states in the Council, have limited the EU's ability to act decisively in crises. At the same time responsibility for areas essential to European security, such as energy policy, is shared between the Commission and member states, and dominated by non-security concerns such as the fight against climate change. The position of High

Representative itself awkwardly straddles the institutions, though formally a Vice President of the Commission, the "HR/VP" must answer in practice to the Council. Perhaps in consequence, the EU has yet failed to find a figure able to fill the role effectively.

Greater effectiveness matters for the EU/NATO relationship in several overlapping ways. More efficiently organised European defence would free Washington to focus on China<sup>3</sup>, while enabling European countries to meet the bulk of their own security needs. Conversely, Central European and Nordic states remain, not without reason, skittish about depending for their security on any Franco-German led security arrangement. If France needs to understand that 'strategic autonomy' for Europe requires less ambiguous French commitment to the defence of Eastern Europe from Russia, Germany must accept that there are hostile powers on Europe's borders that have to be confronted. A more integrated European arrangement would force France to take other member states' interests into account in exchange for being able to operate at greater scale; while Germany is willing to give greater legitimacy to initiatives it considers European rather than 'national'.

The EU is moving on from the Lisbon-Treaty era dispensation that assigned defence policy to the intergovernmental part of European policymaking. Over the next decades —often the

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<sup>3</sup> The issue with European defence spending is not so much its quantity as its organization. EU member states' defence budgets sum to €170 billion (£142 billion). The UK brings another £40 billion (€47 billion) and Norway 67 billion NOK (£5.3 billion). Though some European states, in particular the UK and France, have major global responsibilities, even current resources of £185 billion ought to be more than enough to outmatch Russian expenditure that, even at a high estimate, only reaches £50 billion.

time it takes to develop new military weapons platforms — the supranational aspects of the EU can be expected to increase their weight in defence. As a non-member state, there is relatively little the UK can do to influence this process, but there is much to be gained from understanding and adapting to it.

This paper presents a guide to these new initiatives with a view to emphasising what opportunities these present and what and steps the UK might want to take to get the best out of them. It will begin by assessing changes to the

EU's security and defence policy since 2016, focusing on procurement-related programmes (including PESCO) and assessment exercises (CARD and the Strategic Compass). A second section will focus on the EU's existing partnerships with non-members and consider ways the UK might in the future re-engage with the EU's programmes. Finally, a third section will consider how the stance envisaged by the Integrated Review and 2021 Defence Command Paper can best take advantages of the opportunities EU defence integration provides.

## 2. Changes to EU security architecture since 2016

In June 2016, immediately after the Brexit vote, the EU published its first “Global Strategy”<sup>4</sup> which established the Union’s “strategic autonomy,” as its goal. This term of art implies an EU that could take its own decisions on issues of major strategic importance to itself, without relying on the active support of United States. Though the EU and its member states are capable of small-scale military operations independently, and the EU is able to act autonomously on trade, (consider the European Parliament’s rejection of the “Comprehensive Agreement on Investment “ with China, and the forthcoming “anti-Coercion” instrument, also aimed at Beijing’s use of trade policy to intimidate of member states), Brussels had not, in 2016 made much progress beyond the situation that pertained in 2011 during the Anglo-French led intervention in Libya where European forces had to rely on US logistical support. In the current crisis in Ukraine, the EU’s response has been focused on financial support to Kyiv, with European countries providing, or failing to provide materiel based on national political considerations.

Though strategic autonomy is unlikely ever to extend to military activity against the active opposition of the United States, it should be

understood as the EU hoping to be able to engage in foreign policy and security missions it considers necessary without the active support of Washington.

Fear of Trump Administration unreliability, together with EU industrial interests’ desire to strengthen the EU’s industrial base vis a vis US protectionism, gave the Juncker Commission’s long-established desire to use security and defence cooperation as a path for further integration, and as a means by which to increase public support for the EU<sup>5</sup>, renewed impetus. This interpretation is reflected in the European Parliament’s own research service characterised the Strategy as seeking to make use the of the powers given to the EU by the Lisbon Treaty for the “progressive framing of a European Defence Union”<sup>6</sup>, though the treaty itself is more cautious, merely noting “the progressive framing of a common defence policy that might lead to a common defence.”<sup>7</sup>

Lisbon did not create a “supranational” Defence Union analogous to the single currency’s monetary union (in which participating member states’ monetary policy is governed by the ECB) let alone the single market in the economic sphere. Instead, it provides for policy decisions,

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<sup>4</sup> See EEAS “[Shared Vision, Common Action: A Stronger Europe - A Global Strategy for the European Union's Foreign and Security Policy](#)”, June 2016.

<sup>5</sup> Justyna Gotkowska, “A European Defence Union: The EU’s New Instruments in the Area of Security and Defence”, OSW Report November 2019.

<sup>6</sup> Tania Latici and Elena Lazarou, “Where will the EU’s Strategic Compass point?”, EPRS Briefing, October 2021, p.2

<sup>7</sup> Treaty on European Union Article 23.1

including the deployment of missions under EU authority, to be taken by the Council, where, with only few narrow exceptions in this policy area, each member state has a veto and which also excludes the European Court of Justice from oversight of its decisions.<sup>8</sup> Likewise, the High Representative for Foreign and Security Policy, and European Defence Agency are answerable to the Council only and not the Commission or Parliament.

Nevertheless, the years since Brexit have however seen a more aggressive use of the provisions of the Lisbon Treaty to engage in common defence activity. Four stand out: two focused on the area of procurement: PESCO and the European Defence Fund (EDF) and two in capability and threat assessment: CARD and the Strategic Compass.

PESCO (“Permanent Structured Cooperation”) is a mechanism that allows those members states that want, to engage in cooperative military projects within an EU framework. Though it can apply to forces (such as the never-used “battlegroups”) and missions as well as procurement and capability development projects, it has so far only been used for the latter. The Council has itself concentrated on PESCO’s procurement aspects: in 2020 noted its aim of “making tangible progress towards a coherent Full Spectrum Force Package that strengthens the EU’s military ability to act”<sup>9</sup>. 25

member states, all apart from Denmark and Malta, are taking part in PESCO projects, of which there are 46. These include strategic airlift, next generation drones, new light infantry vehicles, command and control centres, new attack helicopters, air superiority research, and, a “military mobility” project to ensure that European infrastructure is up to the job of transporting tanks and other equipment across the continent. Norway, Canada and the United States have joined PESCO projects. The UK, regrettably, has not.

The EDF was set up to promote cooperation and research in defence across the EU and Norway. It has been allocated €8 billion (£6.8 billion) during the current EU budget cycle, which runs until 2027. It is the first defence instrument under the control of the Commission and has been assigned to the portfolio of Internal Market Commissioner, Thierry Breton of France.

Under the auspices of the EDA, the Coordinated Annual Review of Defence assesses EU military capabilities and seeks to identify gaps to be plugged. The strategic compass is more ambitious, and sets itself the aim of forging a “common strategic culture” for the EU. This should be understood at the very least as defining common threat perception across the EU, but there is considerable scepticism about whether its ambition to define a common strategic posture in response to the threats it

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<sup>8</sup> Except insofar as the ECJ can rule on the division of powers between European institutions.

<sup>9</sup> Council of the European Union, “[Defence cooperation: Council approves conclusions on the PESCO Strategic Review 2020](#)”, 20 November 2020.

identifies will really materialise. Though its scope is comparable to a US-style Quadrennial Defence Review or a national Defence White Paper, the EU lacks the power to impose its conclusions on national defence ministries. The grander the

conclusions of the Strategic Compass are, the less likely they are to be fulfilled, unless, or perhaps even if, events force member states to adopt a more unified assessment of threats.

### 3. EU Partnerships with non EU members

The EU has developed a systematic framework for partnerships with non-EU members (“third countries”) for CSDP. These are known as “Framework Participation Agreements” (FPA) and govern the terms of cooperation, but the UK has chosen not to sign any.

During the Brexit negotiations, the UK sought a role in the earlier “decision-shaping” stage of policy formation, but the EU did not grant what it considers an exception to its general policy of not granting such roles to non-member states. Ultimately this is because the UK’s arguments that it provided a “security surplus” to the EU, and therefore ought, for reasons of both fairness and practicality, to be entitled to such a role, were not accepted by an EU, perhaps because this appeared to Brussels merely as one of a broad range of negotiating demands for special treatment. Had it been the only piece of “cake” requested, the chances of acceptance might have been higher, notwithstanding the likelihood of extremely strong resistance from Paris.

Nonetheless, it should be noted that Norway, and also countries at least as protective of their sovereignty as the UK, like Turkey and the United States, have seen it in their interests to sign FPAs with the EU. The UK’s position is decidedly anomalous. In similar vein, the UK has not signed what is known as an “administrative agreement” with the EDA or voiced its interest in participating in CARD,<sup>10</sup> which are also missed opportunities.

Involvement in joint procurement activity is currently easier for the UK, but likely to get more difficult in the future. It is easier now because most defence procurement spending is directed by national governments, so arrangements can be — and are being — made bilaterally<sup>11</sup>. For instance, the UK and Germany recently committed to closer cooperation in a number of fields including cyber defence, military training and capability development. They also pledged to strengthen bilateral defence procurement<sup>12</sup>, which is in line with the UK’s commitment to deepening ties with Germany as set out in the Integrated Review<sup>13</sup>. In addition, Britain has

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<sup>10</sup> Sophia Besch, Bridging the Channel, How Europeans and the UK can work together on defence capability development, Centre for European Reform, October 2021, p. 2.

<sup>11</sup> Sophia Besch, Bridging the Channel, How Europeans and the UK can work together on defence capability development, Centre for European Reform, October 2021, p. 3.

<sup>12</sup> Sophia Besch, Bridging the Channel, How Europeans and the UK can work together on defence capability development, Centre for European Reform, October 2021, p. 4.

<sup>13</sup> UK Government, Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy, 2 July 2021, p. 36.

expressed an interest in joining the Franco/German Main Ground Combat System program<sup>14</sup>.

Arrangements like these is likely to get more difficult in the next decades (the relevant timescale for building new defence systems) as the Commission's share of funding increases. Such funding usually comes with strings attached, such as rules on EU manufacturing content, the transfer or retention of intellectual property within the EU, and even requirements for participating consortia to be majority-EU owned. Since in the defence industry multinationals are often structured to preserve a "national" face

through cross-border shareholdings, such rules could impede cooperation between defence suppliers with markets inside and outside the EU, limiting discrimination against third-country allies ought to be a UK objective (and, incidentally one that should be shared with the United States).

In the meantime, cooperation could still be possible under the Organisation for Joint Armament Cooperation (OCCAR), and through a "Letter of Intent Framework". Though Lol in particular was thought inefficient and superseded by the EDA, it may be possible to press it into service.

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<sup>14</sup> Sophia Besch, Bridging the Channel, How Europeans and the UK can work together on defence capability development, Centre for European Reform, October 2021, p. 4

#### 4. Between the lines: discreet continuity of UK defence policy

Notwithstanding strict official bilateralism, and the mood music surrounding the launch of the Integrated Review that makes much of imagining what might be called a “post-geographic” future for British defence policy, involving more emphasis on the “Indo-Pacific” region, as opposed to the “Euro-Atlantic” one in which the UK is physically located, the UK’s defence policy is still focused on its own continent. The Review itself underlines that “our commitment to European security is unequivocal,” a commitment upheld in the Government’s strong support for Ukraine, including the supply of advanced anti-tank weapons to Kyiv in January 2022.

As Daniel Keohane argues in his perceptive essay ‘The Quiet European’, the reality of British defence policy is overwhelmingly European. NATO, which the Integrated Review appositely considers as “the foundation of collective security” is a largely European organisation, headquartered in Brussels, and is focused on forces based on and around the European continent. And while the UK’s naval assets, including the new Carrier Strike Group, can sail to Asia, and project power in concert with allies, their principal function is to protect North Atlantic waters near the UK and continental Europe. The UK’s role in AUKUS is technological (UK nuclear submarine reactors may be more suitable) rather than as provider of security guarantees. Indeed, the Lancaster House treaties

together with, and the E3 partnership, together with bilateral relationships with other European countries and the UK’s commitment to NATO’s Enhanced Forward Presence, indicate that if there is indeed a tilt to the Indo-Pacific, the bulk of UK assets, planning, and threat assessment are still focused mainly on Europe.

This substantive agenda accurately reflects the interests of a North Atlantic island twenty-six miles from France and with significant exposure to maritime threats from Russia in the Arctic. 40% of British goods trade is with Europe (and has been at least since the end of the Napoleonic Wars). Relative to other large industrialised economies, such as Germany and Italy, the UK is less dependent on exporting goods to Asia. The most dynamic elements of its economy are services, whether in the financial sector, IT or media, and these are principally traded with the EU and United States. While the UK has important interests in stability in Asia, just as Japan has important interests in stability in Europe, it would be as incongruous for London to shift its security and defence focus there as it would be for Tokyo to do the same here.

Given that our security challenges are principally either European, or shared with Europe (our European allies face much the same challenges from instability in the Middle East) the effective protection of our security requires engagement

with Europe as it actually is, and needs to take into account how European countries see their defence policy. They are increasingly coming to see collective European effort, through the institutions of the European Union, as making up a larger part of that. This is moreover a trend that the United States is determined to support, as it demands more “burden sharing” from rich Europeans more than capable of paying for their own defence. It would be wise, therefore, for the

UK understand how it is to engage with a European defence policy that is gradually becoming more “communautaire”, and to seek out ways it can cooperate with this process even if deep participation is made impossible because of Brexit. In the end, Britain will find this process beneficial, because strong European defence can only contribute to the stability of our own neighbourhood.

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CONSERVATIVE EUROPEAN FORUM

The Conservative European Forum (CEF) was launched in January 2021 by Rt Hon. Sir David Lidington KCB CBE and Stephen Hammond MP. CEF is committed to strengthening political, economic, social, environmental and security cooperation between the UK and the democracies of Europe. Closer strategic cooperation, to tackle shared challenges, will make all parties safer, more prosperous and more influential on the world stage.

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