

## THE EUROPEAN DEFENCE FUND: HOW THE EUROPEAN COMMISSION IS BECOMING A DEFENCE ACTOR

**Pierre HAROCHE**

*IRSEM Research Fellow in European Security*

### ABSTRACT

The European Defence Fund represents the culmination of the European Commission's progressive emergence as a defence actor.

The origins of the European Defence Fund were marked by the Commission's strong political commitment and activism. Because it has no legal competence in the area of defence, the Commission used its existing economic competences, which has led to a tension between economic and strategic interests in the negotiation.

In order to be able to manage the European Defence Fund, the Commission will have to strengthen its technical expertise in the area of defence, which will likely lead to bureaucratic rivalry between the Commission and the European Defence Agency and the European External Action Service.

More generally, the European Defence Fund is part of a new and broader focus on budgetary instruments in European Union defence policy, aimed at strengthening cooperation among member states.

This note relies on 23 interviews with officials from the Commission, the European Defence Agency (EDA), member states' national administrations, and the defence industry as well as members of the European Parliament (MEPs).

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In June 2017, the European Commission (hereafter the Commission) proposed the creation of the European Defence Fund (EDF) with the aim of using the European Union (EU) budget to finance defence research and to co-finance with member states the development of military capabilities. Until 2020, the EDF will rely on the Preparatory Action on Defence Research (PADR),<sup>1</sup> which was launched in 2017 with a budget of €90 million for three years, and the EU Defence Industrial Development Programme (EDIDP), which was launched in 2018 with a budget of €500 million for two years. Under the EDIDP, the Commission proposed funding 20% of the costs of selected cooperative projects and 30% in the case of Permanent Structured Cooperation (PESCO) projects. For the 2021-2027 Multiannual Financial Framework (MFF), the Commission envisages more ambitious programmes, with €4.1 billion on research and €8.9 billion on development.<sup>2</sup> The Commission also put forward the idea of a “financial toolbox” of instruments aimed at facilitating collaborative procurement projects. The overall consistency of the EDF will be ensured by a Coordination Board.

The EDF has been described as a “game changer,” a “paradigm shift,” or even a “Copernican revolution” by some defence officials.<sup>3</sup> Its novelty lies in several features:

- Whereas cooperation among EU member states on defence spending has produced very limited results so far, the EDF would lead to the commitment of substantial amounts of money. For example, a budget of more than €500 million for defence research per year would represent three times the level of collaborative defence research among EU member states in 2015<sup>4</sup> and slightly more than what the UK or Germany spent in this area in 2014.<sup>5</sup>

- Whereas Article 41.2 of the Treaty on EU (TEU) forbids the use of the EU budget for military and defence expenditures, the EDF, by investing EU resources in the defence industry, represents a major innovation that seemed unthinkable a few years ago.

- Whereas the EU Common Security and Defence Policy (CSDP) is traditionally the realm of intergovernmental governance, the EDF introduces supranational decision making and tends to make the Commission a central actor in European defence.

This note relies on 23 interviews with officials from the Commission, the European Defence Agency (EDA), member states’ national administrations, and the defence industry as well as members of the European Parliament (MEPs). These interviews were conducted between September 2017 and March 2018 under the condition of anonymity.

## 1. THE RISE OF AN UNEXPECTED DEFENCE ACTOR

The progressive empowerment of the Commission in matters of defence is all the more striking given that member states have always ensured that defence remains firmly outside of the scope of supranational institutions. As early as 1957, the Treaty of Rome allowed member states to exclude their defence industry from the provision of the treaty on the grounds of security interests (Art. 346 of the Treaty on the Functioning of the EU [TFEU]). Similarly, when the 1992 Maastricht Treaty established the Common Foreign and Security Policy (CFSP), it was conceived as a strictly intergovernmental system aimed at weakening the role of the Commission.<sup>6</sup> The Amsterdam Treaty explicitly banned the use of the EU budget for military and defence expenditures, which resulted in their exclusion from the budgetary procedure involving the Commission and the European Parliament (EP) and placed them under the exclusive control of the Council (Art. 41.2 TEU). Member states went even further: in the 2009 Lisbon Treaty, they explicitly attributed the tasks to support defence research and the joint development of military capabilities to the European Defence Agency (EDA), an intergovernmental agency placed under the authority of the Council (Art. 45. c, d and e TEU).<sup>7</sup>

1. A Preparatory Action is an instrument allowing for the testing of a potential future programme with limited funding coming from the EU budget.

2. European Commission, *A Modern Budget for a Union that Protects, Empowers and Defends. The Multiannual Financial Framework 2021-2027*, Annex, p. 76. Available from: [https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals\\_en](https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en) [Accessed 3 May 2018].

3. Interviews, January 2018 and September 2017.

4. European Defence Agency, *Defence Data 2006-2016*, Brussels, 2017, p. 36. Available from: <https://www.eda.europa.eu/info-hub/publications/publication-details/pub/defence-data-2006-2016> [Accessed 27 April 2018].

5. European Defence Agency, *National Defence Data 2013-2014 and 2015 (est.) of the 27 EDA Member States*, Brussels, 2016, p. 34. Available from: <https://www.eda.europa.eu/info-hub/press-centre/latest-news/2016/06/20/national-breakdown-of-defence-data> [Accessed 27 April 2018].

6. Yves Buchet de Neuilly, *L'Europe de la politique étrangère*, Paris, Economica, 2005.

7. Daniel Fiott, “The European Commission and the European Defence Agency: A Case of Rivalry?,” *Journal of Common Market Studies*, 53:3, 2015, p. 550.

However, the Commission soon found a way to challenge the EDA through its regulatory power. While the EDA tried to integrate defence markets by developing non-binding intergovernmental codes of conduct, the Commission adopted a much more offensive strategy.<sup>8</sup> It argued that member states frequently applied an overly broad interpretation of the exemptions authorised by Article 346 TFEU on defence procurement and brought some key cases to the European Court of Justice (ECJ). After the ECJ ruled against national procurement practices, the Commission was able to credibly threaten member states and push them to agree on a directive adopted on 13 July 2009 (2009/81/EC) that established fair and transparent rules for the public procurement of defence equipment.<sup>9</sup> This directive was much more constraining and specific than the equivalent EDA code of conduct, and it empowered the Commission to monitor member states' compliance.<sup>10</sup> It thus allowed the Commission to supplant the EDA as the key actor in defence market integration. This new directive was part of a broader Defence Package, which included another directive (2009/43/EC) that aimed at simplifying the procedures for the intra-EU transfer of defence products. According to a national defence official, these directives allowed the Commission to become "a central actor in our procurement policies."<sup>11</sup>

This first victory encouraged the Commission to become more openly active in matters of defence. In November 2011, Commissioner for Internal Market Michel Barnier established a Defence Task Force within the Commission, which included the relevant Commission Directorates-General (DG), particularly DG Internal Market and DG Enterprise and Industry, as well as the EEAS and the EDA.<sup>12</sup> Its primary task was to scrutinise the implementation of the defence directives but also to contribute to the debate on the future of the European defence industry. At that stage, the context also became more favourable to a European initiative. The financial crisis and the budgetary constraints that accompanied it led to the fall of defence research in Europe. When the European Council decided in 2012 that it would devote its December 2013 meeting to the question of defence, Barnier and the Task Force prepared a Communication presented as the Commission's contribution to the debate.<sup>13</sup> The Communication mentioned the possibility of a Preparatory Action for CSDP-related research, which was welcomed by the European Council.<sup>14</sup> The Preparatory Action, aimed at illustrating "the value added of an EU contribution" in defence research, was officially announced by the Commission in June 2014.<sup>15</sup>

The new Commission that came to power in 2014 inherited the task of implementing the Preparatory Action. The PADR was eventually launched in 2017 with a budget of €25 million for 2017, 40 million for 2018 and 25 million for 2019. In the meantime, the Commission also decided to accelerate the process and to integrate the PADR not only into a longer-term perspective, as member states expected, but also into a more ambitious and far-reaching framework, which came as a surprise for many observers.<sup>16</sup> After a phase of progressive emergence, the Commission had become confident enough to push for bold plans.

8. Marc R. DeVore, "Organisations at war: The EDA, NATO and the European Commission," in Nikolaos Karampekios and Iraklis Oikonomou (eds), *The European Defence Agency: Arming Europe*, Abingdon, Routledge, 2015, p. 171-188.

9. Michael Blauburger and Moritz Weiss, "If You Can't Beat Me, Join Me! How the Commission Pushed and Pulled Member States into Legislating Defence Procurement," *Journal of European Public Policy*, 20:8, 2013, p. 1120-1138.

10. Marc R. DeVore, "Organisations at war: The EDA, NATO and the European Commission," *op. cit.*

11. Interview, January 2018.

12. "Une task force 'défense' à la Commission européenne," *Bruxelles2*, 7 November 2011. Available from: <https://www.bruxelles2.eu/2011/11/07/une-task-force-defense-creee-au-sein-de-la-commission-europeenne/> [Accessed 7 March 2018].

13. European Commission, *Towards a More Competitive and Efficient Defence and Security Sector*, Brussels, 24 July 2013, COM(2013) 542 final. Available from: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0542&from=EN> [Accessed 9 March 2018].

14. General Secretariat of the Council, *Conclusions of the European Council (19/20 December 2013)*, Brussels, 20 December 2013, EUCO 217/13, point 18. Available from: [http://www.europarl.europa.eu/meetdocs/2014\\_2019/documents/sede/dv/sede110914econclusionscsdp\\_/sede110914econclusionscsdp\\_en.pdf](http://www.europarl.europa.eu/meetdocs/2014_2019/documents/sede/dv/sede110914econclusionscsdp_/sede110914econclusionscsdp_en.pdf) [Accessed 9 March 2018].

15. European Commission, *A New Deal for European Defence*, Brussels, 24 June 2014, COM(2014) 387 final, p. 10. Available from: [http://www.europarl.europa.eu/meetdocs/2014\\_2019/documents/sede/dv/sede110914dealeuropeandefence\\_/sede110914dealeuropeandefence\\_en.pdf](http://www.europarl.europa.eu/meetdocs/2014_2019/documents/sede/dv/sede110914dealeuropeandefence_/sede110914dealeuropeandefence_en.pdf) [Accessed 9 March 2018].

16. Interview, November 2017.

## 2. THE ORIGINS OF THE EUROPEAN DEFENCE FUND

In his political guidelines, Jean-Claude Juncker made defence a priority. Whereas defence had been practically ignored in his predecessor's guidelines,<sup>17</sup> Juncker stated:

I also believe that we need to work on a stronger Europe when it comes to security and defence matters... In times of scarce resources, we need to match ambitions with resources to avoid duplication of programmes. More than 80% of investment in defence equipment is still spent nationally today in the EU. More cooperation in defence procurement is therefore the call of the day, and if only for fiscal reasons.<sup>18</sup>

For many observers, this statement denoted a genuine personal conviction<sup>19</sup> that went as least as far back as the 2003 "Chocolate Summit," where Juncker, then Prime Minister of Luxembourg, promoted the idea of an EU headquarters.<sup>20</sup> Commission officials offer three main reasons to explain Juncker's prioritisation of the question of defence:

- Upgrading the standing of the Commission. Juncker was selected through the *Spitzenkandidaten* procedure<sup>21</sup> and claimed that his Commission would be more "political" than that of his predecessors.<sup>22</sup> Prioritising defence was a way to demonstrate that the Commission was able to deal with "real issues," as opposed to "technical" questions.<sup>23</sup>

- Legitimising the EU. Eurobarometer studies constantly show that an overwhelming majority of EU citizens favour a common defence policy.<sup>24</sup> In times of high Euroscepticism, being able to present EU initiatives as a response to citizens' demand is a valuable resource for the Commission. Defence initiatives also fit well into one of the Juncker Commission's key slogans: "A Europe that protects."<sup>25</sup>

- Bringing together Eastern and Western Europe. Discussions with Baltic states' governments in particular led Juncker to see defence as a theme that could potentially be more unifying than economic issues, such as the reform of the directive on posted workers.<sup>26</sup>

The evolution of international relations also facilitated Juncker's strategy of increasing the political salience of defence cooperation. He took office in the context of the Ukrainian crisis and did not hesitate to use this window of opportunity to advance bold ideas, such as the much debated "EU army." On March 2015, he declared in an interview to *Die Welt*: "A common European army would send a clear message to Russia that we are serious about defending European values."<sup>27</sup> Although this idea was deemed unrealistic by many, it aimed at stimulating the debate.<sup>28</sup> More recently, the "Trump effect" and the uncertainty surrounding the future of US commitment in Europe has also helped justify investment in EU's "strategic autonomy."<sup>29</sup> For some observers, it was the most important trigger.<sup>30</sup> In 2017, Juncker explained the Commission's initiative on the EDF by declaring: "For too long, we have relied too much on the military power of others. We must now seize the moment to take charge of our own security. We owe this to our fellow

17. José Manuel Barroso, *Political Guidelines for the Next Commission*, Brussels, 3 September 2009. Available from: [http://www.sbbe.gr/newsletters/eflash-news/2009\\_21/Barroso\\_Political\\_Guidelines\\_2009.pdf](http://www.sbbe.gr/newsletters/eflash-news/2009_21/Barroso_Political_Guidelines_2009.pdf) [Accessed 9 March 2018].

18. Jean-Claude Juncker, *A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change Political Guidelines for the Next European Commission*, Strasbourg, 15 July 2014. Available from: [https://ec.europa.eu/commission/sites/beta-political/files/juncker-political-guidelines-speech\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/juncker-political-guidelines-speech_en.pdf) [Accessed 9 March 2018].

19. Interview, February 2018.

20. "Au sommet des pralines. Un état-major européen avant la fin 2004 ?," *Bruxelles2*, 29 April 2003. Available from: <https://www.bruxelles2.eu/2003/04/29/au-sommet-des-pralines-un-etat-major-europeen-avant-la-fin-2004/> [Accessed 13 March 2018].

21. Under the *Spitzenkandidaten* procedure, the major European political groups nominated candidates for President of the Commission prior to the 2014 European elections.

22. John Peterson, "Juncker's Political European Commission and an EU in Crisis," *Journal of Common Market Studies*, 55:2, 2017, p. 349-367.

23. Interview, February 2018.

24. European Commission, *Special Eurobarometer 461, Designing Europe's future, Security and Defence*, April 2017, p. 12. Available from: <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/SPECIAL/surveyKy/2173> [Accessed 14 March 2018].

25. Jean-Claude Juncker, State of the Union Address 2016: Towards a Better Europe – a Europe that Protects, Empowers and Defends, 14 September 2016. Available from: [http://europa.eu/rapid/press-release\\_SPEECH-16-3043\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-16-3043_en.htm) [Accessed 14 March 2018].

26. Interviews, October 2017 and January 2018.

27. "EU Commission chief makes case for European army," *euobserver*, 9 March 2015. Available from: <https://euobserver.com/political/127914> [Accessed 14 March 2018].

28. European Commission, "In Defence of Europe: Defence Integration as a Response to Europe's Strategic Moment," *EPSC Strategic Notes*, 4, 15 June 2015, p. 4. Available from: [https://ec.europa.eu/epsc/sites/epsc/files/strategic\\_note\\_issue\\_4\\_en.pdf](https://ec.europa.eu/epsc/sites/epsc/files/strategic_note_issue_4_en.pdf) [Accessed 20 April 2018].

29. Interview, February 2017.

30. Interview, March 2018.

Europeans.”<sup>31</sup> Finally, the Brexit referendum also opened a new window of opportunity. According to a Commission official, “The UK was very committed in bilateral defence cooperation but did not want it at the European level. It might be a coincidence, but we managed to advance the issue after the referendum.”<sup>32</sup>

From a bureaucratic point of view, Juncker also signalled the high priority of defence in his agenda by appointing Michel Barnier as his Special Adviser on European Defence and Security Policy.<sup>33</sup> Barnier was not only at the origins of the 2013 Communication on defence. In 2001, as a member of the Praesidium of the Convention on the Future of Europe, he chaired the Working Group on European Defence and initiated the concept of PESCO. In June 2015, Barnier contributed to a strategic note that mentioned the idea of a “European investment fund for defence.”<sup>34</sup>

In the summer of 2016, Commissioners were asked to submit new ideas in view of Juncker’s State of the Union address in September. According to a Commission official: “Before the speech, we review the initiatives that need a particular impulse. And until the end, we never know if the subject is going to stay in the speech or not. It is very political.”<sup>35</sup> In June, Elżbieta Bieńkowska, Commissioner for Internal Market, Industry, Entrepreneurship and Small and medium-sized enterprises (SMEs), passed a note prepared by her cabinet suggesting the idea of a Defence Fund. The suggestion of the Bieńkowska cabinet was eventually retained by Juncker on the advice of Barnier, who argued that such an initiative would be backed by France. In his State of the Union address, Juncker declared: “For European defence to be strong, the European defence industry needs to innovate. That is why we will propose before the end of the year a European Defence Fund, to turbo boost research and innovation.”<sup>36</sup> The top-down nature of this initiative was evidenced by the fact that even the members of the Defence Task Force were surprised by this announcement and had to integrate it “at the last minute” into the European Defence Action Plan presented on 30 November 2016.<sup>37</sup>

### 3. THE TRANSITION FROM AN ECONOMIC TO A DEFENCE ACTOR

Because the Commission has no legal competence to intervene in defence, it used its existing economic competences. On the other hand, the EDF represents the culmination of the Commission’s progressive transition from an economic to a strategic approach to defence industry.<sup>38</sup> Therefore, the debate has been marked by the constant tension between economic and strategic interests.

The first source of tension lies in the legal basis adopted by the Commission. The main problem came from Article 41.2 TEU, which forbids the use of the EU budget “for such expenditure arising from operations having military or defence implications.” The interpretation of this article led to an internal debate between DG GROW and the Commission’s Legal Service. From the point of view of the Legal Service, the drafters of Article 41.2 chose “the broadest possible wording,” which obliged the Commission to stick to a strict interpretation of the prohibition of defence spending through the EU budget, particularly to avoid backlash in the EP.<sup>39</sup> The PADR was the first successful attempt to “break down the barrier represented by the Legal Service.”<sup>40</sup> However, the arguments used to justify the funding of defence research through the EU budget were economic in nature: “We said that defence research generates value, impacts competitiveness – that defence industry is like any other industry and produces jobs.”<sup>41</sup> In the case of the EDIDP, the Commission used Article 173 TFEU as the legal basis; this article formally implies that the main objectives of the programme are of an industrial nature. This legal basis became a source of ambiguity because the Commission was simultaneously insisting that the EDF was fundamentally a strategic initiative, not an economic one. According to a

31. “EU Launches New Defense Fund Amid Growing Security Concerns,” *Deutsche Welle*, 7 June 2017. Available from: <http://www.dw.com/en/eu-launches-new-defense-fund-amid-growing-security-concerns/a-39144036> [Accessed 19 March 2018].

32. Interview, October 2017.

33. European Commission, Press release – President Juncker appoints Michel Barnier as Special Adviser on European Defence and Security Policy, Brussels, 17 February 2015. Available from: [http://europa.eu/rapid/press-release\\_IP-15-4437\\_en.htm](http://europa.eu/rapid/press-release_IP-15-4437_en.htm) [Accessed 9 March 2018].

34. European Commission, “In Defence of Europe: Defence Integration as a Response to Europe’s Strategic Moment,” *op. cit.*, p. 10.

35. Interview, January 2018.

36. Jean-Claude Juncker, State of the Union Address 2016: Towards a Better Europe – a Europe that Protects, Empowers and Defends, *op. cit.*

37. Interview, January 2018.

38. Ulrika Morth, “Competing Frames in the European Commission – the Case of the Defence Industry and Equipment issue,” *Journal of European Public Policy*, 7:2, 2000, p. 173-189; Daniel Fiott, “European Defence-Industrial Cooperation: From Keynes to Clausewitz,” *Global Affairs*, 1:2, 2015, p. 159-167.

39. Interview, January 2018.

40. Interview, October 2017.

41. *Ibid.*

Commission official: “The legal framework is just a framework. It is not the objective.”<sup>42</sup> However, insisting that the EDF was not primarily aimed at achieving economic objectives was also dangerous since MEPs from the Social Democratic Party of Germany (SPD) and the European United Left (GUE) precisely challenged the legal basis adopted by the Commission, arguing that if strategic autonomy was the objective, Article 173 was irrelevant.<sup>43</sup> The Commission was caught in a dilemma between its legal competence and its political objectives.

Another source of tension between economic and strategic interests appeared in the design of the EDIDP. Officially, the objective of the programme is to “enhance the Union strategic autonomy.” This objective has two implications:

- It means that the programme has to be conceived as a “strategic fund” as opposed to a “structural fund.”
- It means that it should enhance the EU’s *autonomy*, as opposed to its dependence on third powers.

As a *strategic fund*, the EDIDP should primarily aim at strengthening member states’ defence capabilities, which implies some concentration of investments in ambitious projects led by major defence companies. On the other hand, the Commission anticipated that from an economic point of view, a programme benefiting only the industry of major armament-producing states (France, Germany, Italy, Spain and Sweden) would not be supported by a qualified majority.<sup>44</sup> To expand the base of potential beneficiary national industries, the Commission proposed that a proportion of the overall EDIDP budget should benefit projects enabling the cross-border participation of SMEs. However, during the negotiation, the Commission firmly opposed any rule of “geographic return.” In particular, it opposed the idea that the inclusion of SMEs from various countries should be a condition of project eligibility. Nevertheless, the Council and the EP defended the principle of a bonus funding rate for projects with considerable SME participation, which was seen as a balanced compromise. While the Commission’s approach was supported by member states with an important industrial defence base, member states with only limited defence industry insisted on the inclusion of SMEs.<sup>45</sup> The EP also sought to increase from two to three the number of member states that must be involved for a project to be eligible, particularly to avoid excessive concentration in a few member states.

Since the EDF was conceived as a way to enhance the EU’s *autonomy*, the Commission also made clear that the EDIDP should only support companies that are established in the EU and controlled by member states or their nationals. Again, not all member states supported this logic, particularly for economic reasons. While member states that traditionally control defence industries established in their territory (such as France) aligned themselves with the Commission, some member states, whose defence industrial bases are partially controlled by US or UK companies (such as Sweden), tried to relax the rule.<sup>46</sup> The focus on EU companies also led the UK to lobby to prevent its companies from being excluded and led US NATO Ambassador Hutchison to caution Europeans against any “protectionist” initiative.<sup>47</sup> The debate was complicated by the existence of European defence companies, such as missile manufacturer MBDA, that have an important base in the UK.<sup>48</sup> The Council adopted a compromise solution that allowed companies controlled by third countries to be eligible if the member state it is located in provides assurances to the Commission that this would not contravene EU security interests or the objectives of the programme. The EP adopted a stricter approach that was closer to the Commission’s position.

In terms of governance, the choice of Article 173 as the legal basis allowed the Commission to export the “Community method” (characterised by the Commission’s exclusive right of initiative, co-decision between the Council and the EP, and the use of qualified majority voting [QMV] in Council) to the area of defence. The use of the EU budget was also decisive: “Every time the EU budget is involved, the Commission has the upper hand. It has always been a way for the Commission to get into a policy: we put money in it.”<sup>49</sup> This represented a cultural revolution for many national defence officials who were used to working exclusively under the intergovernmental method. In the first meetings of the Council Friends of the Presidency Group on the EDIDP, some member state representatives asked when Commission

42. Interview, February 2018.

43. Interview, March 2018.

44. Interview, November 2017.

45. Interview, January 2018.

46. Interview, February 2018.

47. US Mission to NATO, Press Briefing by Ambassador Kay Bailey Hutchison, 13 February 2018. Available from: <https://nato.usmission.gov/february-13-2018-press-briefing-ambassador-kay-bailey-hutchison/> [Accessed 27 April 2018].

48. Interview, January 2018.

49. Interview, November 2017.

officials would leave the room.<sup>50</sup> Others started to study the functioning of QMV for the first time in their career. Many expressed concerns about a method that was new to them.<sup>51</sup>

The Commission tried to anticipate these concerns by making clear that it did not intend to gain new formal competences at the expense of member states. In particular, it emphasised that the EDIDP should not affect the discretion of member states regarding their defence export policy, a point that had generated fear in some national capitals.<sup>52</sup> In the words of one Commission official: “It is not a power grab; we are at member states’ service.”<sup>53</sup> Similarly, the Commission insisted that it did not want to interfere in the definition of capability priorities by member states. As underlined by Commissioner Katainen, “Member states will remain in the driving seat.”<sup>54</sup> To appease member states, the Commission also offered a concession in comparison with standard procedures: the double comitology. The EDIDP member states committee would be consulted not only on the work programme but also on the particular projects selected by the Commission.

However, some member states tried to reduce the role of the Commission even further. Initially, France advocated the establishment of an Advisory Defence Board consisting of national defence officials, whose task would have been to write and unanimously approve the work programme. However, this formula was firmly rejected by the Commission’s Legal Service as incompatible with the comitology rules: “Comitology is a peace agreement; if you twist it, you trigger an institutional war.”<sup>55</sup> Then, France supported the compromise that the programme Committee should not be a “rubber stamp” but should be given enough time to discuss the draft programme in detail, particularly among defence experts.<sup>56</sup> The Council also amended the comitology procedure so that the Commission cannot adopt a work programme without the explicit support of a qualified majority.

## 4. TOWARDS A DIRECTORATE-GENERAL DEFENCE?

Because the Commission was not meant to intervene in defence, it suffered from a lack of technical competence. After the launch of the EDF, the Commission decided to strengthen its own expertise: “It is a question of trust with member states. We cannot manage €1 billion with 15 guys.”<sup>57</sup> DG GROW, which already had one unit working on defence, created a second one in January 2018. One of them worked on the EDIDP and on the post-2020 programmes, while the other worked on the PADR. This reorganisation was accompanied by the hiring of new defence experts coming from national administrations.<sup>58</sup> France in particular saw this as an opportunity to send national experts in order to promote “strategic autonomy” against alternative approaches based on fair competition.<sup>59</sup> However, this internal reorganisation was still seen as insufficient in view of the scale of the post-2020 programmes.<sup>60</sup>

These developments fed the growing rumours on the future creation of a new DG aggregating the Commission’s security and defence services. In December 2017, the EP adopted a report that supported the establishment of a DG Defence.<sup>61</sup> A strategic note by Mihnea Motoc, deputy head of the Commission’s internal think tank and former Minister of Defence of Romania, even mentioned the prospect of a Commissioner for Defence Union covering defence research, equipment and industry, but also defence-related aspects of space policy.<sup>62</sup> Initially, the idea of a DG Defence was ge-

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50. *Ibid.*

51. Interview, January 2018.

52. *Ibid.*

53. Interview, October 2017.

54. European Commission, Press release – A European Defence Fund: €5.5 billion per year to boost Europe’s defence capabilities, *op. cit.*

55. Interview, January 2018.

56. *Ibid.*

57. Interview, November 2017.

58. Interview, February 2018.

59. Cour des Comptes, *La coopération européenne en matière d’armement*, April 2018, p. 78. Available from: <https://www.ccomptes.fr/fr/publications/la-cooperation-europeenne-en-matiere-darmement> [Accessed 4 May 2018].

60. Interview, February 2018.

61. EP, Resolution of 13 December 2017 on the Annual report on the implementation of the CSDP, (2017/2123(INI), point 38. Available from: <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2017-0492&format=XML&language=EN> [Accessed 30 April 2018].

62. European Commission, “The Defence-Security Nexus: Towards an EU Collective Security,” *EPSC Strategic Notes*, 28, 18 October 2017, p. 6. Available from: [https://ec.europa.eu/epsc/sites/epsc/files/epsc\\_strategic\\_note\\_28\\_-\\_the\\_defence-security\\_nexus\\_-\\_towards\\_an\\_eu\\_collective\\_security.pdf](https://ec.europa.eu/epsc/sites/epsc/files/epsc_strategic_note_28_-_the_defence-security_nexus_-_towards_an_eu_collective_security.pdf) [Accessed 5 June 2018].

nerally seen as “premature” and dismissed as an “old chestnut” within the EU defence community. However, at the beginning of 2018, it started to be taken seriously, even as a likely outcome.<sup>63</sup>

Some member states officials view this evolution favourably, noting that they are “not afraid” or that they take a “pragmatic” approach to it because the Commission does not challenge member states’ role of identifying capability needs. Others fear that it could trigger an institutional “power game” and “duplicate” the EDA.<sup>64</sup> Duplication is also seen as a “major risk” by some EDA officials.<sup>65</sup> Similarly, a risk of rivalry is also perceived *vis-à-vis* the High Representative (HR), who is also Head of the EDA, and the EEAS, where some insist that a DG Defence could only be a “DG Defence Market” with little added value compared with existing DG GROW.<sup>66</sup> On the other hand, some Commission officials note that “there is no country where the Foreign Minister is also Defence Minister” to justify the role of a Defence Commissioner in addition to the HR.<sup>67</sup>

More generally, the EDF has fed the traditional bureaucratic competition between the HR and the Commission: “Among all the HR’s hats, that of the Vice President of the Commission is the weakest. Every time we talk about defence, the HR services want to give all the visibility to Mogherini.”<sup>68</sup> This rivalry explains why the announcements made by the HR were perceived as motivated by emulation. In December 2017, Federica Mogherini announced the creation of a Defence Union Task Force to ensure the coherence of all EU defence initiatives under her leadership.<sup>69</sup> This was widely interpreted as a response to the prospect of a DG Defence: “The HR has the lead on defence and will have to compete with the Commission. The EEAS will not let itself be overtaken.”<sup>70</sup>

The EP adopted a different approach to the HR-Commission rivalry. Instead of presenting a potential DG Defence as a competitor of the EDA and the HR, it encouraged a convergence of all these actors. In particular, it suggested in its December resolution that the EDA should be the implementing agency for EDF programmes and should be funded by the EU budget.<sup>71</sup> Similarly, some MEPs argue that the future DG Defence should be headed by the HR in their capacity as Vice President of the Commission. In both cases, the goal would be to “drag” to the Community domain institutions that are currently positioned closer to the Council.

## CONCLUSION: A BUDGETARY TURN IN EU DEFENCE?

It is too soon to fully assess the importance of the EDF. Its impact will be highly dependent on the continued political will to invest in defence cooperation at the EU level. Many observers fear that the future waning of current security threats could weaken member state support or that the rise of Eurosceptic parties in the EP could reduce or even halt the pace and ambition of the EDF.

Nevertheless, the EDF, along with other recent initiatives such as the European Peace Facility (EPF) that seeks to enhance the financing of EU military operations, and the Action Plan on Military Mobility (MM), is part of a broader budgetary turn in EU defence policy. All three initiatives involve substantial amounts of money (€13 billion for the EDF, €10.5 billion for the EPF and €6.5 billion for MM in the draft MFF), which would be managed by the Commission or the HR. CSDP has been so far a strictly intergovernmental policy largely because of its reliance on voluntary national contributions. The establishment of centralised budgetary instruments at the EU level could represent the beginning of a more supranational European defence policy, in which the Commission would be one of the key driving actors.

63. Interviews, October 2017 and January 2018.

64. Interviews, January 2018.

65. *Ibid.*

66. Interview, November 2017.

67. Interview, February 2018.

68. Interview, November 2017.

69. EEAS, Speech by HR/VP Federica Mogherini at the “Building on vision, forward to action: delivering on EU security and defence” event, Brussels, 13 December 2017. Available from: [https://eeas.europa.eu/headquarters/headquarters-homepage/37355/speech-hrvp-federica-mogherini-%E2%80%9CBuilding-vision-forward-action-delivering-eu-security-and\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/37355/speech-hrvp-federica-mogherini-%E2%80%9CBuilding-vision-forward-action-delivering-eu-security-and_en) [Accessed 3 May 2018].

70. Interview, February 2018.

71. EP, Resolution of 13 December 2017 on the Annual report on the implementation of the CSDP, *op. cit.*, point 39.

Pierre HAROCHE is Research Fellow in European Security at IRSEM. His research interests cover European defence cooperation, European institutions and integration theory. He published in the *Journal of European Public Policy* and *European Security*. Before joining IRSEM, he taught at King's College London and Paris 1 Panthéon-Sorbonne University

Contact: [pierre.haroche@defense.gouv.fr](mailto:pierre.haroche@defense.gouv.fr)