The ISS-EU organised a seminar on ‘The future of ESDP’ to touch upon some of the key issues affecting the direction of the development of ESDP, and its long-term sustainability. Senior officials took part in panel discussions with experts and promoted a rich exchange of views among the over sixty participants in the seminar.

Key findings of the seminar

• **ESDP brings a distinctive added value.** It is activated in the presence of serious security concerns; it brings with it the political clout of Member States and it allows for rapid deployment of highly professional personnel from EU Member States. That said, ESDP should be regarded as part of a wider toolbox available to the Union. Synergy between ESDP and Community instruments should be enhanced with a goal- and result-oriented approach.

• **ESDP suffers from shortages of capabilities, human resources and funding.** The current institutional framework is stretched to the limit and there is a deficit of leadership when it comes to running operations from Brussels. Additional efforts are needed to streamline crisis management structures, define clear lines of command and enhance civil/military coordination.

• **The CFSP budget, while growing, is still too small.** No emergency funds are available to tackle unforeseen crises and existing procedures do not allow for rapid disbursement, which also undermines effective procurement. This poses a particular problem for fact-finding missions. The CFSP budget needs to be significantly boosted over the years to come, new fast-track procedures are required to deal with emergencies and better inter-institutional cooperation is required to mobilise all relevant instruments in a timely fashion.

• **Cooperation between the EU/ESDP and NATO is not satisfactory.** With the exception of the Balkans, there is little dialogue between the two organisations, whose relationship is also undermined by a competition for the same pool of resources and capabilities. The US is not keen on enhancing the cooperation with the Union on defence issues. Problems of standardisation complicate things at a practical level. Room for constructive cooperation needs to be explored pragmatically, with a focus on joint training and joint exercises.
ESDP: where to?

The first panel discussion addressed the future perspectives for the evolution of ESDP in a shifting political context, with a reference to the new nature of threats and to the capabilities required to confront them. By way of introduction, it was pointed out that the consolidation of ESDP may be hampered by two parallel developments. First, the evolution of the international security outlook points to a decreasing importance of the military instrument in the context of crisis management. Second, the re-conversion of NATO to take over EU-type tasks, including for example post-disaster relief, leads to overlaps and potential competition.

In exploring the future of ESDP, the panellists addressed a range of defining questions, including the priorities of ESDP, the capabilities, the resources, the institutional framework and the relationship between ESDP and NATO.

- **The priorities of ESDP**: ESDP needs a better definition of its priority tasks. The question was put whether ESDP is really about going ‘out of area’ or whether it will become increasingly focussed on the defence of the European homeland, including territorial surveillance, the protection of critical infrastructures, border security and pinpointed interventions outside the Union when need be. On the other hand, the progressive expansion of ESDP beyond the original remit of the Petersberg Tasks was underlined, including Security Sector Reform (SSR), the use of military means for post-disaster crisis management and the support of regional organisations and the UN. It was mentioned, however, that fewer and fewer European troops are available for UN missions, which might pose a problem of sustainability.

- **ESDP in context**: Speaking of ESDP as such may no longer be pertinent, considering the expansion of its tasks and the interplay with other EU instruments. It was pointed out that ESDP should not be regarded as an isolated instrument but as part of the wider set of tools available to the EU under CFSP and external action at large. Only against this broader background can the full potential of ESDP be appreciated and exploited.

- **Inadequate capabilities**: The endemic scarcity of human resources and equipment was presented as a structural weakness of ESDP. It was felt that Member States do not deliver sufficient capabilities for ESDP to perform as effectively as it should. Shortcomings include the absence of pre-determined Headquarters for military operations, the absence of extraction forces for EU personnel and the lack of common training between battlegroups, whose interoperability is open to question.

- **Inadequacy of the institutional framework**: Some felt that the non-ratification of the Constitutional Treaty undermined the performance of the Union. It was also noted, however, that the constitutional stalemate could be overcome sooner than expected, with an IGC in the second part of 2007. CFSP and ESDP should be a core dimension of the next stage of reform: the European Council could take the initiative by submitting a set of proposals in this regard at the end of 2006.
• **Dysfunctional ESDP/NATO cooperation:** It was largely acknowledged that cooperation between ESDP and NATO is not satisfactory. COPS/NAC joint meetings do not address sensitive issues with the exception of the situation in the Balkans. Against this background, defence establishments in some EU countries are not keen on upgrading ESDP. It follows that some Member States are inclined to entrust NATO with tasks that could well fall within the remit of the EU as the case of Sudan/Darfour, where the Union pays the bill but gets little credit, shows.

• **The need for ESDP:** It was generally felt that the progress achieved in the context of ESDP seems hardly reversible. ESDP will be needed, not least given the progressive disengagement of the US from the areas of closer concern to Europe, with their strategic focus shifting to Asia. One speaker argued that national defence budgets might well increase in the near future, because of the combined pressure of developments in Russia and the need to upgrade critical non-proliferation activities.

The comments and questions following the first panel touched upon the absence of an EU global vision and strategy underpinning ESDP, the question of the sources of leadership (whether groupings of Member States or, in perspective, the double-hatted Foreign Minister) and again the cooperation between the ESDP and NATO. It was questioned whether NATO’s ambition to go global was credible and whether NATO’s involvement would be welcome in all regions.

In their final remarks, the members of the panel stressed that ESDP needs to become more attractive and ‘professional’ to encourage substantial Member States’ contributions. At the same time, Member States were encouraged to seek better coordination at the domestic level, and transmit coherent instructions to their representatives in Brussels. On the leadership question, it was acknowledged that different groups of countries of variable geometries could take the lead on different issues, but that the perspective of a directoire was less promising over the long-term, not least because of recurrent disagreements among the largest Member States. The possibility of a new strategic Anglo-French initiative to boost ESDP was, however, not ruled out.

**Getting the balance right: the civilian and military components of ESDP**

This panel addressed the interplay between the military and the civilian dimension of ESDP, and the coordination of ESDP with Community instruments. At a general level, it was pointed out that the notion of ‘balance’ between the military and the civilian components of ESDP is misleading. Different tools serve the same political goals within an integrated approach: there is no need to seek balance. Questions of coherence, coordination, leadership and command structures were at the core of the panel discussion.

• **The evolving role of the military:** EUFOR Althea, deployed in Bosnia Herzegovina, broke new ground in expanding the scope of what the military were prepared to do. The mandate of the mission covered, for example, the support of the mission implementation plan of the OHR, which included issues such as fostering economic development and consolidating the rule of law. It turned out that the military made a major contribution to the pursuit of these objectives, notably by engaging in the crucial fight against organised crime, a pervasive security issue in that country with a significant spill over for the EU.
• **The coordination of EU actors on the ground:** The experience of EUFOR Althea demonstrated that the military is called upon to take over new tasks. In fulfilling them, it was felt that close coordination among all EU actors on the ground was required. The lack of a common mandate, and the consequent compartmentalisation of tasks, did not help. That said, good cooperation was slowly achieved with pretty much all EU bodies in Bosnia, thanks notably to the efforts of the EUSR. Cooperation with the Commission Delegation left scope for improvement.

• **A shortage of leadership:** There was a feeling that not enough leadership was exercised from Brussels, and that strategy-making across the board was still lacking. The speakers stressed that leadership and, above all, command by committee, are not a good recipe for ensuring prompt reaction to requirements on the ground and coherence across the broad.

• **Strengthening crisis management structures:** This should be a priority for the coming year. A clear chain of command for civilian ESDP missions needs in particular to be defined, and joint civilian/military planning structures could be upgraded to enhance the coordination of all relevant instruments. This would be all the more necessary since it is often difficult to establish in advance the mix of assets required by distinctive ESDP operations. It was also mentioned that PSC could receive further support from the Council Secretariat.

• **The coordination between ESDP and Community instruments:** This was regarded as another important factor to maximise the effectiveness of EU intervention. Various views were outlined concerning the relationship between different sets of tools. It was recalled that some regard the scope of civilian crisis management under ESDP as too large, with implications such as the difficulty for ESDP committees to manage detailed projects. In this context, it was felt that no institutional mechanism existed to establish who should be responsible for what.

• **Improving the synergy of EU instruments:** A lot could be done to improve cooperation from the bottom up, including making development cooperation under the first pillar more conflict-sensitive, bridging the gap between planning instruments (the Civilian Response Teams in the ESDP context and the Commission’s Advanced Planning Teams), improving the exchange of information and analysis between the Commission and the Council Situation Centre, and conducting common threat assessment. Joint action plans could also be devised to address the problems of failing states and regional conflicts.

• **The distinctive added value of ESDP:** It was stressed that the distinctive added value of ESDP civilian crisis management lies in three main factors. First, ESDP comes into play in the presence of a crisis, where security concerns are predominant. Second, ESDP brings with it the political weight of Member States. Their political clout is essential for missions with a particularly ‘intrusive mandate’. Third, ESDP entails the ability for rapid deployment at very short notice, and the contribution of highly qualified experts from Member States.

• **ESDP and the EU security strategy:** It was also stressed that ESDP had a knock-on effect on the wider policy outlook and policy-making of the Union. While ESDP is an instrument at the service of CFSP, not a policy in itself, the progress of ESDP provided the bedrock for drafting the European Security Strategy.
In conclusion, following comments and questions from the floor, it was acknowledged that there is a need to further develop and consolidate the crisis management structures in the Council Secretariat, and to focus on the goals to be achieved. All resources, information and instruments should be channelled to maximise the impact of the Union, starting from the planning phase. Inter-institutional cooperation should be improved to that end.

Money matters

The third panel tackled the question of CFSP/ESDP financing, notably including the size of the CFSP budget and the existing shortcomings in making funding readily available for crisis management operations. The speakers also addressed a range of other issues, such as the respective interests of the Commission, the Council Secretariat and Member States in the budgetary debate; the potential options to alleviate the problem of under-funding; and the democratic scrutiny exercised by the European Parliament.

- **The expanding CFSP budget:** The considerable increase of the CFSP budget from 62 million euros in 2005 to 102 in 2006 was welcomed as a much-needed step to bring the funding closer to the level of the ambitions of CFSP, and to the growing requirements of crisis management in particular. It was recalled that, in 2005, around 80% of the budget was spent on financing ESDP civilian operations. To put things in perspective, however, it was noted that the budget of EU external action amounted to a not negligible 5% of the entire EU budget, but the CFSP budget in 2005 only amounted to a mere 0.05% of EU spending.

- **An inadequate budget:** The recent increase in the CFSP budget, while significant, would not be sufficient to cover new operations. For example, it was pointed out that the envisaged ESDP engagement in Kosovo at the end of 2006, could not be covered by the 2006 budget as it stands. This reflects a familiar situation: CFSP runs out of money by the middle of each year, and it becomes almost impossible to undertake new commitments. On the other hand, it is in the nature of crisis management that actions cannot be foreseen long in advance. Little flexibility, therefore, hampers ESDP.

- **Rapid financing:** It was stressed that budgetary procedures were also inadequate to allow for rapid disbursement when urgent action is required. The problem is particularly serious when it comes to preparing ESDP operations. Funding can only be unlocked on the basis of the common action establishing an operation, but there is no provision for covering the crucial stage of preliminary fact finding. Lengthy procurement procedures also undermine the speedy deployment of ESDP missions, which are often ill-equipped in their early stages. The fast disbursement system established by ECHO was pointed out as a mechanism worth looking at, but could not be transposed as such to ESDP.

- **Alternative options for funding:** It was mentioned that alternative sources of funding had been explored to address budgetary shortages. One option consisted of spontaneous contributions from EU Member States, on the basis of the ‘costs lie where they fall’ principle. This was not, however, a satisfactory arrangement. On the one hand, these *ad hoc* procedures are not transparent. On the other, it is somewhat unfair that those countries willing to contribute ESDP civilian operations have to carry most of the burden. The sense of common ownership of ESDP spending should underpin common action. Another option entailed potential
synergies with other instruments under the Community budget, such as the Rapid Reaction Mechanism. Some felt that more consideration could be given to providing Community funding for some specific activities under ESDP, such as training programmes, disaster relief and fact-finding missions, until the CFSP budget is adequately beefed up.

- **The position of the key players:** The conflict of interest, and consequent ambiguity, of the three main parties in the budgetary debate was highlighted. Member States have a vested interest in financing CFSP via the Community budget, so as not to invest further national resources in it. At the same time, however, they are reluctant to agree on an increase of the CFSP budget because they are not keen to see the Commission’s and the European Parliament’s influence grow over CFSP. The Commission has an interest in preserving its control over the management of the budget, but does not want to see the CFSP budget expand to the detriment of the Community policies it runs. In addition, the Court of Auditors accuses the Commission of not properly controlling the way in which money is spent. More money for CFSP would leave the Commission more vulnerable to the scrutiny of the Court. Within the Council Secretariat, some would like to manage the CFSP budget directly. So far, the Parliament and the Council had an agreement not to interfere with each other’s administrative expenditure. Once, however, the expenditure of the Council becomes policy-oriented, including the CFSP budget, then the Parliament may insist on scrutinising the administrative expenditure of the Council too. Moreover, the management of the budget would impose another burden on the over-stretched Council services. It was felt that such a step would not be in the interest of the Council, and of overall policy coherence either.

- **ESDP spending in context:** On the side of the European Parliament, it was felt that spending on ESDP should be regarded in conjunction with the funding of other security-related initiatives such as Galileo, the System of Global Monitoring for Environmental Security (GMES), as well as research on security, whose budget will considerably expand from 2006 to 2007. Given the link between external and internal security, one should also include in the picture spending on issues such as border surveillance. Moreover, the costs of non-Europe in security and defence were pointed out, with Member States spending as much as 180 billion euros on defence but reaping little benefits from uncoordinated investment.

A number of points were raised in the course of the debate, including a consideration on the limits of growth of the ESDP. An element of realism is needed, as ESDP does not have a vocation to expand endlessly. What really matters is flexibility in spending, in response to unfolding events. In relation to this point, the question was raised on how a much larger amount of money, say 500 million euros, could actually be spent, if available to CFSP. Some spoke in favour of making Community funding available for ESDP, while others questioned the workability of the Athena mechanism covering ESDP military operations, given the increasingly mixed civilian/military nature of ESDP missions. Reference was also made to the competition for scarce resources between the EU and NATO: Member States are confronted with a political choice on which organisation to channel their investment in military assets through. It was pointed out that, were assets to be delivered in the NATO framework, then they could only be accessible through the Berlin-Plus mechanism.
In conclusion, it was stressed that the Parliament largely acknowledged the need for more money to effectively run ESDP. The Parliament, however, asked for better insight on crisis management operations, including the right to submit its views before missions are launched. The debate on the next financial perspectives 2007-2013 offered, according to the speakers, a window of opportunity to envisage a steady increase in the CFSP budget, but once again the problem lied in the scale of activities that the current ESDP framework could manage in addition to what it already does. These sensitive issues, it was noted, can be successfully addressed only if the inter-institutional atmospherics considerably improve. Mutual trust should be the basis for a convenient, workable budgetary arrangement.

ESDP and NATO: what next?

The debate on the evolution of NATO and its relationship with the EU and, more particularly, ESDP, reflected different views on the state of play and perspectives ahead. On the whole, it was felt that there is some room for enhancing the dialogue and improving the cooperation between the two organisations on a pragmatic basis. Panellists’ opinions sharply diverged, however, on the more political questions of the balance of the relationship between ESDP and NATO, and of which is the most promising framework.

- **NATO is in crisis**: According to one position, concurring factors could contribute to deteriorating NATO-EU relations, at a time of change for the Alliance. The US is not keen to see ESDP take over a bigger role, is unhappy with the low level of defence expenditure in EU countries and is not ready to treat the EU as a real partner in this context. In addition, the US engages only selectively in NATO, which entails random costs for those supposed to take action at a given point in time under the NRF system or rotation. NATO has essentially become a matter of coalitions. Within NATO, the gap between those who are willing to take over demanding military tasks and those who are not appears to be widening, which could potentially lead to a two-speed NATO. It was also felt that the position of the EU towards NATO is weakened by the absence of a common position of Member States at the NAC.

- **A relationship with little political substance**: From a different perspective, it was argued that the relationship between ESDP and NATO has so far been devoid of major achievements, which is rather odd because threat perception largely overlaps and both organisations draw on the same pool of capabilities. Still, cooperation falls short of what is needed. At the political level, real dialogue on key political issues of common interest is practically non-existent. It was suggested that a more regular dialogue should be established, for example towards shaping common regional approaches to areas of mutual concern such as South Caucasus. In addition, progress should be made towards the convergence of the standards applied to the EU battlegroups and to the NRF, which are largely constituted by the same ‘multi-hatted’ forces.

- **The re-emergence of the primacy issue**: The recent statement by the German Chancellor Angela Merkel on the primary role of NATO for European defence and strategic dialogue was the starting point of yet another contribution to the debate: NATO would come first and ESDP second for Germany. According to the speaker, ESDP was undermined by over-ambitious rhetoric, lack of funding and a shortage of political leadership. Prospects for change were meagre, considering the general
image problem of the EU with regard to public opinion and the extinction of the traditional Franco-German engine. It was felt that what is needed is an injection of realism into ESDP, so as to better draw the limits of what can be done in that framework.

The presentation of these controversial views triggered a lively debate, in the course of which several problems were touched upon.

- **The parallel identity crises being experienced by the EU and NATO** were highlighted: no logical analysis of what needs to be done is conducted and future developments remain disjointed. A better approach, it was suggested, would consist of starting from a shared assessment of the security and instability threats to be confronted and then consider what capabilities are needed, and who could best provide them. New challenges will entail less combat in the field and more post-conflict stabilisation and support to local communities. Contrary to widespread assumptions, it was felt that the US are less and less ‘hard’, as they are belatedly coming to terms with the new security landscape, and EU countries are not that ‘soft’ when it comes to deploying military means.

- **The role of the European Gendarmerie Force** was discussed, with some maintaining that it is an important asset for the EU and others arguing that it is too small to guarantee security across a country like Bosnia. It was felt that the military element is still required for the guarantee to be credible, and that there is a problem of shortages of Integrated Police Units or European gendarmes.

- **The relationship between NRF and EU Battle groups**: It was pointed out that both formats draw from the same set of European forces, but a problem of standardisation existed. NATO standards are not compatible with the standards of US forces. For the US, the priority is, first, interoperability among the US services and, second, interoperability within ad hoc coalitions. On the other hand, the EU requires autonomous standards to conduct autonomous ESDP operations; hence some duplication may be required. In addition, EU defence industry is demanding that standardisation is not left to NATO: more convergence at the EU level would be required if European defence R&D is to survive.

- **Scope for cooperation**: It was pointed out that there is no shortage of room for constructive cooperation on a pragmatic basis. The way ahead for the two organisations would lie in the mutual recognition of each other’s comparative advantages. It was also suggested that more efforts could also be put on joint training and joint exercises in areas such as post-conflict reconstruction.
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