

European defence: how to engage the UK after Brexit?

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Clingendael Report



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Brexit in defence – introduction

The process of the United Kingdom exiting the EU is on its way. Although the Common Security and Defence Policy (CSDP) is not the most pressing or most eye-catching field that needs to be disentangled, it is nevertheless of great political importance. The insistence of various British officials that the UK brings a security surplus to the negotiations and is ready to use it has raised some hackles in the EU-27. The atmosphere did not lighten when the UK's Defence Minister Michael Fallon pledged to carry on vetoing a number of proposals towards closer defence cooperation as long as Britain is still an EU member.¹ The German Defence Minister in particular did not hide her annoyance over this.² The thinly veiled threat that was contained in the text of Prime Minister May's Article 50 letter gave rise to further concerns as to what the security relationship between the EU and the UK is going to be after Brexit.

This Report discusses the implications of Brexit for European defence and the CSDP, the strictly intergovernmental part of the EU's policies which the UK (together with France) helped kick-start in 1998 at St. Malo. Today, almost twenty years later, the CSDP has seen a slow development towards a small but relevant defence policy with a total of 34 civilian missions and military operations deployed mostly in Europe, the Middle East and Africa.³ Because of the dwindling certainty of the US security guarantee – illustrated by the refusal of President Trump to openly reconfirm the US commitment to NATO's Article 5 at the mini-summit in May – and the deteriorating security situation in the vicinity of Europe, the CSDP has gained more priority in recent years. Better security and defence cooperation is prioritised by Juncker's Commission and most member states consider it as one of the areas in which progress is most urgent. Security and defence was therefore the first policy area to receive an implementation plan after the EU Global Strategy appeared in June 2016.

Since then, proposals have been put forward in quick succession on creating a Military Planning and Conduct Capability (MPCC), permanent structured cooperation (Pesco) and a Coordinated Annual Review on Defence (CARD). Moreover, a major breakthrough is the European Defence Fund as proposed in the Commission's European Defence

1 Andrew Rettman, "UK to veto EU 'defence union'", *EUObserver*, 17 September 2016, available at <https://euobserver.com/institutional/135134>.

2 Defence Minister Ursula von der Leyen in a BBC interview, 31 March 2017, <http://www.bbc.com/news/av/uk-politics-39451557/security-is-not-brexit-bargaining-chip-says-german-defence-chief>.

3 See Antonio Missiroli (ed.), *The EU and the World: Players and Policies Post-Lisbon. A Handbook*, EUISS, 2016, p.45.

Action Plan. It opens the door for the allocation of substantial money from the Union budget for defence research. With these developments the EU's role in defence is not limited to an operational one, but even more so ventures into a vehicle for the generation of defence capabilities and the European R&T/D and defence industry that needs to go with it.

While these initiatives seemed to have gained additional momentum after the Brexit referendum, it is clear that the further development of the CSDP is going to be affected by the UK's departure. This Report will focus on the military aspects of the CSDP. What is the EU's security and defence policy exactly losing with the UK exiting the EU? This Report will first look at the UK's contribution to EU defence in broad terms. What has Britain contributed to missions and operations, which capabilities does it bring to the table, and what is its share in research and development? The UK has indicated that it is interested in continuing to participate in EU defence and being "supportive and involved in the enterprise".⁴ While it is unclear what this entails, there are a number of mechanisms available for non-EU member states' participation. Will these existing options for continuing participation in CSDP satisfy the UK's interest in remaining involved and do they sufficiently reflect the UK's prominent status in European defence? Finally, this Report will discuss how Brexit will affect the UK's defence role in Europe. To what extent will Brexit result in a different role for the UK in NATO and how will it influence EU-NATO cooperation? Could Brexit lead to an intensification of smaller – but perhaps more committed – clusters of defence cooperation, outside the EU and NATO frameworks? The Report concludes by listing a number of recommendations for the benefit of both negotiating sides, the EU-27 and the UK.

4 Foreign Secretary Boris Johnson in: 'Defence Cooperation Talks with EU Could Delay Brexit Process', *The Guardian*, 18 November 2016, <https://www.theguardian.com/politics/2016/nov/18/defence-cooperation-talks-with-eu-could-delay-brexit-process>.

Brexit in numbers

With the UK gone, one of Europe's leading military powers is stepping out of the CSDP. Having a 52 billion dollar defence budget, the UK is the largest European defence spender and one of only five NATO member states to reach the 2% spending target. Brexit will take a huge chunk out of the EU's overall capabilities, of which the UK owns about 20%. This includes key assets such as Northwood operational headquarters – one of the five military headquarters for commanding EU missions and operations – and high-end capabilities not owned by most other member states, such as Intelligence, Surveillance and Reconnaissance (ISR) capabilities.⁵ Although this can be compensated in part by other countries, such as France (which also owns ISR capabilities), the EU will be able to put less on the table, although it is to be recognised that the UK has never made its high-end capabilities available to the EU. Theoretically, the EU will also miss out on future British capabilities, as London has laid down an ambitious investment plan – worth £178 billion – in its 2015 Security and Defence Strategic Review (SDSR). Without these capabilities being included in the EU Force Catalogue of available units and assets it will be more difficult for the remaining 27 to reach the levels of ambition laid down in the EU Global Strategy and the related Implementation Plan on Security and Defence.

Brexit also means that the EU will have to do without the UK's contribution to the overall budget of the EU – resulting in a financial gap of around 12% for the next Multiannual Financial Framework (MFF), starting in 2021. This will have implications across the board, including for security and defence. As part of its European Defence Action Plan (EDAP), the European Commission wants to invest in defence research & development through a European Defence Fund and to create a European Defence Research Programme (EDRP) under the next MFF running from 2021-2027. The Commission is looking to earmark Euro 500 million annually, adding up to a total of Euro 3.5 billion over the whole MFF. Without the British contribution to the Union's research budget, it will be even more difficult to make choices among the whole range of research priorities.

Brexit will also have less tangible effects. As a nuclear power and a permanent member of the UN Security Council, the UK backed up the CSDP with considerable political weight. Furthermore, the UK brought military and technical expertise and experience to the Brussels institutions, such as the EU Military Committee, the EU Military Staff and the European Defence Agency, that will be difficult to replace in the short term.

5 Claudia Major and Alicia von Voss, "European Defence in View of Brexit", *SWP Comments*, April 2017.

Brexit in numbers*



The UK currently participates in **7 CSDP civilian missions** and **5 CSDP military operations**



110 out of 12.140 EU military personnel UK deployed in CSDP operations between 2003-2015



209 out of 4895 EU civilian personnel UK deployed in CSDP missions between 2003-2015



12,5% (18.2 bln. €)
UK share of 2015 EU budget

7% (149.5 mln. €)
UK share of 2015 Security & Citizenship budget



UK is one of 5 EU countries that can provide an operational HQ for EU military missions.

Currently Northwood (UK) serves as HQ for EU operation EUNAVFOR



11% UK share of EU R&D budget

UK R&D spending: **3.8 bln. €**
EU R&D spending: **34.7 bln. €** (2014)

UK share of total EU military assets



Aircraft carriers: 50%



Nuclear submarines: 50%



Ground based radar systems: 37%



Combat aircraft: 11%



Naval combat ships: 16%

UK defence expenditures

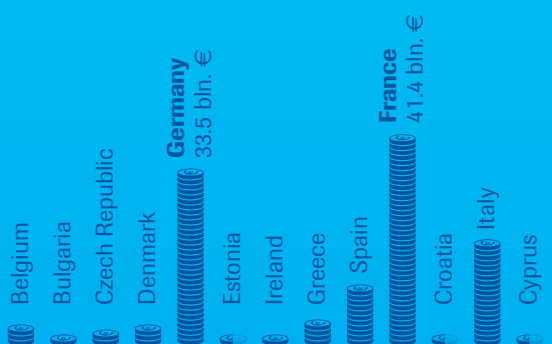
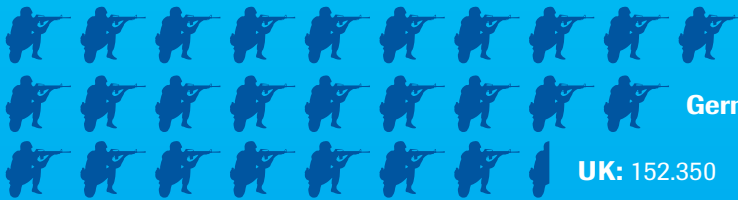
2.13%

Defence expenditure as a share of GDP (2017)

22.3%

Equipment expenditure as a share of defence expenditure (2017)

Active military personnel top 3 EU countries



UK top spender in EU on defence in 2016

In current €



Doubts have been raised, however, as to the feasibility of the UK's ambitions for defence.⁶ The British Ministry of Defence has been criticised for tweaking the numbers to reach the 2% target and setting unrealistic targets for defence spending. The commitment made by the UK to increase defence spending by 0.5% above inflation annually has been based on an expected GNP growth rate of around 2.5%, a percentage that no longer seems realistic after Brexit.⁷ Both the IMF and the European Commission expect growth rates to be much lower, reaching a little over 1% in 2017.⁸ A shrinking growth of the British economy means that the UK will be able to put less on the table in absolute terms. This jeopardizes the investment plan laid out in the SDSR. These strains are exacerbated by the decreased value of the British pound. As most of the capabilities which the UK intends to buy are US-built, currency fluctuations can add hundreds of millions to the UK defence equipment programmes.⁹ The UK Public Accounts Committee has therefore warned that the affordability of the UK investment plan is "at greater risk than at any time since its inception"¹⁰.

Furthermore, London's political and military weight is not reflected in its contributions to the CSDP. Both in terms of personnel contributions to missions and operations as well as capability cooperation, the British have not been at the forefront. The UK has been reluctant to put its capabilities at the disposal of the EU and has refrained from participating in the largest research projects of the European Defence Agency (EDA), so-called 'Category A' projects. In terms of personnel contributions, the UK ranks 11th – behind small military powers such as Austria and Romania (see figure 1 in

* Sources infographic:

- CSDP missions and operations: SIPRI Multilateral Peace Operations Database.
- Personnel: <http://globalgovernanceprogramme.eu.eu/global-engagement-database/>
- Budget: http://ec.europa.eu/budget/financialreport/2015/foreword/index_en.html
- HQ: RAND Europe, *Defence and security after Brexit*. Compendium report (2017).
- R&D and investments: <https://www.eda.europa.eu/info-hub/defence-data-portal/United%20Kingdom/year/2014>
- Military assets: RAND Europe, *Defence and security after Brexit*. Compendium report (2017).
- UK defence expenditures: http://www.nato.int/cps/en/natohq/news_145409.htm
- Active military personnel: *The Military Balance* 13 February 2017, Chapter Two: comparative defence statistics.
- EU defence spending: *The Military Balance*, 13 February 2017, Chapter Ten: Country comparisons and defence data.

6 Unlike before 2015, the UK has now included expenditures for pensions and contributions to UN peacekeeping missions to meet the 2% mark.

7 Malcolm Chalmers, *Would a new SDSR be need after a Brexit vote?*, RUSI Briefing Paper, June 2016.

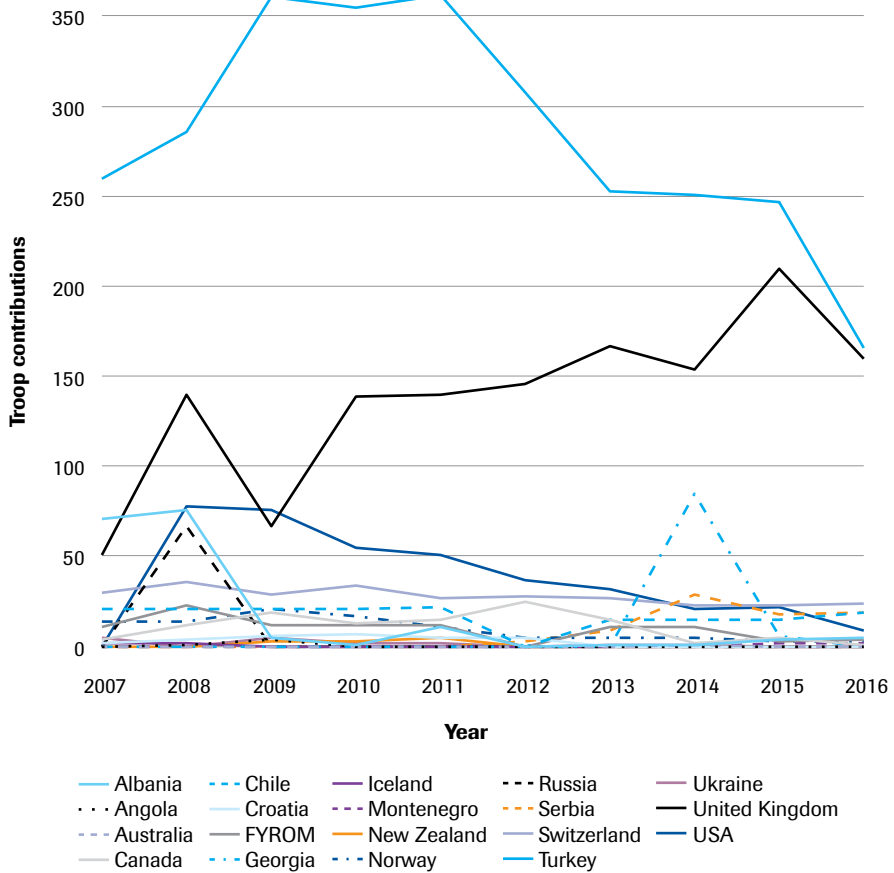
8 David Hasstings Dunn and Mark Webber, "The UK, the European Union and NATO: Brexit's unintended consequences", *Global Affairs*, 10 March 2017, p. 474.

9 Ibid.

10 House of Commons Committee of Public Accounts, *The Defence Equipment Plan*, April 2017.

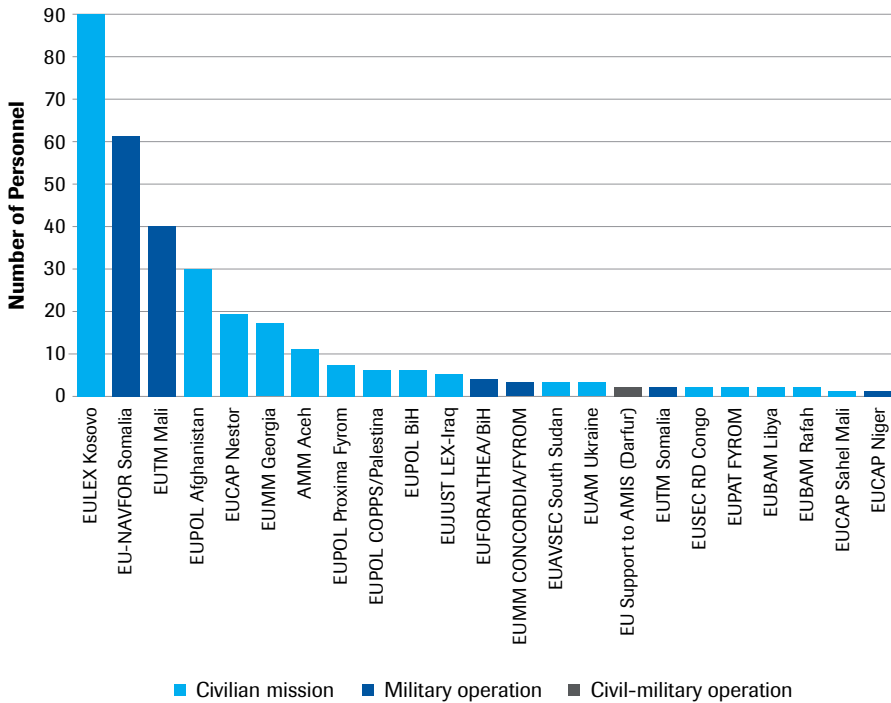
relation to third state contributors – the group of countries the UK will be joining after Brexit) – and the UK’s efforts do not therefore stand out, ranking continuously below Turkey (see figure 2).

Figure 1 Third country and UK personnel contributions to CDSP missions and operations 2007-2016



Source: SIPRI Multilateral Peace Operations Database

Figure 2 UK personnel contributions to CSDP missions and operations 2003-2014

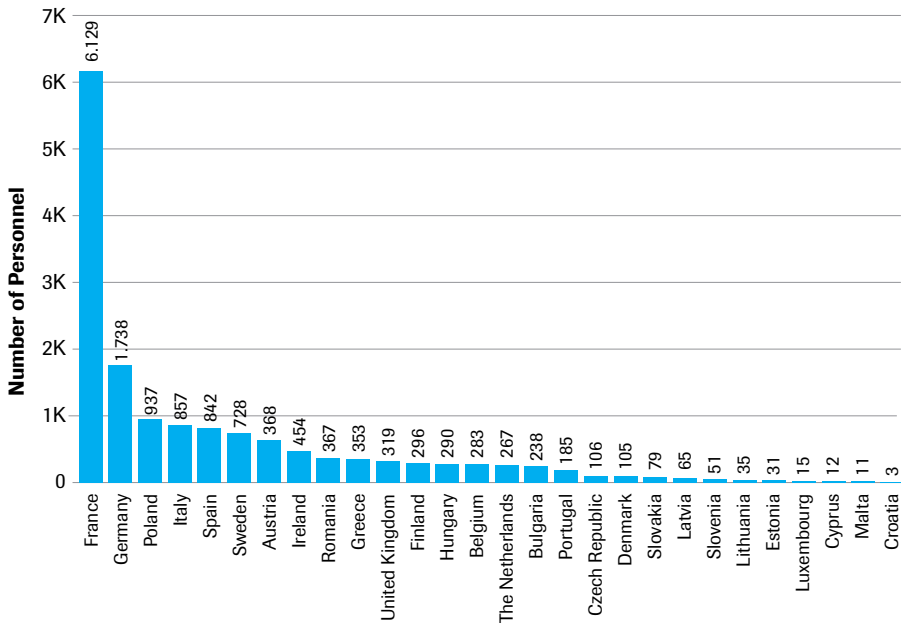


Source: European University Institute EU Global Engagement Index

As the British capabilities were never really put at the disposal of the EU, the effect of Brexit on CSDP missions and operations will be limited. The largest effects will be felt on the civilian side, as the majority of British contributions have been civilian in nature. In addition, the military CSDP operation EUFOR Althea might be affected. As it is the only EU operation with a clear connection to NATO through Berlin Plus, the UK has been one of the staunchest supporters for continuing its mandate. Without this backing, political support for the operation’s (military) mandate might dwindle.¹¹ On other ongoing missions and operations Brexit will most likely not have a large impact. Firstly because Brexit does not necessarily mean that the UK’s contributions to these missions and operations will end. UK Defence Minister Fallon has indicated that the UK will continue to have an interest in these missions and operations, and there are various options to be involved as a partner country (see below). Furthermore, if the UK would withdraw its contributions other EU member states would be able to compensate this loss.

11 Trineke Palm, “Consequenties van een Brexit voor het Europees veiligheidsbeleid”, *Internationale Spectator* 3, 2016.

Figure 3 EU personnel contributions to CSDP missions and operations 2003-2014



Source: European University Institute EU Global Engagement Index

A blessing in disguise?

Since the UK was never a real champion of the CSDP, the effects of Brexit on EU defence policy will be limited. Particularly compared to other policy terrains such as Justice and Home Affairs where the UK, despite an opt-out, takes an active role. Some even take this a step further by arguing that Brexit will be a blessing in disguise for EU defence, claiming that with the UK – and its veto power – leaving, a major impediment to deeper defence cooperation will be removed. London has indeed often used its veto power to block proposals for extended cooperation. It has been notably critical of plans for an EU military headquarters and has long blocked an increase in the mandate and budget of the EDA, thereby preventing the agency from working on ‘hard defence’. With the end of the British veto in sight, some member states – notably France and Germany – have tabled new proposals that were hitherto out of the question. The initiative to start cooperating in core groups (Permanent Structured Cooperation, or PESCO) has been taken up at full speed, with the criteria being defined in the coming three months and the launch of PESCO scheduled for the end of this year. Other initiatives include the establishment of a Military Planning and Conduct Capability and the revision of rapid

response and spending mechanisms – including common funding for the deployment of EU Battlegroups.¹²

Despite this newly-found enthusiasm for the CSDP, however, Brexit will not be the panacea that some have claimed it to be. The UK cannot solely be blamed for preventing EU defence policy from flourishing. Although it is the most outspoken, the UK has certainly not been alone in its criticism of the CSDP. With the UK no longer there, those member states that have hitherto been conveniently hiding behind the UK's assured veto will now need to show their hand. This will lay bare the widely diverging views among the remaining 27 on the ambitions and priorities for the CSDP. It will therefore require leadership to propel deeper defence cooperation post-Brexit. Cooperation between Paris and Berlin will be crucial in this regard. And despite a clear pro-European Emmanuel Macron in the Elysée and a (supposedly Merkel-prolongued) German government that has signalled a growing willingness to take the lead in EU defence policy, Franco-German leadership does not come without its challenges as the strategic cultures of both countries are far apart. Brexit might thus remove some of the barriers that blocked deeper cooperation in the EU, but it will not end the structural impediments that prevent the CSDP from taking off in earnest.

12 European Council, *European Council meeting (22 and 23 June 2017) – Conclusions*, 23 June 2017.

The UK as a non-member state in EU defence

The UK will leave the EU, and thereby the CSDP, but mutual security interests across the Channel will remain. Both parties have an interest in maintaining close security and defence relations. The EU needs the UK for its capabilities and political weight. The UK also has a vested interest in still being involved in EU security and defence policy. Especially in border security and the civil-military area (anti-piracy, anti-human trafficking, training, security sector reform, etc.) the CSDP puts something on the table that NATO cannot. These types of CSDP missions and operations are likely to get UK post-Brexit backing. Defence Minister Michael Fallon has therefore stated that he sees a continued British interest in participating in EU missions and operations countering piracy and human smuggling: “Of course we won’t be members of the European Union, we won’t be participating in the same way, but we will certainly have a national interest in the success of those missions, because if they are not successful, our trade and our security and our immigration will be affected.”¹³ However, there is also a sense of British ‘exceptionalism’ when it comes to the future EU-UK security and defence relationship in the sense that the UK is ‘special’ for the EU, particularly in this area. Therefore, it is not cut and dry what this relationship is going to look like. What are the options for the continuous involvement of the UK in European defence?

Potential models for future UK involvement in the CSDP do not feature prominently in the Brexit discussion, as most attention is focused on debating the future UK-EU economic and trade relationship. The strategic documents published by both sides give away little on how the EU and the UK view the future security and defence relationship. The Council guidelines for Brexit state that the EU “stands ready to consider” establishing a security and defence partnership, but provide no guidance on what such a partnership could look like. In her Article 50 letter, Theresa May voiced the UK’s wish to agree upon “a deep and special partnership that takes in both economic and security cooperation”, but provided little information on what this would entail.¹⁴ In her Lancaster House speech on 17 January 2017, she stated that “We will continue to work closely with our European allies in foreign and defence policy even as we leave the EU itself”.¹⁵ In the 12 principles outlined in the White Paper, security and defence

13 Ben Farmer and Kate McCann, “Britain ‘can still join EU military missions after Brexit’”, *The Telegraph*, 20 July 2016.

14 European Council, *European Council guidelines for Brexit negotiations*, 29 April 2017.

15 Speech Prime Minister Theresa May, *The government’s negotiating objectives for exiting the EU*, 17 January 2017.

are not singled out as a separate area. Rather, the focus is on crime and terrorism. The paper does single out CSDP missions and operations in the realm of anti-piracy and border security (Atalanta, Sophia) and civilian missions (EUAM Ukraine, EULEX Kosovo and EUPOL Afghanistan).

Even though the UK will leave the CSDP, there are multiple options to remain involved as a non-member state. Below, options for partnerships are explored in three different, but defence-related fields: (1) missions and operations (including Battlegroups); (2) capability development (EDA) and (3) defence research.

Participation in missions and operations

Third countries have been participating in the CSDP since its inception. So far, around 45 non-EU countries have contributed troops to CSDP missions and operations (approximately 30 if one detracts third countries that have since then become member states). Furthermore, there are four non-EU countries that have participated in EU Battlegroups: Turkey, Norway, Ukraine and Macedonia. Turkey participated in the Italian-led EU Battlegroup (EUBG) in 2010; Norway has contributed to the Nordic EUBG since 2008; Ukraine participated in the Greek-led EUBG in 2011 and 2014; and Macedonia participated in the German-led BG in 2012.¹⁶

The EU presently offers two ways in which third states can be involved: (1) by concluding a participation agreement for a specific mission or operation or (2) by concluding a Framework Participation Agreement (FPA) by which third countries can participate in any mission or operation in which the EU invites them to participate. Although the structure and content of these agreements vary from partner to partner, all affirm the decision-making autonomy of the EU. In practice, this means that non-member states are largely kept outside the decision-making process. It is only at a very late stage – after the Political and Security Committee has accepted their participation – that non-member states are given access to classified information. Although informal contacts do take place, there is no formal role for third countries in the drafting of the concept of operations (CONOPS) and the operation plan (OPLAN) nor in participating in force generation conferences. It is only at a later stage of operational planning that third states are currently being involved (mostly to fill the gaps). At that point in time they will have to accept the EU's timeline and procedures. Even after the launch of the mission or operation, options for third state involvement are limited, leading some to label them as “second-class stakeholders”.¹⁷

16 Thierry Tardy, *CSDP: Getting Third States on Board*, EUISS Issue Brief, March 2014.

17 Ibid.

The UK, which will already lose its veto power outside the CSDP, will find it problematic to accept such a subordinate role within the CSDP. However, creating a **privileged partnership position** for the UK only within EU security and defence policy – as has been hinted by the UK government – will be difficult for the EU as other third states with major troop contributions, such as Turkey, will demand equal treatment. It would therefore be wise to review the EU's current partnership arrangements and look for ways in which the involvement of third states could be improved. To what extent this would entail the accommodation of a special relationship with the UK remains a point of contention. As it cannot be that the UK is allowed to have a de jure or de facto veto power on CSDP, this is one more complicated issue added to the Brexit conundrum.

The EU could draw some inspiration from the way in which NATO engages its partners, which allows for more differentiation among types of partners. Since 2010, NATO's Partnership for Peace Programme (PfP) has been reformed in a more flexible and individual bilateral NATO-partner country programme. Each of the 22 PfP countries determines the pace, scope, intensity and focus of its partnership with NATO, as well as individual objectives in bilateral cooperation documents. There are three main types of bilateral partnership documents, depending on the nature and emphasis of the relationship.¹⁸ The most far-reaching partnership agreements are those concluded with the 'Enhanced Opportunity Partners for Dialogue and Cooperation' (EOP). Currently, Finland, Sweden, Australia, Georgia and Jordan have secured such an agreement. The EOP was created at the Wales Summit in 2014 and is meant to deepen NATO's cooperation with its most interoperable partners, which are eligible to have a more exclusive, tailor-made relationship with the Alliance. The EOP can eventually expand beyond these initial five partners, as other qualified partner countries express interest and provide new capabilities.¹⁹

In contrast to EU partners, NATO partner countries are given a much larger role in the decision-making process at a much earlier stage in the life-cycle of a mission. NATO partners are consulted, can put forward their views and are fully involved in the discussion of documents (including CONOPS and OPLAN). This does not alter the fact that at the end of the day – similar to the current practice within the EU – it is only the NATO members who take the decision and have voting rights on missions. It should be noted that also countries involved in the Enhanced Opportunities Partnership do not have a formal influence on the decision-making process. At the end of the day, there should be a qualitative difference between those who are a member and those who are not.

18 These are: Individual Partnership and Cooperation Programme (IPCP); Individual Partnership and Action Plan (IPAP); Annual National Programme (ANP).

19 Pauli Järvenpää, *NATO's Truly Enhanced Partnership*, ICDS Policy paper, July 2016.

Instead of contemplating a 'UK-only' format for a CSDP-UK relationship, the EU could also devise a programme for a type of enhanced partnership for countries that are of strategic and political importance, are willing to subscribe to the principles of EU foreign, security and defence policy and have a willingness, in principle, to be substantially engaged in CSDP missions and operations.

Five possible models of UK involvement in CSDP, ranging from the most encompassing to the least substantial, can be identified:

- **CSDP opt-in.** An 'opt-in' model is the most far-reaching involvement in CSDP short of EU membership. This model has been suggested by Richard Whitman who has called it a 'reverse Denmark' in which the UK would leave the EU but remain within the CSDP.²⁰ It would entail a special status for the UK at the Political and Security Committee (PSC) with UK involvement in selected agenda items. As a member state with an opt-out from the EU's Area of Freedom, Security and Justice, the UK has opted back into a number of police and criminal justice measures which facilitate cooperation on intelligence sharing, security and counter-terrorism, such as the European Arrest Warrant, Europol and various EU-wide databases. Interestingly, it was the then Home Secretary Theresa May who led those negotiations and is cited²¹ as seeing this as an interesting model for the Brexit negotiations.²² However, 'opt-ins' as a non-member state is distinctly different from those of member states. There are precedents for arrangements which allow non-EU member states to participate in some of these measures, although not always with the same level of access or influence as member states. The model is highly unlikely as it is difficult to imagine that the EU-27 would allow a non-member to participate in decision-making and that the UK would be willing to commit to the whole of the CSDP after Brexit.
- **Concluding a Framework Participation Agreement (FPA).** Just as any other EU non-member state, the UK can enter into the existing Framework Participation Agreement scheme of the CSDP. At the invitation of the EU, the UK can choose to which missions and operations it would like to contribute troops and personnel. As reiterated above, as the FPA currently functions, this would leave the UK with little early-on influence on the design of operations and without any formal influence on the EU decision-making process. Another option that the UK could contemplate would be the so-called 'US model'. The United States has signed an FPA stipulating

20 Richard Whitman, "The EU and EU Foreign, Security and Defence Policy after Brexit: Integrated, Associated or Detached?", *National Institute Economic Review*, No. 238. November 2016, p. 48.

21 Thomas Gutschker, "Das Brexit-Dinner", *Frankfurter Allgemeine Zeitung*, 3 April 2017.

22 In Protocol 36 of the Lisbon Treaty the opt-out of the UK from the Area of Freedom, Security and Justice has been arranged. Immediately after the opt-out is effectuated, the UK opted back in on two thirds of the fifty provisions.

that it is interested in contributing to civilian CSDP missions only. The US does not want to contribute to EU military missions, but is willing to operate alongside them under its own command and control.

- **Concluding a new type of partnership agreement**, possibly inspired by the differentiated NATO model. This new type of agreement would also be open to other third countries which have currently signed a FPA. A **graduated partnership model** might be the best way to go: the more political and strategic importance a third country has and the more involvement and commitment in CSDP missions and operations it shows, the more influence and access to the decision-making process is made possible. This new partnership model might also move beyond cooperation on missions and operations only and borrow from option 1, the CSDP opt-in, in that it also offers selective PSC involvement by third countries. The difficulty in this option will be to define criteria for the graduated levels of engagement. Potential criteria could be a commitment to participate in the most demanding military CSDP operations and civilian missions and provide key military assets, contributions to EU Battlegroups and participation in collaborative capability projects. Another criterion could be the size of a UK contribution. Such criteria would enable the EU and UK to establish a special relationship on security and defence that recognises the UK's prominent status in European defence, but would nonetheless leave the door open to other partner countries who are willing to take on the same commitments.
- **Berlin Plus**. Involve the UK as a NATO member in CSDP missions through the Berlin Plus agreements. NATO-member assets, such as for example the Northwood Operational Headquarters, could be offered to EU-led operations through the Berlin Plus mechanism. However, as the current Berlin Plus arrangement continues to suffer from the political stalemate surrounding Turkey and Cyprus, this institutional 'backdoor' for the UK to contribute to EU-led operations seems unlikely. Moreover, a reform of Berlin Plus is needed as an EU operation is not likely to have the size and the one-sided military dimension that SHAPE could provide. Most importantly, the EU is striving for strategic autonomy and currently it is difficult to conceive that Berlin Plus would be used.
- **No formal association with the CSDP**. The UK and the EU could choose to refrain from arranging a Framework Partnership Agreement and only conclude partnership arrangements on CSDP missions and operations on a case-by-case basis. In this model the UK would only be marginally involved in the CSDP, which would curtail any influence it might have. Another disadvantage is that having to negotiate separate arrangements for each contribution could lead to delays and hamper mission effectiveness.

Participation in the European Defence Agency

The UK and the European Defence Agency have had a somewhat difficult relationship. Despite the fact that the first Chief Executive was British (Nick Witney) and that the UK has made other highly qualified officials available to serve in the EDA, the British attitude towards the Agency has mostly been that it could be useful for other member states, but not so much for the UK. Since the EDA's inception in 2004 the UK has very selectively participated in EDA projects and London has consistently shown itself to be allergic to the institutional strengthening of the EDA. Until November 2016, the UK has rejected any increases in the EDA's budget for five years in a row – resulting in a net decrease of some 10-15 percent, taking into account the inflation rate.

Outside of the EU the UK would no longer have a seat on the Steering Board of the European Defence Agency, which is made up of Defence Ministers (or other high officials) from participating Member States, and would not have a say on how the EDA is run or on which projects it focuses. The UK would have to drop out of the projects in which it is currently participating through the EDA, such as the Single European Sky Air Traffic Management Research (SESAR), Maritime Surveillance (MARSUR) and improving the commercial satellite communications market across Europe.

Non-EU members can conclude Administrative Arrangements (AA) with the EDA. So far, Norway (2006), Switzerland (2012), Serbia (2013) and Ukraine (2015) have done so, while the United States is currently in the process of negotiating one with the EDA. The AA allows the EDA to establish practical cooperation, including potential participation in projects and programmes. These AAs are also concluded with partner organisations such as OCCAR (Organisation for Joint Armaments Cooperation) and the European Space Agency (ESA). Again, as with the UK's options for involvement in CSDP missions and operations, the question is whether the existing arrangements will be suitable for the 'exceptional' third country that Britain claims it is going to be for the EU in the near future. Below some options of UK-EDA involvement are listed, ranging from extensive to a 'light' partnership.

- **EDA associate membership:** The UK becomes an associate member of the EDA (this format does not currently exist). It will have an observer status within EDA's Steering Board and will thereby be able to shape the decision-making process, but it will lose its decision-taking and veto power. The UK participates in EDA projects and makes a contribution to the budget. This option will require an amendment to the Council decision establishing EDA, to be taken by unanimity. Clearly, other countries, in particular Norway, will have a great interest in such an associate membership. The question, however, is whether all EU member states will support the option as it might also open the door for countries like Turkey to apply for such an associated status (as Turkey had in the Western European Union).

- **EDA administrative agreement:** The UK signs an administrative agreement, as Norway, Switzerland, Serbia and Ukraine have already done and the US is planning to do. This will allow the UK to participate in EDA projects and related meetings, but gives the UK no role in the decision-making process.
- **Revamping the ‘Letter of Intent (LoI) Framework Agreement (FA) Treaty’.**²³
The Letter of Intent (LoI) Framework Agreement (FA) Treaty was signed on 27 July 2000 by the Defence Ministers of France, Germany, Italy, Spain, Sweden and the UK. It aimed to create the political and legal framework necessary to facilitate industrial restructuring in order to promote a more competitive and robust European Defence Technological and Industrial Base (EDTIB) in the global defence market. The establishment of EDA (2004) seemed to make the LoI redundant but it still exists today, although it is not very productive. An EDA/LoI construction could be devised whenever the UK needs to be involved in collaborative projects. It is not meant as duplicating EDA’s functions or to draw out the other five countries, but as a vehicle to facilitate the involvement of the UK. In more practical terms, the LoI group could use the EDA as a secretariat to safeguard transparency for other EDA members. Witney suggests that the LoI group should “periodically report to the Agency’s ministerial steering board (which might invite the British defence minister to sit in on such occasions)”.
- **No arrangement** with the EDA: the UK will no longer be able to participate in EDA projects. The UK might also not be able to participate in the ‘capability window’ part of the European Defence Action Plan in the case of the administration of development and procurement programmes led by EDA, or benefit from financial and other incentives by the Commission. However, if such programmes would be carried out by OCCAR there could perhaps be a way out for British participation as the UK is a member of that (non-EU) organisation.

Participation in EU defence research programmes

By leaving the EU, the UK and its research institutions could miss out on considerable sums of money for defence research. It could still benefit from the early phase of the Preparatory Action that is making a total of Euro 90 million available for defence research from 2017-2019. However, the implementation of the European Commission’s proposal to boost defence research by aiming to make available a total of Euro 3.5 billion through the European Defence Research Programme (under the Multi-annual Financial Framework 2021-2027) will start after the end of the UK’s EU membership.

23 Nick Witney, “Brexit and defence. Time to dust off the Letter of Intent?”, *ECFR Commentary*, 14 July 2016. http://www.ecfr.eu/article/commentary_brexit_and_defence_time_to_dust_off_the_letter_of_intent7075.

UK universities, research institutions and defence firms have been highly successful in winning European research grants, as about 25% of all public research funding in the UK now stems from EU sources.²⁴ To ensure continuity, the UK government “aims to work with the Commission to ensure payment when funds from Horizon 2020 are awarded. HM Treasury will underwrite the payment of such awards, even when specific projects continue beyond the UK’s departure from the EU.”

EU defence research funds are of a communitarian nature which means that it will be highly complicated to depart from the formal framework allowing non-EU member states to benefit. The only option that is currently available for non-EU members is applying for Associated Country Status (ACS). This allows non-EU member states to have access to EU research programmes (currently 16 non-EU members are associated countries of Horizon 2020). These associations have to be renewed every time a new research programme is launched and differ per country. Associated countries contribute to the research budget based on their GDP, but the precise contribution is the subject of negotiation. The UK would nevertheless lose its influence on establishing priorities and the decision-making process. The UK might also have to accept the freedom of movement to gain this status, as the EU has demanded that Switzerland must accept this if it wants to maintain its access to Horizon 2020 funding. However, there is also the example of Israel that has no free movement with the EU and still has an Associated Country Status. There is no ‘model ACS’ available and any British ACS would probably be part of the package deal of the negotiation result.²⁵

24 James Black et al, *Defence and Security after Brexit*, Rand Corporation Cambridge, 2017.

25 John Morgan, “Brexit: Could the UK Join the EU research system as an associated country?”, *Times Higher Education*, 2 July 2016, available at: <https://www.timeshighereducation.com/news/brexit-could-uk-join-european-union-eu-research-system-as-associated-country#survey-answer>.

UK in European defence after Brexit

British role in NATO

Brexit will undoubtedly lead to a weakening of the UK's influence on the EU's Common Security and Defence Policy. However, NATO membership will continue to provide the UK with another forum to play a key role in European defence. The UK Government has never left any doubt as to the importance of the Atlantic Alliance as the cornerstone of its defence. After Brexit, London is likely to further underline the role of NATO as a key contributor to Europe's security. The UK's active participation in the Alliance's Enhanced Forward Presence measures is proof of the country's NATO commitment. The UK deploys a framework battalion to Estonia and a company to Poland as part of the US-led NATO task force. In April of this year four Typhoon aircraft were sent to Romania in the context of the new Alliance Southern Air Policing Mission.

However, the UK would in all likelihood have increased its commitment to NATO regardless of whether Brexit happened or not, as there are other, more important factors that call for a stronger UK role in NATO. These are, firstly, the worsening security environment at the Alliance's Eastern borders, which has reactivated NATO's core Article 5 task of territorial defence; and, secondly, the increasing pressure of the United States under President Trump on European countries to take more responsibility for their own security. Trump's statement at the recent NATO mini-Summit in Brussels has further increased the pressure on the European countries. It is these developments, rather than the impending Brexit, that have led British Defence Minister Fallon to state that: "NATO remains the bedrock of our defence ... and in the wake of multiple threats ... has never been more important."²⁶ The UK is therefore likely to step up its game within NATO, but Brexit has not been a game changer in this regard.

More emphasis on the UK contribution to NATO might make the country more vulnerable to the Alliance's defence planning capability review. The renewed Article 5 focus raises questions about the UK's contribution to NATO's deterrence and defence posture, in particular with regard to land forces. Various rounds of defence reform and restructuring – partly resulting from austerity measures in the past, partly the result of two decades of crisis management operations far away from the European continent – have resulted in smaller, lighter and more rapidly deployable land forces. The 2015

²⁶ Defence Secretary Sir Michael Fallon's speech at the International Security Conference, 27 March 2017.

SDSR provided the green light for operationalising the Joint Force 2025 concept which includes a more robust land component of a war-fighting division with three brigades including two new Strike Brigades. There is already a doubt as to whether the UK will be able to finance all the required investment in new equipment in order to realise the Joint Force 2025.²⁷ Increased pressure on government spending due to the negative economic impact of Brexit may lead to cuts in the defence budget – which will have an immediate impact on investment.

EU-NATO cooperation

Outside the Union the UK becomes part of the group of non-EU NATO Allies, which harbours close friends like the US, Canada and Norway, but also troublesome Turkey. As long as the Turkey-Cyprus issue remains unresolved, the recent improvement of EU-NATO relations will stop at the red line of official contacts, including the exchange of documents between the two organisations. The UK's role of helping to bridge the divide between Evere and the Schuman square is not about to end, but will definitely be weakened as London can only help to construct the connection from one side. Rather than to the UK, the US will now have to turn to Paris and Berlin directly or to the remaining Atlanticist EU members – such as the Netherlands – to take over the role of a linchpin between Europe and the United States.

Increased EU-NATO coordination will continue to be in the UK's interest. The new security environment – hybrid threats from Putin's Russia, the challenges posed by migration and terrorism, cyber and other global risks – have made the existing EU-NATO arrangement, Berlin Plus, outdated. The hard core of EU-NATO relations is no longer military operational coordination, but how both organisations synchronise their various policies and activities across the board. Economic growth, social welfare, decreasing dependencies on Russian gas supplies, cyber defence and other measures are the best tools to strengthen 'whole of society' resilience to cope with Russia's strategy of warfare by non-military means. NATO needs the EU in all these areas where the Alliance has little or no responsibilities. Equally, the EU cannot be effective without the Alliance increasing the Article 5 defence posture to deter any military adventure by Moscow. In a different context the same applies to Europe's South. Military action has to be embedded in a wider effort to diminish and stop the spill-over effects of instability in the Middle East and Africa, both at the borders but also in the conflict areas themselves. That implies for a post-Brexit UK that the country will remain dependent on the EU as

27 Andrew Chuter, "UK defense equipment plan at 'risk of becoming unaffordable'", *Defence News*, 26 April 2017, available at: <http://www.defensenews.com/articles/uk-defense-equipment-plan-at-risk-of-becoming-unaffordable>.

a security provider. Thus, London has a clear interest in promoting EU-NATO relations in a positive sense.

Bilateral and regional clusters

Focussing on the Brexit impact on the UK's role in NATO and EU-NATO relations only neglects the fact that most defence cooperation takes place outside these international organisations. Across Europe a multitude of bilateral, regional or multinational clusters connect countries directly in efforts to deepen defence cooperation. The same is true with regard to defence cooperation between European nations and the two Allies on the other side of the Atlantic. After Brexit, these smaller cooperation formats will most likely gain in prominence as they provide an alternative channel for the UK to shape European defence.

For the UK the traditional preference of bilateral partners has been: 1. the US; 2. France; 3. 'Five Eyes' partners; 4. other European nations. This ranking will not change for obvious reasons. Washington continues to be the number one defence partner as the US adds most value to British security and defence. Firstly, the US remains the dominating political, diplomatic and military power of the West. Secondly, the UK gains from its close ties with Washington in terms of intelligence sharing, nuclear weapons and the defence trade. "We have no closer friend than the United States", Michael Fallon said during the first visit of US Secretary of Defense James Mattis to London.²⁸ Brexit will further fuel London's preference for its special relationship with the US. But turning its back on European partners politically and acting in close contact with the US diplomatically might also limit the UK's freedom of action in relation to American military campaigns – which President Trump might not shy away from as we have already seen with the cruise missile attack on Syria. So, London has to manoeuvre cautiously between the American scylla and the European charibdis.

The Lancaster House Treaty of 2010 is the firm basis of Franco-British defence cooperation. Post-Brexit practical cooperation will continue, but in political terms the importance of the bilateral linkage is likely to increase as it provides London with the most important ticket to one of Europe's dominating actors in security and defence. In her Brexit article in *Le Figaro* Prime Minister May connected her one liner "We have

28 Ministry of Defence, *Defence Secretary welcomes Secretary of Defence Jim Mattis to the UK for the first time*, 31 March 2017, available at: <https://www.gov.uk/government/news/defence-secretary-welcomes-us-secretary-of-defense-jim-mattis-to-the-uk-for-the-first-time>.

voted to leave the EU, but not Europe”²⁹ directly with strengthening the bilateral security and defence cooperation with France, underlining the combined weight of the two countries in terms of expeditionary forces, defence spending and common projects.

The ‘Five Eyes’ group (Australia, Canada, New Zealand, UK, US) will retain its importance as the primary international network for exchanging intelligence.

Although somewhat lower on the scale than France, the defence links with countries like Denmark, Norway and the Netherlands continue to provide the UK with channels to contribute to strengthening European defence cooperation as well as to benefit from the input of continental partners. Naval cooperation and the participation of several European countries in the UK-led Joint Expeditionary Force (JEF) serve as examples. As with France it is clearly in the interest of other European countries to continue their efforts in constructing closer defence ties with the UK. Since the Brexit referendum London has been stepping up its efforts to strengthen bilateral defence cooperation with several European countries.

This includes Germany, which has been recognised in the 2015 SDSR as an important bilateral partner for the UK. A German-UK bilateral defence agreement has not yet been signed, but it is likely to appear on the surface soon. It is as yet unclear what the real substance of a London-Berlin defence cooperation will be. Perhaps there is room for intensification under the Alliance’s reassurance measures for Eastern Europe, in which Germany’s role is likely to increase further. Germany’s defence budget will rise to approximately € 40 billion by 2021, based on decisions taken in 2016. If Berlin were to raise the defence expenditure to 2% BNP by 2024 – the target agreed upon at the NATO 2014 Wales Summit – it would imply that Germany becomes the No.1 spender in Europe. Assuming that Berlin and Paris will provide the core of a European defence block, this will have an even greater impact on the UK’s own portrayed leadership as Europe’s best performer in defence. It also raises the question of the Washington-London-Paris-Berlin relationship, as the political and military weight of the latter two will increase.

29 Theresa May in: ‘We have voted to leave the EU, but not Europe’, *Le Figaro*, 7 February 2017, available at: <https://www.gov.uk/government/speeches/we-have-voted-to-leave-the-eu-but-not-europe-article-by-theresa-may>.

Conclusions and recommendations

It is clear that in numbers of capabilities, knowledge, experience and resources the EU will suffer a considerable diminished potential in defence. However, it has to be kept in mind that the UK “is leaving the EU, not Europe” and that these capabilities will still be available to European security in – more likely – NATO and coalitions-of-the-willing contexts. Nevertheless, the EU increasingly needs to fend for itself and has ambitions in the defence area, while the UK’s and the EU’s security interests converge to a large extent. Therefore, it is in the interest of both parties to find formulas as to how the UK can be engaged in European defence and CSDP after Brexit. This report has come up with various options that all rest on different assumptions of how *exceptional* the UK considers itself and is considered by the EU-27. Ideally, from the EU’s perspective, the UK will be maximally involved with CSDP without a veto power and without the negating advantages of EU membership.

Recommendations

- Security and defence issues are of vital importance for both the EU-27 and the UK. The topic of security and defence cooperation should therefore not be held hostage to the core issues of the UK-EU exiting negotiations.
- “Out is out” and the EU-27 should not provide the UK with any veto power in EU defence affairs. However, a recognition of the UK’s prominent status in European defence is also needed.
- Instead of contemplating a ‘UK-only’ format of the CSDP-UK relationship – which could result in similar requests from other non-EU countries, including Turkey – the EU could devise a programme for a type of enhanced partnership for countries that are of strategic and political importance and are willing to subscribe to the principles of the EU foreign, security and defence policy and are also willing in principle to be substantially engaged in CSDP missions and operations.
- A **graduated partnership model** might be the best way to go: the more political and strategic importance a third country has and the more involvement and commitment in CSDP missions and operations, the more influence and access to the decision-making process might be envisaged. However, it is difficult to define graduations of involvement and commitment.

- Increased EU-NATO coordination will continue to be in the UK's interest, but its role of helping to bridge the divide between the two organisations will be weakened as London can only help to construct the connection from one side. This requires even more effort from both the EU and NATO and their member states to bring substance to the cooperation.
- A focus on the impact of Brexit on the EU and NATO neglects the fact that most defence cooperation takes place outside these international organisations. There should be a renewed focus on Europe's multitude of bilateral, regional or multinational clusters of defence cooperation as bottom-up channels to strengthen European defence as a whole.