Recent EU defense initiatives such as PESCO and EDF have the potential to significantly benefit European security and the transatlantic relationship. However, these efforts should be developed in such a manner that they complement and do not duplicate or distract from NATO. The U.S. expectation is that European efforts should not subtract from broader transatlantic efforts but rather focus on delivering capabilities, effectiveness, and operational readiness.

Though traditionally quite skeptical of European defense, Washington may have to accept more European defense collaboration in order to get more spending and capabilities out of European allies. Meanwhile, the EU would do well to reduce the mismatch between its own strategic rhetoric and reality. A balanced approach that seeks to strengthen a European pillar within the alliance through practical measures and enhancing EU–NATO cooperation while safeguarding NATO as the bedrock of European security is the best way forward.

Over the past year, European defense collaboration has arguably made more progress than in the past decade. Significantly, unlike past attempts to deepen European defense, there seems to be both genuine political will and a sense of urgency this time around. Although many of the current initiatives date back several years, the election of Donald Trump has raised questions about the continued military reliance on the United States, and Britain's exit from the EU means less internal opposition to ambitious EU defense proposals. Meanwhile, France’s new president Emanuel Macron has turned out to be a strong proponent of deeper EU defense collaboration. Even NATO seems to welcome a stronger European pillar. Gone are the age-old theological debates about EU versus NATO. Today, it is widely recognized that both organizations play crucial and complementary roles in providing for European security. Recent European defense initiatives, such as Permanent Structured Cooperation (PESCO) and the European Defence Fund (EDF), have the potential to make a distinct contribution to transatlantic security. But success also requires that they are correctly implemented and sufficiently integrated with NATO efforts to avoid duplication. As European capitals contemplate further steps to move forward on European defense collaboration, it is essential that they take into account viewpoints from the other side of the Atlantic.

Current EU Defense Proposals and NATO

What role do the latest European defense initiatives, such as PESCO, EDF, the Coordinated Annual Review on Defence (CARD), and the French-initiated European Intervention Initiative (EII), serve in a broader transatlantic...
Atlantic context? What are the main opportunities and concerns from a NATO and U.S. point of view? How can these concerns best be mitigated?

**Permanent Structured Cooperation**

The announcement of intent to form the Permanent Structured Cooperation was hailed by High Representative Federica Mogherini as a “historic day for European defense.”¹ The reaction from NATO has also been mostly positive. Secretary General Jens Stoltenberg welcomed PESCO, saying that he believes it can “strengthen European defense, which is good for Europe but also good for NATO.”² Stoltenberg also stressed the importance of developing European defense collaboration in such a way that it complements the Atlantic alliance. In particular, Stoltenberg mentioned three criteria for PESCO: first, the importance of coherence between the two organizations on developing capabilities; second, that forces and capabilities developed under PESCO be made available for NATO; and that PESCO be open to non-EU NATO allies.

From a transatlantic point of view, PESCO has the potential to be valuable, in terms of both capabilities and operations, in a way that would also benefit NATO. Dating back to the EU’s Lisbon Treaty, but not realized until now, PESCO aims to create a European defense avant-garde that can spearhead and incentivize capability development and intervention forces initiatives. In this regard, the binding commitments and the common financing made available from the EU Commission, though initially small, are symbolically important. This is also the main difference between PESCO and other similar attempts like NATO’s Framework Nations Concept (FNC). There are still several question marks regarding PESCO’s ability to actually deliver in practice. Moreover, the risk that PESCO might duplicate ongoing Alliance efforts is a legitimate concern. PESCO projects cannot be successful unless there is sufficient interoperability with NATO; this requirement is partially addressed by the notification on the activation of PESCO.³ Duplicative efforts or the development of capabilities deemed unnecessary from a NATO perspective could risk wasting already scarce European resources or, conversely, absorbing any additional spending PESCO might generate. Compounding this particular issue is the fact that capabilities requirements between EU and NATO are not yet perfectly aligned.

While both organizations stress the demand for capabilities such as air-to-ground surveillance aircraft, transport ships and planes, and cyber defense capabilities, NATO also wants more heavy armor, missile defense, anti-submarine warfare, and air command and control systems — capabilities that are essential for the deterrence of Russia on the Eastern Flank (although some capabilities such as strategic airlift and intelligence, surveillance, and reconnaissance would be useful for expeditionary operations on both the Eastern and Southern Flanks).⁴ On top of filling existing capability shortfalls, the United States would like to see its European allies also contribute to the development of new capabilities to address emerging challenges, which would serve NATO reinforcements in northern Europe. Whether PESCO can ultimately deliver such coveted capabilities is highly questionable. Meanwhile, the best way to ensure that PESCO is not treated with suspicion is to further strengthen EU–NATO ties. This includes

³ EU Council, “Notification On Permanent Structured Cooperation (Pesco) To The Council and To the High Representative of the Union For Foreign Affairs and Security Policy,”
fostering symmetry between NATO’s Defence Planning Process and the EDA’s Capability Development Plan and further implementing and advancing the 2016 joint EU–NATO declaration and its ensuing 42 action points, as well as the Council conclusions adopted by the EU and NATO on December 5, 2017. Meanwhile, the involvement of third party states in individual projects where they can add value is highly preferred from a transatlantic point of view. Moreover, any capabilities and forces developed under PESCO will remain in the hands of member states who can choose deploy them wherever they wish — whether to a Common Security and Defence Policy (CSDP), NATO, UN, or coalition operation. That PESCO includes some states who are not NATO members should not be an issue per se. Two of them, Finland Sweden, are already highly integrated with NATO as part of the Alliance’s enhanced opportunity partnership program.

**European Defence Fund**

The European Defence Fund has the potential to significantly benefit PESCO, and consequently NATO, by supporting joint research and development of strategic European defense capabilities. What should catch NATO’s attention is the fact that EDF represents a significant financial investment on behalf of the EU Commission. Although the total amount of money offered through the EDF mechanism, envisioned to be around 5.5 billion euros per year after 2020, is marginal compared to the total annual European defense budget of around 200 billion euros, it far exceeds what NATO as an organization spends on defense research and development. EDF is both symbolically significant and holds the potential to generate long-term research and development efforts and serve as an impetus for stronger European defense industrial collaboration.

In particular, the EDF could help address the transatlantic gap on long-term defense research and development spending. Despite the 20 percent research and development spending pledge made by NATO Allies at the 2014 Wales Summit, currently only a handful of European states invest seriously in defense research and development. While this may boost U.S. defense exports in the short term since European nations have an incentive to buy U.S. products rather than paying for their own, it means that the United States has to bear the brunt of spending on capabilities research and development. Unless addressed, in the long run this trend risks widening the transatlantic capabilities gap, potentially reducing European allies’ ability to remain useful partners to the United States in operations. This concern is compounded by the so-called Third Offset Strategy, launched under the Obama administration but carried on by Secretary Jim Mattis (though likely under a different rubric) which aims to strengthen defense technological innovation. A clear advantage of the EDF in this regard is to promote defense research and development that is more long term in nature than NATO’s ongoing capability efforts.

> **Although the EDF can provide financial incentive to member states to cooperate more on capabilities, it should be integrated into the NATO framework to the extent possible.**

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Although the EDF can provide financial incentive to member states to cooperate more on capabilities, it should be integrated into the NATO framework to the extent possible. This requires that EU capitals pay close attention to NATO’s capability needs to avoid making isolated decisions. For example, it might make little sense for Europe to develop a common Euro-drone when such technologies already exist on the market for European states to purchase. Moreover, the potential exclusion of third-party players from participating countries could be a limiting factor, especially for those European defense companies for whom a transatlantic defense industrial link is vital. Finally, an exclusion of post-Brexit U.K. from participating in research and development opportunities would also render EDF less interesting from a transatlantic perspective.

A word of caution, however: The Trump administration is more likely to politicize bilateral defense industrial relationships since it views economic and security policy as being closely intertwined. It follows naturally from this transactional approach that the Trump administration would view European defense industrial integration with a great deal of skepticism if it becomes viewed as too protectionist and exclusionary toward U.S. defense companies. Although still in its infancy, if EDF becomes successful and if third party countries beyond the U.K. and Norway are prevented from applying for EDF funding, this could over time lead to more industrial competition between Europe and the United States. Some Europeans might even want to see EDF as a first step toward a “Single European Act” that would seriously strengthen European strategic autonomy.

Coordinated Annual Review on Defence

More EU ownership over defense issues is in principle a good thing from a NATO perspective, but there is some wariness over creating a separate mechanism for prioritizing capabilities, what to invest in, and where to invest. The NATO defense planning process is seen as well-developed and ensures high standards and interoperability, raising the issue of what added value a separate EU process can bring. Moreover, for many smaller allied states, the NATO defense planning process already serves as the de facto national defense planning process. Where there is potential for the Coordinated Annual Review on Defence to play a useful role is in informing EU capability priorities and setting political goals at the EU level.\(^\text{10}\) CARD can also help ensure that capability prioritization reflects national and multinational defense planning between the EU and NATO; thus CARD can serve as a useful complement to NATO’s defense planning process (NDPP).

European Intervention Initiative

The United States has developed a deep bilateral military partnership with France over the past decade, particularly when it comes to military operations in the Middle East and North Africa. The new European Intervention Initiative proposed by Emmanuel Macron is therefore likely to get noticed on the other side of the Atlantic. The fact that the proposed initiative would include Britain, the only other European state with significant expeditionary capabilities, is noteworthy. Together, these two countries represent the most capable and trusted partners of the United States in Europe. Washington encourages stronger bilateral cooperation between them, especially in the aftermath of Brexit.\(^\text{11}\)

However, the instant reaction to Macron’s idea on the other side of the Atlantic has been somewhat lukewarm.\(^\text{12}\) The instant reaction to Macron’s idea on the other side of the Atlantic has been somewhat lukewarm.\(^\text{12}\)


\(^\text{11}\) Tom McTague and Nicholas Vincour, “Britain’s New Military BFF (Best Friend France),” Politico Europe, November 20, 2017.
warm. There is still a lack of clarity about the initiative, including its level of ambition and institutional affiliation. However, Paris seems serious about EII, and should it actually take off, Washington would find such an initiative potentially useful. The goal of EII — to share intelligence, policy planning, and contingency plans to foster a "European strategic culture" that would help during future interventions — would likely be welcomed by U.S. defense officials who see France as a like-minded and capable military actor in Europe.

**European Defense in the Age of Trump**

If implemented correctly, a stronger European pillar within NATO is precisely what the United States and the Trump administration are calling for — a Europe that is stepping up and assuming more responsibility for its own security matters. Certainly, greater European defense spending, investments in capabilities, and enhancing operational readiness would be welcomed by the United States. The fact that PESCO is a voluntary intergovernmental platform without a standing secretariat might address the usual transatlantic quips about "static divisions, bloated bureaucracies, and pork" when it comes to European defense. However, there is still a great deal of skepticism and concerns in Washington regarding European defense, its level of ambition, and its practical application.

A common view in Washington toward European defense cooperation is still disinterest and skepticism. Although occasionally seen as useful, CSDP is rarely viewed as a strategically relevant instrument. Part of this has to do with a lack of understanding and appreciation for the EU’s security role. Divergent strategic cultures (except European countries like France and the U.K. whom Washington respects on military issues) are partially to blame for this. But it is also a reflection of the fact that after Brexit, 80 percent of NATO’s defense spending will be carried out by non-EU countries as well as three out of four battalions deployed on NATO’s Eastern Flank.

Notable exceptions include counterterrorism and addressing hybrid warfare, areas where the EU can add value and make practical contributions to broader transatlantic security efforts. In this regard, efforts to better merge intelligence sharing capabilities between the EU and NATO and to advance the concept of “military Schengen” are particularly appreciated by Washington. On the latter issue, EU efforts addressing legislative and bureaucratic hurdles and building additional infrastructure are vital to allow for more seamless freedom of movement for NATO reinforcements across Europe, a high priority when it comes to ensuring credible deterrence against Russia in areas like the Baltic states.

Furthermore, although the need for Europe to increasingly operate in its own southern neighborhood is frequently referenced in the European debate as a key driver for CSDP, it is not automatically the view in Washington. The Trump administration will likely take a backseat role in the region, favoring a light footprint approach that focuses on counterterrorism but avoids long-term reconstruction and stabilization tasks. There is accordingly a clear opportunity for a robust EU mission in the Sahel and North Africa, but there are also doubts about its ability to do this independently without NATO and ultimately U.S. support.

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ganizations, getting NATO more involved in security in the Middle East and North Africa might instead be preferable from a U.S. perspective. The United States feels that it is paying for NATO and is far less likely to contribute to EU missions which are also viewed as less welcoming to non-NATO external partners. The United States also prefers that CSDP not exclusively focus on the southern neighborhood but also make contributions to addressing the Russian challenge on the Eastern Flank in support of ongoing NATO efforts.

Finally, while greater European responsibility for security and defense is broadly welcomed by Washington, this is not to say that very grandiose rhetoric about EU defense — such as Jean-Claude Juncker’s statements about an EU army or the frequent referral to the need for “strategic autonomy” — is useful rhetoric. The perception that EU defense is in opposition to Trump and the United States could risk giving the Trump administration and Congress unnecessary fodder to criticize European defense or scale back the U.S. commitment. Such a signal of detachment is not helpful in times when transatlantic relations are already turbulent. It could convince American leaders and the public that the United States is no longer needed or wanted as a security player in Europe and lead them to conclude that further investments in European defense are not necessary. It might also make the job for Atlanticists in Washington to defend the importance of continued U.S. engagement in Europe more difficult.

Toward a Transatlantic Bargain 2.0

If implemented correctly, recent European defense initiatives such as PESCO and EDF could be broadly positive from a transatlantic perspective. Assuming that they are well-integrated with the Alliance, these initiatives have the potential to generate capabilities and collaboration within Europe that would help strengthen a European pillar within NATO. At a time when Washington expects greater European defense spending and burdensharing, such a development would be welcomed. However, even under the Trump administration, a “NATO first” policy is evident with European defense efforts being seen primarily through the prism of whether they can support and complement broader ongoing transatlantic efforts.

The U.S. expectation is that EU efforts should not subtract but rather focus on delivering capabilities, effectiveness and operational readiness. If EU defense collaboration only brings about more structures and processes without delivering actual results, it will be viewed as a distraction, at best. Any additional defense spending generated by PESCO is unlikely to satisfy U.S. expectations for transatlantic burden-sharing. In addition to managing the crisis in the southern neighborhood, PESCO should keep in mind collective defense requirements on the Eastern Flank. As facilitator of defense capabilities, PESCO has a responsibility to address both these issues as it designs its projects. Similarly, CARD should be well coordinated with NATO’s NDPP process to ensure maximum efficiency.

The United States prefers that the EU tap into NATO’s existing planning capabilities to the extent possible rather than setting up its own parallel structures. While a small independent EU military planning capability like the Military Planning and Conduct Capability may be acceptable, Washington would likely balk at a fully-fledged EU military headquarters. Going forward, harmonization of defense planning between the two organizations should become more institutionalized, joint planning for operations could be

"Finding ways to bring in post-Brexit U.K. into EU defense cooperation is essential for ensuring continued U.S. interest in CSDP."

17 This point was already observed by Stanley R. Sloan in his 2003 book NATO, the European Union, and the Atlantic Community: The Transatlantic Bargain Revisited, Rowman & Littlefield, New York, 2003.
strengthened (for instance by the EU utilizing more NATO planning capabilities), and more joint trainings and exercises and perhaps even joint EU–NATO tasks forces should be established. The latter would also help build regional security and deterrence in the Baltic Sea by allowing for more seamless Swedish–Finnish–NATO cooperation. More open channels and mechanisms to mitigate fears and risks and to better share common priorities between the two organizations are also called for. Finally, finding ways to bring in post-Brexit U.K. into EU defense cooperation is also essential for ensuring continued U.S. interest in CSDP.

The United States would like to see European defense efforts aiming at promoting joint transatlantic interests. However, defining EU defense efforts in opposition to Trump and NATO is counterproductive. While the United States may have to accept or at least not try to block more European defense collaboration in order to get more spending and capabilities out of European allies, the EU would do well to reduce the mismatch between its own strategic rhetoric and reality. The post-Cold War transatlantic security bargain used to be about getting more European help for global security in exchange for continued U.S. commitment to European security. While this is still welcomed by Washington, a stronger European pillar within NATO is now also necessary to keep the United States present and engaged on the continent. A balanced approach that seeks to promote deeper European defense cooperation through practical measures while safeguarding NATO as the bedrock of European security is the best way forward. The next NATO summit in Brussels in 2018 provides an excellent opportunity to implement and further advance EU–NATO collaboration and should include close attention to clarifying how the latest EU defense initiatives fit into NATO’s efforts.
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