

Brexit, Security and Defence: A political problem, not a military one

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Executive summary

In the realm of security and defense, Brexit is likely to reduce the Europeans' political capacity to act.¹ However, their overall military capacity to act (that is, the European set of armed forces) is unlikely to suffer much.

Europeans have always managed their defence via various channels: nationally, in the EU, through NATO, and in smaller formats (such as bilateral relationships). Brexit will change the way these formats

function and how they interact. There is the negative potential outcome that there will be greater political and military fragmentation in European defence. The divide between the EU as a security player and NATO as a defence actor might become stronger, which risks weakening the Europeans' political capacity to act on the international scene, to impact upon international policies, and to shape regional order. To sum up, there is a risk that Brexit might create a more fragmented and inward-looking EU with less political unity and credibility.

¹ This analysis builds upon interviews with high level civil servants and think tankers from Denmark, France, Germany, Greece,

Hungary, Italy, the Netherlands, Norway, Poland, Sweden, conducted in March and April 2017.



This potentially reduces their capacity to shape political developments. However, the military capacity of the European states that is, their military power, is likely to suffer less. Given the limited role of the EU in the area, also Brexit is unlikely to change much. Overall, the question of how to organise the future relationship between a post-Brexit UK and EU member states will be crucial for efficient cooperation in European security and defence matters, be it bilaterally, in the EU or in NATO.

While Brexit is likely to negatively affect almost all EU policy areas (for example, in the form of more cumbersome regulations, economic repercussions, etc), security, and especially, defence are not likely to suffer much. First, because security and defence have never been one of the core competencies of the EU, it will be easier to disentangle the UK from the EU in this very area. EU structures in security and defence are less legally complicated and organizational ties are not so close between Brussels and other European capitals. Instead, defence and security have often been organized through alternative channels, many bi- and multilateral settings besides NATO. The only exception may be the defence industrial part, as this is a complicated part of the internal market, as well as of the intergovernmental Common Security and Defence Policy (CSDP) regime.

For the EU's CSDP, negative impacts may include a theoretical loss of capabilities, a real loss of political power while a positive impact would be a gain in more effective institutional governance. While the UK has, on paper, contributed quite a lot of military capabilities, it has not brought these into play in the CSDP context. Instead, London has developed into a real stumbling block,

even for capability development within the EU. Instead, the worrying effects are on the more general political level. On the one hand, the EU loses a player with a strong global mind-set, diplomatic and strategic skills and the willingness to shape international order. On the other hand, the changing balance of power within the EU also means that other countries will become more important and that alliances might shift. A new foreign policy may be focus more on Europe's south and southern neighbourhood. Yet, a more diverse EU in foreign policy could also simply mean less EU in foreign policy. Eventually, Brexit will adsorb administrative energy and bind political power in domestic struggles and in ensuring political unity and compromise among the remaining 27.

The potential positive side effects of Brexit in the area of institutional governance will only be able to compensate for the other two developments if the ongoing incremental improvement of CSDP procedures and cooperation incentives can materialize in real projects that lead to real capabilities and power. So far, most of the current ideas are not convincing in this regard. However, the EU might initiate – via new research funds (European Defence Fund), review mechanisms (Coordinated Annual Review of Defence – CARD) and closer cooperation – better intra-EU governance and defence cooperation. As a result, Europe's overall defence capabilities – that is, its single set of forces – would benefit. The states could use such an improved single set of forces in the EU as well as in NATO or other formats.

The remaining EU27 are willing to handle Brexit in defence pragmatically. This may change if the overall climate turns sour. Moreover, many are willing to use the

Brexit as a positive catalyst to re-energize CSDP. However, this does not apply to all. NATO might benefit from a greater UK commitment, because it is the last remaining format in which the UK can shape collective answers to common security problems, implement its “Global Britain” aspirations, and play a role as an international security actor. However, this also depends upon the UK’s capacity to maintain its defence budget. Again, one should not expect tectonic shifts. NATO itself has to manage the interests of 29 members. In addition, smaller formats, such as bilateral and multilateral cooperation, can benefit. This particularly applies to the Franco-British Lancaster House treaties. Among the currently existing multilateral formats, only few have moved beyond the level of rhetoric.

The remaining EU 27 states share at least two things regarding Brexit: they regret that the UK is leaving the Union, and they are all willing to find pragmatic solutions to organise the future cooperation of the UK with the EU as early and as close as possible. At the same time, only a few states (mainly the bigger ones) have started seriously preparing for the Brexit in defence.

The EU’s power will suffer more in terms of defence than in overall military power as a result of Brexit. This is because military power still results from national sources which are only loosely pooled in international organisations. Brexit could affect the role of the organisations more than the portfolio of the individual states. The division of labour could turn the EU into a defence facilitator and a security actor, whereas NATO will remain the operational defence actor.

Brexit’s overall effect on European Security and Defence

Brexit deeply affects the way Europeans organize their cooperation in almost all areas of politics. Brexit questions the very logic and hitherto accepted truths and myths of European integration: that it is irreversible, attractive to everybody, and only develops in one direction – deeper in each area that it governs and further in expanding the number of areas that it comprises. Brexit questions these ideas, which were valid for decades, and therefore has forced all European Union members to reconsider the EU’s role with regard to themselves and to Europe as a whole. Overall, there is a high probability that Brexit will negatively affect the UK and EU citizens alike, be it via economic repercussions, cumbersome work and travel regulations or the complication of military cooperation in the fight against terrorism.

Yet, there is one area where the negotiations might be less fraught, and where the repercussions might be less dramatic or might show their effect only later – the area of security and defence. This is due to the particular nature of security and defence cooperation in Europe. Firstly, security and defence cooperation in the EU is less integrated than other areas (trade, agriculture etc.), which means that the UK and EU have fewer legal obligations and structures to disentangle.

Second, European countries have always managed their security and defence via various channels: nationally, in the EU, through NATO and in smaller multilateral formats. Thus, unlike other areas (such as the single market), countries have alternatives to EU cooperation when it comes to security and defence. This also means that

limiting the potential effect of Brexit in security and defence to the EU's CSDP would actually miss the point. To assess Brexit's effect on security and defence in Europe one has to look not only at the EU, but also at NATO and minilateral formats, too.

From a methodological point of view, assessing Brexit's impact on security and defence raises various challenges. One major issue is to distinguish Brexit's repercussions from those of other events, mainly the security policy of President Trump's administration. Up to a certain degree, it is difficult to assess whether recent pro-European initiatives to deepen cooperation (such as in CSDP via a Headquarters or Permanent Structured Cooperation) that some member states call for are a response to Trump or Brexit or (most likely) to both.

Another challenge is the uncertain political environments of key European players. The future course of Brexit depends largely on the results of the elections in France (the new president Macron needs a parliamentary majority to implement his program: legislative elections will take place in June 2017) and in Germany (September 2017). The UK and EU members alike perceive Germany as a key shaper of the Brexit agenda. If the rather pro-European president Macron gets a stable government, Germany and France are likely to fiercely defend the European *acquis* and give the UK a hard time, as already visible in the Council conclusion of late April 2017.

Yet another challenge is the unpredictable economic development during and after the Brexit process. Economic problems will certainly affect the resources the UK can spend on defence, and hence its international commitments. Thus, any assessment

on Brexit's impact upon European security and defence is a snapshot, which might need to be reconsidered in the light of current and future developments.

Looking more into detail, Brexit is likely to affect the EU, NATO, and other format in the following way:

Brexit's effect on EU's CSDP: a theoretical loss of capabilities, a practical loss of political power and a gain in institutional governance

Contrary to the amount of discussion within the EU about the effects of Brexit on security and defence, most EU states assume that the negative consequences of Brexit in this area will *a priori* be limited for two reasons:

Because cooperation in security and defence is less important, developed and integrated than in other EU areas, such as the single market, trade or agriculture. The latter are supranationally organized, which means that the states have delegated their decision-making authority to EU institutions. CSDP, however, is intergovernmentally organised. This means that states did not delegate their decision-making authority to a supranational EU institution. There is no Commissioner on defense deciding in the name of all Europeans what to do. EU members still decide on a case-by-case basis, for example, whether to launch an operation, and they pay largely for it with national funds, instead of EU funds. Hence, disentangling the UK from the CSDP will be easier, simply because there are fewer legal obligations and common structures to leave. This also means that debates might be less contentious poisoned. This is at least

the hope that countries like France and Germany maintain.

All states also agree that CSDP is not the major framework for their defense and security issues. No EU country heavily depends on the EU for its security or defence. CSDP concentrates on military and civilian crisis management and security, such as training security forces in Mali. Defence in a narrow sense – meaning the protection of populations, territorial integrity and of the functioning of the state- remains largely NATO’s task. Therefore, Brexit will only have very limited effects for most countries’ security plans.

Likely repercussion on capabilities, political power and institutional governance

The Brexit will affect CSDP in terms of capabilities, governance and policies. In military terms, Brexit means a serious capability crunch which risks damaging the EU’s credibility. A limitation in the EU’s military capabilities also limits the Union’s military aspirations, and thus affects its broader ambitions. The UK is a military power – one of only five EU states to have an Operational Headquarters (OHQ) able to command an operation, and it possesses high-end capabilities not many Europeans have, such as ISR (Intelligence, Surveillance, Reconnaissance). On paper, the EU is losing the UK’s considerable military capabilities –which amount to about 20% of Europe’s overall capabilities and 25% key enablers – because of Brexit.

The EU-Europeans are worried about how to make up for the capability gaps the UK will leave. The smaller and medium sized countries (Hungary, Poland) seem to be particularly worried about the shortfalls in

practical operational capabilities, intelligence and counter terrorism, and the effect on Europe’s overall strategic autonomy. The bigger ones (Germany, France) seem to be less worried. Without the UK, it becomes ever more illusory for the EU states to meet the EU level of ambition (LoA) they agreed upon, that is, what the EU aims to be able to carry out in terms of operations. The LoA was already ambitious, but it the member states decided to increase the LOA even further with the new EU Global Strategy of 2016, despite knowing already about Brexit and the loss of military might it would yield. Theoretically, the EU should thus lower those LoA, as it can no longer count on the UK’s capabilities. Yet, it is unlikely the Union is going to accept it, as it would look like a step backwards. Yet, this is to some extent a theoretical debate: the UK has always been reluctant to put its defence power at the EU’s disposal. It actually blocked CSDP on different occasions, such as by vetoing an EU Headquarters and an increase of the EDA’s budget. In the last years, it did not launch meaningful initiatives, nor did it consider the CSDP a core channel for its security and defence policy. Although it contributed personnel and equipment (such as to Northwood HQ for the EU Operation Atalanta), these contributions were disproportionately small compared to what the UK could have done with its military capabilities at hand.

The real and negative impact may be the one on the EU’s weight in general foreign policy and its strategic culture. The existing balance of power within the EUs CSDP might also change. With Brexit, the EU loses the UK’s voice, which had an important weight on the international scene. After Brexit, the EU and UK can of course

support each other in areas of common interest in foreign policy. However, it will take time to develop a new partnership that the outside world will perceive as a powerful EU-UK alliance. So far, the Brexit negotiations signal to the outside world that a contentious divorce is ahead, not a new powerful EU-UK couple.

Also difficult to assess will be the loss of strategic outlook for the EU due to Brexit. The UK brought a particular strategic culture to the EU, characterised by a global outlook and a readiness to intervene. It is difficult to measure the loss of such strategic thinking following Brexit. Yet, it is likely that it will not only affect the internal debates on what the EU should do, and how, but also the view that the outside world has of the EU. In fact, a reduced strategic outlook without the UK's strategic culture might inhibit the CSDP but also the wider foreign policy power of the EU. External actors might perceive the EU as being less ambitious, more inward-looking, and less willing and capable to act on the global stage. Here, France in particular is torn between two positions: worried to lose a strategic ally, which is close to its strategic culture (closer than Germany, who is however, Paris' most important European partner); and relieved to lose a country that traditionally resisted progress in EU cooperation.

While Brexit is unlikely to change the politics of CSDP, it might affect the balance of power within the CSDP and the foreign policy framework: new alliances will appear. With the UK leaving, other countries like Italy could play a more important role than before. This could also mean that southern perspectives in security and defence gain in importance; that is, the EU could become even more southern looking. Whereas central and Eastern European members, like

Poland, tend to worry more about territorial defence in the East, southern Europeans are more concerned about the instability and terrorism at Europe's southern border. At the same time, individual states can maintain a considerable blocking power. Thus, a more diverse EU in CSDP may simply lead to less CSDP in Europe. For the time being, especially for the smaller countries who have been traditional partners of the UK, like Poland and Hungary, Brexit means a major loss. Yet, they seem to regret rather the loss of a political partner than the loss of the UK's capabilities in the CSDP framework. Other countries in the south and southeast see Brexit less as a problem: they are more concerned with their own security problems: migration and economic struggle – two things on which the UK did not show much solidarity.

Finally, there is a risk that Brexit might create a more fragmented and inward-looking EU. Not only will the implementation of Brexit occupy the EU and the UK for some time and might affect mutual trust. Both face domestic issues as well. The UK needs to deliver on Brexit promises while keeping the Union together (Scotland, Wales, Northern Ireland). The EU has to avoid further centrifugal tendencies and define its future integration model, as the debates about differentiated integration show. It is likely to suffer from the political fallout from Brexit, that is, a lack of unity and doubts about the EU project as such. Yet, political agreement is the precondition for EU collective action. A Europe that is occupied with itself risks paying less attention to external threats and has less weight on the international stage. This is worrying in view of existing challenges and the uncertainty

about the US commitment to European defence, which has questioned the viability of NATO and the EU.

Institutionally, the EU may improve its governance once the UK has left. While fundamental change is unlikely, stepwise modifications are already under way. EU states have already improved CSDP governance, such as by setting up a Military Planning and Conduct Capability for non-executive operations, a precursor for an HQ, in March 2017. Particularly interesting is the development of additional instruments, at the EU level, to support member states in better spending on and coordinating their defence activities. The Preparatory Action, launching €90 million for CSDP-related research, will start mid-2017 and will run until 2020. It could pave the way for a European Defence (Research) Budget under the EU Multiannual Financial Framework. Together with Coordinated Annual Review of Defence -CARD, the Defence Fund (EDF) and possibly Permanent Structured Cooperation (PESCO, if wisely implemented, these instruments could nudge the Europeans into more meaningful and efficient cooperation. France and Germany in particular see here an opportunity for CSDP to make a qualitative step forward.

However, the benefits of such new governance structures will only materialise if the states will use these institutions to effectively pursue security. For the time being, the institutional reorganization is more a theoretical exercise than a practical necessity: in the past, the member states prevented CSDP from becoming a real political actor, while still, furthering the procedures. Hence, even if the procedures were to improve, as long as EU member states remain

reluctant to use the EU for their security political interests, things will not change much.

Brexit as an opportunity for CSDP

Although most countries (France, Italy, Germany, Hungary, Poland) regret Brexit because the EU loses a decisive player in the areas of security and defence, they claim that the EU should make the best of this unfortunate situation by developing CSDP further. With different levels of enthusiasm, EU member states agree that Brexit might be the badly needed opportunity to eventually improve the security and defence cooperation within the EU. After all, the UK had profiled itself as fiercely critical voice to closer EU defence cooperation and vetoed several developments.

France, Germany and Italy in particular openly admit that such a “new dynamic” approach amounts to “making the best out of a bad situation”: if the UK leaves, at least try to find some benefit at the EU level. They have found it by claiming that CSDP, without the UK’s opposition to it, might finally prosper. This explains the strong Franco-German commitment since June 2016 in launching bilateral proposals to improve CSDP, and also the Italian non-paper.

There have indeed been several initiatives, since the Brexit vote, to take CSDP to the next level. At the September 2016 Bratislava summit, states agreed to strengthen EU cooperation on external security and defence. At the December 2016 European Council meeting they focused on three priorities: implementing the EU Global Strategy in security and defence; the Commission’s European Defence Action Plan; and

a follow-up of the EU-NATO Joint Declaration, signed at the 2016 NATO Warsaw summit. In parallel, EU states exchanged non-papers on how to take the CSDP to the next level. Most states then rallied behind the Franco-German ideas, which called to make better use of the treaties, such as by implementing Permanent Structured Cooperation, setting up a European Medical Command and starting a CSDP research programme. However, one needs to be cautious when identifying / qualifying these initiatives as new: most of those ideas date back to the 2009 Lisbon Treaty but the states were reluctant to implement them.

The hope that Brexit might allow to finally develop CSDP into a credible security and defence player might be over-optimistic and ignores at least three things. First, the UK is not the only country sceptical of the usefulness of the CSDP. Others have been comfortable hiding behind the UK and must now speak up.

Second, current proposals mainly target institutions and governance procedures. Although they may improve CSDP's practical work, such as an HQ in the area of planning, they do not address the political problem of a lacking support from the states. CSDP's main problem is that Europeans have a proven alternative for defence – NATO. Hence, there is little pressure to set up and agree on a defence policy within the EU. CSDP's limited success is not only due to the British block on structural development. It results from a lack of trust of the Europeans in the capacity of the EU to deliver on defence. Moreover the EU has been ambiguous about the role of defence: The 2016 EUGS plays with the word by using it throughout the whole text, yet, the deeds are still missing.

Third, France and Germany are decisive in taking the EU forward. It remains to be seen how the elections in both countries and the new governments will take up this responsibility.

Brexit and NATO – potential beneficiary

The UK leaves the EU, but not Europe; security problems in and around the continent will hence still affect Britain. However, if after Brexit the UK can no longer shape collective answers to these challenges inside the EU, it is likely to turn to other formats. All states expect NATO to benefit from the Brexit, although they differ in their expectation on how big this benefit will be. Smaller states expect bigger benefits, hoping that the UK will refocus their capabilities on the Alliance (Hungary), France and Germany do not expect major change. Thus, NATO can benefit, as it will be the only defence forum in Europe in which the UK can still play a role, and which would allow London to underpin its “Global Britain” ambitions called for by Prime Minister Theresa May.

Several countries, like France and Germany fear a political UK overinvestment in NATO; which might lead to commitments that not all allies share, such as those to Syria and Iraq, or just hectic activism with many initiatives. They are also worried that the EU-NATO relations might suffer. Although they see them on a good track since the 2016 EU-NATO Joint Declaration at the NATO summit in Warsaw, they fear that implementation, such as regarding the cooperation on cyber issues and resilience, might suffer if the climate in the EU would be negatively affected due to unpleasant

Brexit negotiations. Such a strained atmosphere could generally affect NATO's political cohesion, which remains the crucial precondition for political agreement and military action. They are also worried that the issue of finding a way to associate the UK with the EU might open other dossiers: how to associate a non-EU but NATO member to the EU re-opens the Turkish question, which Cyprus and Greece are likely to block.

Other countries, particularly smaller and medium sized like Hungary and Poland, welcome a stronger commitment of the UK within NATO but fear that the London has other interests: a "global Britain" might be less interested in territorial defence in Eastern Europe, and more in global affairs outside the continent. Even more, if the UK engages in global security with more solid commitments outside the Alliance, there will be less capacities available for NATO.

The UK has already voiced its intent to strengthen its commitment in the Alliance, yet without specifying what this means. It stresses its unique position as a nuclear power, a close US ally, a member of the Quad and a country ready to use military force. So far, London has increased its personnel in NATO and aims to take a political lead. It also refers to its contributions to NATO's deterrence and defence measures, such as the role as lead nation within NATO's Enhanced Forward Presence. Yet, London made these decisions prior to Brexit; they can thus hardly serve as a token of a new commitment.

Besides, a stronger military role cannot be taken for granted: If the Brexit process affects the economy, the UK's ability to achieve its LoA and maintain its capabilities

– as set out in the 2015 Strategic Defence and Security Review – will suffer. Even if the UK sticks to the 2% of GDP spending goal for defence, there will be less money if the overall GDP shrinks. If the pound loses value, procurement abroad will be more expensive, planned capabilities could become unaffordable, or the timing and numbers of procurement could change. Finally, if the UK's unity were to be questioned from the inside, such as through another Scottish independence referendum (as requested by Scotland in March 2017), budget priorities might shift. Therefore, it is not certain that the UK can implement its greater NATO commitment into facts.

There are other limits due to NATO's special nature as an alliance of 28 states. In fact, NATO has experienced even more than the EU how difficult it is to find agreement. A strained atmosphere due to difficult Brexit negotiations will not help. In the Alliance, it is typically the US that forces the allies into an agreement – which is something that all allies recognise (without always appreciating it). In addition, decision-making has become so cumbersome at 28 that the Quad (US, UK, France, Germany) tends to pre-prepare decisions that the other allies then mostly accept. Brexit does not change this pattern. The change might actually come from the US. Certainly, despite Trump's critical stance on the Alliance, US commitment on the ground has not changed. But the lack of US interest in NATO, and in exerting leadership within NATO, is affecting political unity in the Alliance. It might make it more difficult to get all allies to agree on decisions, to tame internal disputes, such as about Turkey's role, or the south-east divide.

Nevertheless, there is a certain chance that NATO could benefit from a potentially stronger UK commitment. The Alliance could gain in importance as a platform for debates, policy, and capability development among Europeans. In an ironic twist, although it weakens the EU, Brexit could thus strengthen the European pillar in NATO.

Brexit effect on bi- and multilateral formats

The second potential beneficiary is the bi- and multilateral defence cooperation frameworks outside the EU and NATO. This applies in particular to the Franco-British Lancaster House Treaties, launched in 2010, which set up large-scale cooperation in various areas reaching from the nuclear realm, capabilities, up to industrial issues. Both states confirmed their wishes to deepen this link, such as by launching specialised Centres of Excellence for missile technology in 2016. Moreover, both countries share an ambitious and outward-looking strategic culture and rely on each other for issues such as the fight against the so-called Islamic State. According to France, Lancaster House will of course continue and deepen, as set out. Yet, there does not seem to be a stronger push due to Brexit – instead, there has been a “carry on” approach.

Also the UK and Germany aim to intensify their cooperation, such as in cyber security and maritime patrol. Yet, Germany makes it very clear that this should in no way affect EU commitments.

In terms of multilateral formats, the UK aims to revive its cooperation in the Northern Group, which comprises northern European countries, including Germany. So far, it mainly exists only in rhetoric. London

also aims to further the Joint Expeditionary Force, which consists of Denmark, the Baltics, the Netherlands, and Norway.

These frameworks have even more appeal because they can serve as a link for the UK into the EU, and possibly as a way to channel some UK interests into EU debates. Cooperation in small groups seems easier, yet the question is whether these groups risk undermining the EU and NATO in the long term, or act as a facilitator for decision shaping and taking in bigger format like NATO (where decision-making is cumbersome), and transmission belt for various ideas.

A surprisingly united European approach

Interestingly, the European countries under study here mostly agreed in their analysis on what Brexit might mean for the EU and NATO, what the consequences might be, and how one should react. There is no outright disagreement on anything, but there remain subtle differences in their understandings and willingness to implement changes. The main differences lie in the priority that EU countries give to Brexit, their level of commitment to CSDP and the expectations they have regarding the UK’s future role in NATO.

A second noticeable difference lies in the stage of preparation: While the bigger countries like Germany and France have already made up their mind about the defence and security implications, others either did not have the capacity, or felt that it would have been the wrong timing, especially in view of the French elections. Southern Europe, for example, does not give Brexit much of a priority. This might also be because for most EU-countries, the crucial issue within

Brexit is not security and defence but trade and the future conditions of their citizens in the UK. Poland, Hungary, Italy and the Netherlands underlined the importance to find a solution to their citizens living in the UK.

All countries under study here agree in that they regret the UK's decision to leave, and recognise that CSDP loses (in capabilities, strategic culture), but maintain that the EU should try to make the best of it. However, not all share the idea that this would best be done by launching new initiatives within CSDP. All suppose that the UK might need to make up for the loss of policy shaping capacity in the EU by a stronger commitment in NATO, yet they differ in their assessment on how much difference this will eventually make in the Alliance, and how this will affect the EU-NATO relationship. While some expect the UK to play a more prominent role in NATO (Poland, Hungary), other expect not much of a change because the NATO structures hardly allow for it (France).

In view of the future relationship, most countries agree that it is in the interest of both partners (EU and UK), to quickly find a pragmatic solution. According to countries like Hungary, France, Germany, and Poland, the UK should not be able to veto any EU development, but should be associated with the EU as early as possible in order to get London to participate in EU security action (from which London would also benefit). Most countries insist on the pragmatic aspects of the future relationship, because they recognize that a formalisation might open the thorny issue on how to deal with those states who are NATO members, but not EU members (like Turkey).

One difference lies in the assessment about how much will change, within the EU, once the UK has left. Here, Italy seems more concerned about the repercussions on the defence industrial realm than the other states. It fears that its defence industry, elements of which are closely linked to UK industries, might suffer. Likewise, Italy expects that the political balance of power might shift in two directions: First, Italy might get a stronger voice in CSDP (and the EU as such) than before, possibly forming a new "big three format" with France and Germany, thereby filling the place the UK is emptying. Second, CSDP might turn even more than now to the South, given that credible northern voices in the EU are lacking, for the countries in the north of Europe whether left CSDP (UK, Denmark), or are cautious (Sweden).

Thus, for the time being, the preparation, definition of preferences and setting is differently developed. However, there seems to be agreement among many smaller EU countries that they expect Germany and France to take the lead in the Brexit negotiations and the EU's future development.

Outlook: the EU as a defence facilitator

Overall, because of Brexit, it is not so much Europe's military capacity that will suffer, but rather – as a result of political disunity - its political capacity to shape regional order. The main challenge for the Europeans, both in the EU and NATO, is to avoid a poisoned atmosphere of revenge, and to assure political unity – which is the ultimate pre-condition for action, be it imposing sanctions on Russia or stabilizing the neighbourhood in the South or East. In addition, the Europeans should seek to avoid a likely increase in bilateral and multilateral formats that will

affect the functioning of EU and NATO. While negotiations among 27 or 28 governments are far more cumbersome – the power of a consensus of 27 States is by far stronger than any bilateral consensus.

In fact, it is very likely that Brexit will lead to a further differentiation of tasks between NATO and the EU. This is what most countries hinted at when underlining the importance of NATO for defence, and of the EU for crisis management. Rather than creating a defence capacity inside the EU, the future development steps of CSDP are likely to increase crisis management capabilities and capability cooperation, whereas NATO will stick to its (operational) defence tasks.

Moreover, and here comes a novelty – if not a defence actor, the EU might develop into a defence facilitator – which would be a tremendous step. If the EU – via new research funding (European Defence Fund) with financial incentives for cooperation, coordinated planning (such as CARD), closer cooperation (PESCO) and the opening of defence markets – were able to support capability development, Europe's overall defence would benefit. It is up to the states to decide where they would use such an improved single set of forces, in the EU or in NATO (and the UN, for that matter).

The main challenges for the UK-EU relationship will be to define the UK's role and to re-think European defence. First, for the CSDP, the existing third-party agreement (from which more than 40 non-EU states benefit) offers a starting point for future UK contributions. It allows non-members to join EU operations but gives them next to no role in their design. It might be worth considering offering the UK a special status

to involve them in planning processes earlier in order to provide incentives for UK contributions. A regular EU-UK dialogue would allow for common ground on operations, industrial and capability cooperation to develop, which would be of mutual interest. NATO would also benefit from a functioning EU-UK relationship, as it would ease the implementation of the 2016 EU-NATO Joint Declaration.

Second, the next step is to conceptually re-think European defence. Most Europeans tend to link the solutions to their security problems to institutions – mainly the EU and NATO. However, both have limitations. NATO remains a military alliance. Crucial tools that deal with non-military threats remain with the EU or the states. The CSDP offers a contribution to security, but key instruments lie with the Commission and the states. It is hence misleading to ask which institution will organise European defence. The key questions are how Europeans can ensure effective defence and how they will identify the needed capabilities to protect populations, states, and borders. The importance of institutions lies in the bundling of forces and ideas, and fostering agreements where necessary. The states' role is to ensure the coordination between the various formats, and to offer political leadership.

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