THE EU'S STRATEGIC COMPASS

A guide to reverse strategic shrinkage?

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Abstract

Taking their fate into their own hands, EU heads of state and government endorsed the Strategic Compass on 24 March 2022, a roadmap for becoming a stronger security and defence actor. The shared threat assessment, a first in the history of the EU, is a positive development. Rewritten over the last month to emphasise the impact of Russia's war of aggression against Ukraine, the Strategic Compass reveals a newfound consensus among EU Member States on the danger Russia poses, but also a lack of strategic foresight. This raises the question of whether the final document might contain shortcomings regarding the threat posed by China and the importance of the Indo-Pacific. As such, the document essentially characterises the EU's security and defence actorness as that of a regional – not a global – power. Divided into four baskets, 'Act', 'Secure', 'Invest', and 'Partner', the Strategic Compass appears at times bogged down in policy details rather than answering the tough questions that might reveal an overarching vision for EU security and defence. However, if the measures outlined in the document are reinforced by more effective implementation and duly complemented by NATO's forthcoming Strategic Concept, then the EU may yet appear more credible in the eyes of others and ultimately, the Strategic Compass will have been ink well spent.

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Reversing 'strategic shrinkage'

'We Europeans should take our fate into our own hands.' Alluding to difficulties with US President Donald Trump, Brexit and the confluence of security crises on and around the continent affecting the EU, German Chancellor Angela Merkel captured the collective mood in European capitals in 2017. International developments that have followed, from China's sabre-rattling in its near abroad to Russia's unprovoked and senseless invasion of Ukraine, have reinforced the belief that more unity is required in the EU's 'common' foreign and security policy. Member States and EU institutions alike must invest in their capacity to think, decide and act in strategic terms 'together with our partners and on our own when needed', as the tagline of the concept of 'strategic autonomy' goes.

With geopolitical change picking up speed, the case for EU collective action in security and defence has indeed become more urgent and compelling. The pressures on Europe are intensifying and the capacity of individual Member States to cope is declining. High Representative for Foreign Affairs and Security Policy Josep Borrell has been saying for months that 'Europe is in danger' and faces the very real possibility of strategic shrinkage. Indeed, the EU cannot afford to be a bystander in an increasingly competitive strategic environment, always being principled but seldom relevant. The EU needs to defend its own interests, project its presence in the world, and promote security in its neighbourhood and with its partners. The Strategic Compass, which was formally approved by the Foreign Affairs Council on 21 March and subsequently endorsed by the European Council, is the EU's attempt at setting objectives and a new level of ambition for itself as a security and defence actor.

The need for the EU's recent security and defence strategy, the Strategic Compass, is reinforced by Russia's full-blown invasion of Ukraine and the resulting realisation that, without the necessary military capabilities and the credible threat of using them or sharing them with partners, the EU's non-military toolbox only goes so far as a deterrent. It also derives its momentum from a keen awareness that, with mid-term elections in the US this autumn and presidential elections in a very near 2024, the EU needs to get its act together before it becomes too dangerous not to be prepared. Yet, the question is whether the policy mix prescribed by the Strategic Compass provides sufficient impetus for effective implementation that renders the EU a more relevant actor in security and defence and, eventually, may help dispel the risks of strategic shrinkage with greater strategic autonomy.

Responding to an increasingly uncertain world

In the area of security and defence cooperation, the 2016 EU global strategy had already sparked a 'geopolitical' renaissance in the EU's strategic thinking. The strategy led to a coordinated annual review of defence to rationalise military spending and identify possible collaborative projects, a slow but steady dynamic in permanent structured cooperation (PESCO) to increase the capabilities and interoperability of European armed forces. More than a third of the 61 projects benefit from seed money drawn straight from the EU's general budget and managed by the Commission's new Directorate-General for Defence Industry and Space (DG DEFIS) through the European Defence Fund (EDF).

In the meantime, the EU has 7 military operations and 11 civilian missions deployed around Africa and the European neighbourhood. And while the promise of EUR 1 billion's worth of 'lethal aid' in support of Ukraine through the European Peace Facility (EPF) may indeed mark a watershed moment for the European peace project, leaders of mainly western EU Member States will also have to ask themselves how they have been caught so unprepared for Putin's war. With many of the initiatives focused on capability development and defence industrial cooperation, the strategic dimension of the budding 'European Defence Union' has largely been neglected.

In June 2020, the Member States tasked the High Representative to start a two-year reflection process to develop a 'strategic compass' to guide the implementation of the security and defence dimension of the EU's global strategy. The objective of the Strategic Compass is to propose operational guidelines to enable the EU to become more of a full-fledged security provider. Four strands of work have been identified as being key to the assignment at hand: crisis management – 'act'; resilience – 'secure'; capability development – 'invest'; and international cooperation – 'partner'.

Drawing on the first-ever shared assessment of the threats and challenges the EU faces, a draft paper was presented to the Council in November 2021. The draft's language was then significantly revisited to reflect the worsening relationship with Russia and the growing military capacity of China. In view of the return of power politics, characterised by increased transactionalism, fluid partnerships, the weaponisation of economic interdependences, hybrid warfare and attacks on the global commons, the final document recognises the need for an enhanced EU security and defence across a multitude of realms. Whereas the EU will continue to favour dialogue geared towards multilateral solutions, it is abundantly clear that the EU will have to strengthen its defensive and expeditionary capabilities and invest in new and consolidated technologies alike to be able to back up diplomacy with a credible threat of the use of force if necessary.

Strategic considerations

Despite several years of EU institutions using 'strategic autonomy' as a catchphrase and organising principle, the Strategic Compass bears all the signs of a long and arduous bureaucratic process that eliminated any and all references to original big ideas. Indeed, 'strategic autonomy' as a concept appears only once throughout the entire document, a quarter into the text. Despite the unprecedented nature of conducting a common threat and security assessment among the 27 Member States, identifying what capability goals to pursue is not the same as determining how one must strategically balance against other forces at play – an exercise which remains necessary and overdue. The process inevitably leaves EU foreign policy in lowest common denominator mode. The Strategic Compass comes off more as a list of concrete administrative, legal and operational action items – some novel, others building on pre-existing tools – for how to strengthen the EU's ability to act, secure, invest and partner in the field of security and defence.

The shared threat assessment, the first ever in the history of the EU, is a positive development. Yet the text has been substantially rewritten in the last month to emphasise the impact of Russia's war of aggression against Ukraine, revealing a newfound consensus on the danger Russia poses but also a lack of strategic foresight. This raises the question of whether the final document might contain shortcomings that could prove to be fatal. As it stands, the Strategic Compass may now be lopsided, downplaying the threat posed by China to the multilateral rules-based order vouched for by the EU and, despite being the talk of Brussels in 2021, the relevance to Europe of what will surely be the centre of gravity in the 21st century: the Indo-Pacific. As such, the document essentially characterises the EU's security and defence ambitions as that of regional – not a global – power.

In short, the Strategic Compass provides further depth on how the EU intends to strengthen its security and defence engagement but could, in fact, lead to strategic shrinkage in terms of the geographical horizons of its reach. That said, a deeper analysis of each basket is required to shed light on how the Strategic Compass may be most effectively implemented so that the EU is ready to stand with partners, and on its own, if necessary, in an increasingly complex and interdependent world.

Act

The first basket vouches for more rapid and robust action when crises erupt. Some shortcomings present in initial (leaked) drafts of the Strategic Compass were remedied after a series of consultations with Member States, the input of defence experts and a greater unity of purpose motivated by Russia's full-blown invasion of Ukraine.

The resulting document has now more clearly defined the types of operational scenarios the 5 000-troop Rapid Deployment Capacity (RDC) would engage in, the necessity of joint training and live exercises to enhance preparedness, and ways of strengthening military missions and operations under the common security and defence policy (CSDP). This this will be done through greater involvement of the EU's military headquarters (Military Planning and Conduct Capability, MPCC), the creation of a troop rotation cycle register to enhance predictability, and re-assessing the scope and definition of common costs of these endeavours.

However, a few elements could reinforce the EU's ability to 'act'. First, the RDC should be supported by 'more flexible decision-making arrangements and an extended scope of common costs'. Yet, without a swift definition of these procedures and instruments, there is a real risk that this upgraded EU battlegroup concept will remain a paper tiger and lack concrete use.

Second, there are also adjoining references to enabling coalitions of willing and able Member States to undertake CSDP tasks under the EU flag via Article 44 of the Treaty on the European Union (TEU), the Coordinated Maritime Presences (CMP) concept, and synergies between ad hoc coalitions of Member States and CSDP missions and operations. Beyond failing to identify how Article 44 may be used in practice – including the degree of mandate flexibility and the pool of financial, material and human resources available for such tasks – the Strategic Compass does not address how to combine these initiatives more effectively. To rationalise and enhance

the political visibility/accountability of the CSDP, the CMP as well as other peace support operations (such as the European Maritime Awareness in The Strait of Hormuz mission) should be integrated into the EU framework through Article 44 as soon as possible.

These missions should be brought under the command and control structures of the MPCC, facilitating the transition by significantly increasing MPCC personnel through seconded experts who have operational experience in these missions. As a result, the EU would assimilate the lessons learned of national initiatives, establish test cases for Article 44, provide the foundations for greater involvement of the MPCC and enhance its reputation as a security provider.

Third, the 'act' basket mentions increased use of the EPF to provide arms and munitions to non-EU country partners or jointly fund military equipment for CSDP operations. While this is laudable and has done much to bolster the EU's credibility during Ukraine's staunch defence against Russian aggression, its implementation must be improved upon. The botched promise of providing Soviet-made fighter jets to the Ukrainian armed forces to resist Russian attempts at establishing air superiority has underscored the lack of preparedness of the EU for a conflict that Central and Eastern European countries have been indicating was a distinct possibility for years.

Member States should not only come up with an integrated force element list to accelerate force generation for their own CSDP missions and operations – integrating achievements reached thus far under the PESCO project, EU Force Crisis Response Operation Core, with the EU's strategic warehouse. They should also come up with a similar scenario-based and flexible list of capabilities they are willing to provide non-EU country partners via the EPF, including logistical and command and control bases on EU soil. This should be accompanied by greater political accountability for its use by eventually bringing the EPF on-budget and undergoing the scrutiny of the European Parliament's Foreign Affairs Committee, along with publishing the criteria guiding its mobilisation, the 'integrated methodological framework'.

Secure

Originally framed as the 'resilience' section, the 'secure' basket of the Strategic Compass addresses efforts to prepare for 'fast-emerging challenges' posed by the various tools used by the EU's strategic competitors, including the weaponisation of irregular migration and lawfare, as well as coercion targeting our economic and energy security. These include (hybrid) threats in all four domains (maritime, air, cyber and space) adding to the transnational challenges of terrorism and arms proliferation. The general sensation in the secure basket – ranging from humanitarian aid and disaster relief, through cyber, hybrid and space to arms control and nuclear non-proliferation – is that existing toolboxes must be strengthened operationally, and new administrative frameworks must be created.

The clearest ambition in this basket as regards preparedness and resilience is to strengthen the EU's 'intelligence-based situational awareness' through the single intelligence analysis capacity (SIAC), depending on the voluntary contributions of Member States' intelligence and security services, and the EU Satellite Centre, intending to foster a 'common strategic culture'. A further emphasis is put on the need to enhance secure communications by streamlining rules, bolstering a common approach and investing in state-of-the-art equipment.

The SIAC intends to boost both foresight and situational awareness, particularly through the Hybrid Fusion Cell established in 2016, providing a single focus on hybrid threats. In terms of the potential synergies concerned, this jibes well with the second ambition of creating an EU hybrid toolbox, consisting of existing and new tools to provide a coordinated response framework in an integrated horizontal approach that draws on competences from different policy domains, both civilian and military. It will be put into practice through the establishment of EU hybrid rapid response teams to assist Member States, CSDP missions and partners in countering hybrid threats. That will be accompanied by the strengthening of the EU's cyber diplomacy toolbox and the creation of a new toolbox to address and counter foreign information manipulation and interference. This links well with the subsequent proposal to make the EU's 'cyber posture' more robust (building on the 2020 cybersecurity strategy), including by improving the interoperability of cyber intelligence capacities. But it raises the question of whether such toolbox overload is needed and whether the glue among them would be sufficient. Might implementation be better focused on improving retention of institutional expertise and flexible thematic implementation modules rather than mushrooming toolboxes?

Another complementary proposal for an EU space-based, global, secure communication system is developed to provide global connectivity to security and defence actors, building on the Union secure connectivity programme. A further striking development is that the EU's civilian space programme will henceforth be expanded to a defence dimension through the development of an EU space strategy for security and defence. There is comparatively little novelty in airspace, apart from a strategic reflection in cooperation with NATO and civilian partners. For the maritime domain, further investment in the global presence is envisaged. To this end, the EU maritime security strategy and it's action plan will be updated, and further development of the Coordinated Maritime Presences mechanism, already in operation since 2021 under a pilot case, is proposed.

Countering terrorism is the shortest section among the identified threats, and thus possibly reflects the fact that Russia's war against Ukraine and increased rivalry with China have directed attention to the dangers posed by state actors. Nevertheless, the Compass recalls the EU's intention to strengthen its response to better prevent and counter terrorism, building on both CSDP instruments and other tools already available. This section, however, unfortunately continues to inherently link the challenge of terrorism with that of violent extremism through a security-oriented approach, without delving into their root causes – oddly slim on detail considering the amount of detail present in the 'act' and 'invest' baskets.

Reaffirming the 'goal of total elimination of nuclear weapons' (Article VI of the Treaty on the Non-Proliferation of Nuclear Weapons) appears in the Strategic Compass too, as both more important than ever and somewhat platitudinous in times of more or less open threats by Russia to deploy them. It further underlines the EU's intention to closely coordinate with the US and NATO and to explore possible post-New START agreements, without, however, mentioning any concrete measure.

Overall, the impression is that, in addition to some notable new initiatives, there is a particular focus on improving the application of existing initiatives through a more integrated approach. At various points, the formulated answers to the different threats refer to each other, thus underlining the interconnectivity and complexity that the EU's future approach inevitably will have to address.

Invest

There are some remarkable developments in the Strategic Compass regarding its 'invest' basket. These include setting a political deadline for the fulfilment of EU Member States' more binding commitments under PESCO – including increasing defence investment expenditure to 20 % of total defence spending and reaching the 2 % of GDP spending threshold. Furthermore, this section underlines the importance revising the capabilities planning scenarios on the basis of the headline goal process in order to better reflect the types of operations the EU and its Member States are capable of carrying out, and the strategic capabilities that they each should invest in.

Due to the significant investments required, the VAT waiver, EDF bonus and new financing solutions through the European Investment Bank must be accompanied by a top-up of the EDF to contribute to further progress in the six domains identified by the capability development plan: the main battle tank, European patrol class surface ship, soldier systems, defence in space, anti-access area denial capacities and countering unmanned aerial systems, and enhanced military mobility. This can be done by providing seed-funding guarantees (potentially through the European Investment Bank) allowing venture capital firms to bundle and channel investments into dual-purpose start-ups and existing small to medium-sized enterprises at a lower risk. Without additional resources, the Strategic Compass will fall short as it did not sufficiently rank these capabilities in terms of priority.

To guarantee the consolidation of a geographically inclusive European defence technological and industrial base that is dynamic and open to new entrants, significant coordinated efforts will have to be made to ensure complementarity and synergy across the mushrooming defence innovation initiatives: the NATO Investment Fund, Defence Innovation Accelerator for the North Atlantic, EDF, EDA Defence Innovation Hub and Commission Defence Innovation Scheme. A Commission-EDA joint analysis of defence investment gaps is due by mid-May in view of the EU Defence Innovation Show (the EU defence summit proposed by President Ursula Von der Leyen in her 15 September 2021 State of the European Union address).

This analysis must also identify how the EU envisages shaping and consolidating the EU defence funding ecosystem: is there an efficient use of financial and human resources across the EU and Member States? Are the stated military requirements compatible with the state of research? Is national planning synchronised and are synergies being exploited? What balance should be dedicated to modernising the armed forces with existing technologies for immediate use and replenishment of current shortfalls versus research in emerging and disruptive technologies for the future? Furthermore, the analysis should also answer questions regarding cooperation: which frameworks are most suitable in which circumstances? Does the EU have sufficient industrial capacity on its own and where? What implications does this cooperation

have for non-EU countries and arms exports? These questions, lacking answers in the Strategic Compass, must be answered to put end users – national armed forces – in the best possible position to be more effective on the battlefield if necessary, so that they might decide to procure those capabilities and create further economies of scale.

Should it be properly implemented, the 5 000-strong RDC would also be a gamechanger for certain EU crisis-management operations, namely rescue and evacuation operations and stabilisation operations. While this does not cover the more ambitious territorial defence, still the task of NATO, its implementation will still be hard to come by absent financial incentives. These could include, for example, an EDF funding bonus and VAT waiver for those jointly developed, procured, owned *and* operated capabilities that are made available to the RDC as well as an expansion of the scope of common CSDP funding under the EPF to cover all costs related to the RDC.

More transparency and democratic oversight on European Defence Union initiatives is also necessary, especially considering a lack of mention throughout the Strategic Compass of the role that parliaments *normally* play in budgetary processes, and the early signs of a growing European proto-military-industrial complex. PESCO projects must publicly report their funding breakdown, including appropriation to each Member State entity. This can be supported by greater accountability required by an upgraded Security and Defence Committee of the European Parliament that benefits from greater visibility and resources.

Partner

Despite the evident need for the EU to cooperate with other actors in an increasingly multipolar world, the Compass's basket on strategic partnerships is perhaps the least detailed of the four and suffers from three principal deficiencies.

First, the first goal listed in the section is to uphold the rules-based international order, a decidedly global phenomenon even if it has come under considerable strain. Yet the first partner listed in the pursuit of that endeavour is NATO, a regional organisation. This trend is also visible in the section, found earlier in the document, on the EU's strategic environment: ample detail is provided on the Western Balkans, the eastern and southern neighbourhoods, the Eastern Mediterranean, Africa and the Middle East, whereas the Indo-Pacific (the emerging global geopolitical and geo-economic centre of gravity) is mentioned only belatedly and in a cursory fashion. This appears to be a conceit on the part of European leaders that the EU, despite its talk of being a global actor, remains in fact more of a regional order-maker.

Second, the list of partners focuses overwhelmingly on doing more of the same, embodied by the catch-all phrases 'strengthening cooperation' and 'strengthening dialogue'. Admittedly, more forward-looking and concrete proposals are visible in the discussion of the EU's partnership with other international organisations such as NATO, the UN, the OSCE (Organization for Security and Co-operation in Europe), the African Union and ASEAN (Association of Southeast Asian Nations). Much less substance and detail can be found concerning the EU's partnerships with individual countries and regions, for example illustrated

by the dedication of three paragraphs to partnering with NATO but just one paragraph to the US. While the EU is undoubtedly more than a mere international organisation like the IMF or WTO, this further reinforces the notion that it is not quite a full-fledged actor on a par with states. The fact that the preliminary section of the document, focused on the 'return of power politics in a contested multipolar world', deals with Russia and China at length but with the US only in passing and in a fashion that frames it purely as an ally, reveals the extent to which Member States have not devoted their intellectual energy to charting a path towards becoming a pole of that post-hegemonic order. Taking Europe's alliance with the US almost for granted, despite monumental shifts in US domestic politics and the international order, fosters an attitude in Brussels focused more on policy implementation and less on defining Europe's collective interests.

Third, elements of the Strategic Compass appear out of sync with current security crises. The EU's partnership with the OSCE, for example, is cast in terms of strengthening conflict prevention, crisis management and post-conflict stabilisation. Nothing is said regarding the need for a new pan-European security architecture and whether the EU believes that the OSCE's role in upholding the continental order should be revitalised. To be sure, Russia's invasion of Ukraine is still fresh, but the absence of even a nod towards this theme stands out as reflecting the EU's inability to produce substantive agreement on a key strategic issue. While both are undoubtedly important, strengthening the European Defence Union and pursuing deeper cooperation with NATO are not a complete substitute for a vision outlining what norms and institutions should govern the wider European space in the aftermath of a bloody conflict in Ukraine.

The document also features certain peculiarities in terms of its focus, such as the term 'hybrid' (e.g., hybrid threats or hybrid tactics) appearing 46 times, which seems out of sync with the fact that Russia is waging a highly conventional war against Ukraine and appears to be losing the information war. That said, given that China lies increasingly on the radar of the transatlantic alliance in light of the growing challenges that Beijing poses to European security, this emphasis on hybrid threats does present an opportunity for the EU to harmonise the Strategic Compass with NATO's forthcoming Strategic Concept. An accompanying EU-NATO declaration following the Madrid Summit in June should indeed spell out in considerable detail where and how the two organisations can complement each other in the pursuit of shared interests, which could have a possible positive knock-on effect in providing stronger and more structured dialogue and cooperation mechanisms in foreign affairs and security policy between the UK and the EU post-Brexit.

However, it should be remembered that focusing excessively on what threats to balance against rather than what interests to pursue poses a risk of developing a foreign policy continually rooted in the lowest common denominator, which over time threatens to erode the EU's capacity to be a genuine actor and global (or even regional) term-setter. Although the Strategic Compass was never meant to be a full-fledged grand strategy, it has missed a chance to offer a sharp and realistic definition of the kind of security actor that the EU expects itself to be.

Conclusions

The Strategic Compass offers a roadmap to the European Defence Union of tomorrow. As such, it is an upgrade to the part of the EU global strategy that dealt with security and defence. Benefiting from the endorsement of the Member States, the Compass's successful implementation will nonetheless depend on whether capitals will put their money where their mouth is and mobilise extra defence spending for the development of the necessary capacities through 'their' European Union. These investments must meet the commitments EU Member States themselves subscribed to under PESCO, be bolstered to meet the needs of national armed forces and seek synergies and complementarity within an ever expanding ecosystem of defence funding and cooperation.

In this, EU Member States must consider the implications of such projects for democratic oversight, the involvement of non-EU countries (or their entities) and a revision of the EU's arms exports regime. Political will must necessarily extend to what has thus far been unachievable, such as finding flexible decision-making procedures and funding instruments to enable the use of a 5 000-troop Rapid Deployment Capacity, and migrating the peace operations run by Member State coalitions of the willing to EU command and control structures through Article 44 TEU. EU member states must also enhance their preparedness to use a common pool of materiel for CSDP missions and operations as well as to supply the armed forces of non-EU countries with materiel through the European Peace Facility. Assuming political willingness among Member States, which can never be taken for granted, operational efficiency will also be required to give credence to implementation of the level of ambition espoused in the document. In an integrated approach to external crises and conflicts, the EU institutions and Member States will have to be able to use the entire toolkit at their collective disposal flexibly and efficiently. This includes the swift and robust use of force if needed, deployed in conformity with the UN Charter and the EU's own rulebook, in a conflict-sensitive manner and taking sustainable and locally-owned dispute settlement into account.

Finally, when the dust settles on the war in Ukraine and the time comes in the years ahead (as already indicated by High Representative Borrell) to revise the Strategic Compass, clearer articulation of the EU's collective view on the shape of both pan-European security and the international 'rules-based' order will be required. Emphasising non-zero-sum principles rooted in respect for the desire of all states to achieve development and security, including a post-Putin Russia and in the Indo-Pacific, could play to the EU's strengths and nurture its ambitions.