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REFLECTIONS ON HOW TO TURN A WORM INTO A GIANT: A Strategic Management Approach to Bridge the Gap towards a Security and Defence Union

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ABSTRACT

A few days before the start of the First Gulf War, the Belgian Minister of Foreign Affairs Mark Eyskens famously retorted 'Europe is an economic giant, a political dwarf, and a military worm.' Eyskens denounced the lack of unity and/or willingness to militarily intervene among European Union (EU) member states. The early nineties marked an all-time low point towards a common EU defence initiative, but more than twenty five years later we have to conclude that still *insufficient* progress has been made. To state that the military worm has become a giant is truly offending the truth, hence our research question: how to turn a worm into a giant? More prosaically, this question can be paraphrased as: what is necessary to transform the present EU defence in all its complexity into a fully functioning operating system, a so called security and defence union? Based on insights taken from strategic management, the question is reflected on. The study proposes a strategic management framework to analyse public sector organizations. The framework, consisting of a stakeholder analysis, a mission statement, a vision statement, an analysis of the internal and external environment, and, eventually, a SWOT analysis, is applied to the current EU defence affairs. The output is a string of strategies that suggests EU military and defence initiatives within the framework of Common Security and Defence Policy (CSDP) and the recently launched Permanent Structured Cooperation (PESCO): generate unity by trust; increase centralization; strive for more efficiency and effectiveness; establish ambitious, comprehensive budgetary targets; maintain respect for partnerships; and, create broad stakeholder support. This interdisciplinary work unites basic insights from strategic management with international relations theory to get an overview and suggests proper strategies to create a strategic fit between the internal and external environment. This creative, but analytical study shouldn't be read as a roadmap, but rather as input for the current debates surrounding EU defence in order to stimulate the renewed 'impetus' towards a security and defence union.

PREFACE

This study is written as a conclusion to my MSc Management at the Vrije Universiteit Brussel (VUB), but it aims to be more.

First, this study doesn't focus solely on management on a purely entrepreneurial or commercial level, but also on a political, supranational level. Like any other organisation, the European Union (EU) needs to be organised as much as possible according to the leading management principles of economy, efficiency, and effectiveness to satisfy its 'shareholders', the EU citizens. The aim of this study lies at the junction of the two disciplines management and international politics. Unsurprisingly, my present and previous academic studies.

Second, this master study is not your traditional management study based on purely statistical research. Of course, this element is present but is accompanied by a need to explain a current political situation and suggest future legislative action from a management point of view. From an academic stance, there's the urge to attempt to construct theoretical models to unite management and international politics.

Third and last, the major focal point of a thesis is to convince the readers of the newly appropriated skills and knowledge within the boundaries of a certain education. Aside from the systems, concepts, tools, and analytical frameworks that are taken from the management courses followed, it's also a political and ideological plea for a stronger EU. It is my sincere belief that certain core characteristics of the EU like democracy, freedom, and equality are universal and should be defended and fostered, notwithstanding that I'm a starch supporter of pacifism. This text isn't meant as a legitimation to expand the influence of the 'military industrial complex', but hopes to add to security and stability in the EU and outside its borders.

This study couldn't have been realized without the support of various people to whom I owe gratitude. Firstly, I would like to thank extensively my promotor prof. dr. Caroline Buts for the support and the confidence, but also the freedom for tackling the topic as I saw fit. I'm also grateful to her for allowing me to write a new chapter in my professional career. I sincerely hope this study serves as an incentive. Then, I wish to thank my parents and my brother for the moral support and the occasional shelter to work in peaceful conditions. Lastly, I would

like to thank my children, Charles and Louis, and my lovely wife Evy for their eternal support. Forever in your debt.

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ABBREVIATIONS

CARD	Coordinated Annual Review on Defence
CEPS	Centre for European Policy Studies
CFSP	Common Foreign and Security Policy
CSDP	Common Security and Defence Policy
CSIS	Centre for Strategic & International Studies
CSR	Corporate Social Responsibility
EC	European Community
ECA	European Court of Auditors
EDA	European Defence Agency
EDAP	European Defence Action Plan
EDC	European Defence Community
EDEM	European Defence Equipment Market
EDF	European Defence Fund
EDTIB	European Defence Technological and Industrial Base
EEAS	European External Action Service
EP	European Parliament
ERRF	European Rapid Reaction Force
ESDI	European Security and Defence Identity
ESDP	European Security and Defence Policy
EU	European Union
EUGS	EU Global Strategy[1]
EUROPOL	European Union Agency for Law Enforcement Cooperation
FAC	Foreign Affairs Council
FRONTEX	FRONtières EXTérieures
GDP	Gross Domestic Product
HLGs	Headline Goals
HR/VP	The Union's High Representative for Foreign Affairs and Security Policy and vice-president of the European Commission
ICAN	International Campaign to Abolish Nuclear Weapons
IPSD	Implementation Plan on Security and Defence
IR	International Relations
MPCC	Military Planning and Conduct Capability
NAHEMO	NATO HElicopter Management Organization
NATO	North Atlantic Treaty Organisation
OCCAR	Organisation for Joint Armament Cooperation

[1] Full name document: *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign And Security Policy.*

PESCO	Permanent Structured Cooperation
PEST	Political, Economic, Social, Technological
PSCD	Permanent Structured Cooperation in Defence
R&D	Research and Design
R&T	Research and Technology
RBS	Resource-Based School
SAFE	Synchronised Armed Forces of Europe
SHAPE	Supreme Headquarters Allied Powers Europe
SME	small and medium-sized enterprises
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TEU	Treaty of the European Union
TFEU	Treaty on the Functioning of the European Union
TPS	The Positioning School
UK	United Kingdom
US	United States
WEU	Western European Union

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0. Introduction

"Europe is an economic giant, a political dwarf, and a military worm." (Whitney, 1991, para. 4)

A few days before the start of the First Gulf War, the Belgian Minister of Foreign Affairs Mark Eyskens famously retorted these words. Eyskens denounced the lack of unity and/or willingness to militarily intervene among European Union (EU) member states. The early nineties marked an all-time low point towards a common EU defence initiative, but more than twenty five years later we have to conclude that still *insufficient* progress has been made. To state that the military worm has become a giant is truly offending the truth, hence our research question: how to turn a worm into a giant?

Eyskens' words have been echoing over the European Union's foreign policy for the last three decades. The most striking moment in recent history was the clash between the EU's soft power and the Russian Federation's hard power in the Ukrainian crisis which started on 21 November 2013. The Ukrainian president at the time, Viktor Yanukovych, had broken off the preparatory work for the implementation of the European Union-Ukraine Association Agreement. This decision sparked mass protests on behalf of advocates of the agreement, violently oppressed by the authorities. The EU strongly condemned "the excessive use of force (...) by the police in Kyiv (sic) to disperse peaceful protesters" (European Commission, 2013, par. 1). Eventually, the protests lead to a revolution which resulted in Viktor Yanukovych's ousting from power. Footage of prominent EU politicians[2] who expressed their public support on the Maidan Nezalezhnosti ("Independence Square") in Kiev travelled around the world. But then the Russian Federation entered into the equation.

The political change was received negatively in the Russian-oriented eastern and southern parts of Ukraine, where Yanukovych drew his support from. Next, a *coup de théâtre* unfolded. Little Green Men with "guns (...) the same as those used by the Russian army, (...) lorries [with] Russian number plates and (...) Russian accents" (Shevchenko, 2014, par. 1) suddenly appeared on stage

[2] The visit of members of the ALDE-party to Maidan was on personal behalf, not on that of the EU or the European Parliament (ALDE party, 2014).

occupying and blockading the parliament in Simferopol, the Simferopol International Airport, and most military bases in Crimea. A few weeks later a 'shady' referendum (Brilmayer, 2014) was organized in which the then-autonomous Crimean Peninsula was annexed by the Russian Federation and the item went to the back of the EU's political agenda. Notwithstanding the EU's diplomatic and (soft) power efforts, the immediate outcome of the Ukrainian crisis was clearly in the advantage of the Russian Federation. Of course, the question is not: should the EU have allowed itself to be seduced to a military escalation in an EU-Russian Federation conflict? Of course not. No, the real question is: what if the EU, in this game of global power politics, had military capacities to back up its claim to support the legitimate democratic demand of the Ukrainian protesters? What if… we'll never know the answer to this question as long as the EU is not able to wield its full potential.

The urgency to work towards a more coherent EU defence approach, a so-called Security and Defence Union, with the necessary military capabilities has been amplified by many politicians at the highest levels of the European Union. The German Chancellor Angela Merkel (Henley, 2017), the former French president François Hollande (Ducourtieux, 2017) the current French president Emmanuel Macron (Lemonde.fr, 2017), and the former Belgian Prime Minister[3] Guy Verhofstadt (2016), have stressed the urgency for the creation of a grand common EU defence initiative. One of the first things Jean-Claude Juncker mentioned on 15 July 2014, the day of his election as new president of the European Commission addressing the European Parliament (EP), was the defence issue:

> "I also believe that we need to work on a stronger Europe when it comes to security and defence matters. Yes, Europe is chiefly a 'soft power'. But even the strongest soft powers cannot make do in the long run without at least some integrated defence capacities." (Juncker, 2014, p. 12)

The EU's disappointing performance in the Ukrainian crisis, a few months earlier, resonates through the words of Juncker. Up until today the Ukrainian crisis remains unsolved and other crises domestically and externally challenge the European Union's security: the refugee crisis, terrorist attacks, civil wars in Libya and Syria, the complex EU-Turkey relations, and so on (Moravscik, 2017). Also

[3] And the Leader of the Alliance of Liberals and Democrats for Europe Group and Member of the European Parliament (MEP) from Belgium since 2009.

the current United States president, Donald Trump, has shown an ambivalent attitude towards the North Atlantic Treaty Organisation (NATO) agreements causing instability and uncertainty within the NATO-EU alliance (Burns, 2017). Although there's an increased awareness on the side of the EU that in the (near) future it might have to fight its own battles, these statements by top politicians for the moment remain too often 'cries in the wilderness'. If the EU is to tackle the problem, a gap needs to be bridged.

At the end of the 1980's, the British professor Christopher J. Hill (1993) introduced the term 'capability-expectations gap' to describe the EU's role in international relations. This term refers to the discrepancy between, on the one hand, the expectations that are nourished by the EU public and the international players and, on the other hand, the capabilities in the form of the institutional resources or the political legitimacy possessed by the EU (Hill, 1993). Written in the era in which the Berlin Wall fell, Hill's essay nourished high expectations of the future role of the EU on the international stage. In retrospect, these high expectations haven't exactly been met if we recall the EU's handling of the Ukrainian crisis. The international relations professor Michael E. Smith[4] agrees to Hill's post Cold War reasoning, concerning the lack of political legitimacy and institutional resources. He pinpoints the hiatus in the latter:

> "In terms of policy implementation, the key divide is between the 'low politics' of economic affairs, where the EU is able to wield considerable influence, and the 'high politics' of security/defence affairs where the EU is still finding its way. [...] The capability-expectations gap is widest in the area of military/defence affairs." (Smith, 2017, p. 180-181)

To sum up, Smith believes that the EU currently has economic leverage, but still lacks the necessary military tools to explore the full potential of its foreign policy. Up until today, within the realm of European defence the classic tools of warfare - the terrestrial, the aerial, and the naval force - are disproportionately less integrated and as a result less strong. Therefore, the focus of this study will go to these three traditional branches of defence and only to a lesser extent to other, more 'modern' branches, e.g. military intelligence and cyber security.

The question whether the European Union (EU) requires its own military force has been one of the longest running and most schismatic in the history of

[4] The University of Aberdeen

European integration. Unsurprisingly, considering the question is closely tied to what the EU is or, taken into account its indefinite form, what the EU should be. On 27 May 1952 Belgium, The Netherlands, Luxemburg, France, West-Germany, and Italy signed the treaty establishing the European Defence Community (EDC). In the wake of the Second World War and at the start of the Cold War, the *Inner Six* of the EU attempted the integration of the national armies on a supranational basis to avoid German rearmament, to withstand the Soviet Union and to provide greater collective security (Koivula, 2016). Two years later, the EDC was buried when the French National Assembly refused to ratify the treaty[5] because of the division of two political factions: the Gaullists[6] feared the undermining of the national sovereignty and the French communist party rejected the notion of an army rivaling that of the Soviet Union. This occasion marked the closest the EU ever got to the creation of an integrated army.

Nowadays, the debate surrounding the EU's defence resources and capabilities isn't focused anymore on the creation of a fully integrated EU army, but is strongly embedded in the quest for a Security and Defence Union. In this debate, security and defence are often used in one breathe. The former denotes a wider meaning (cfr. National Security) that entails the responsibility of the authorities to safeguard the citizens and the state in case of crisis through the use of power: economic power, political power, diplomacy, military power, and so on. The latter refers to a part of security, namely the military aspect. The goal of the defence policy is recognizing possible threats of hostility depending on intelligence and defining the military scope of national security, combat readiness, and the organisation of military forces. In many European countries the Minister of Defence, backed up by the Ministry of Defence (or a synonymous organisation), is the primary spokesperson for the national defence policy. Central to our study will lie the EU's military resources and capabilities and its further development, but strongly embedded in the wider *narrative* of the Security and Defence Union. The current High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini says the strategy of the Security and Defence Union:

[5] Also Italy refused to ratify the treaty.
[6] The supporters of French president Charles de Gaulle.

> "focuses on military capabilities and anti-terrorism as much as on job opportunities, inclusive societies and human rights. It deals with peace-building and the resilience of States and societies, in and around Europe." (European External Action Service, 2016b)

Although multiple operations have been undertaken in the past sixteen years with the use of civilian or military resources in several countries on European, African, and Asian soil (European External Action Service, 2016), the true crises that are challenging European security haven't been dealt with. Only *incremental* steps have been taken to further the integration process in the military/defence sphere towards a Security and Defence Union. Therefore, the key question remains: how to turn a worm into a giant?

The problem statement of this study can be more prosaically paraphrased as: the EU needs to reorganize its military and defence capabilities in order to bridge Hill's capability-expectations gap towards an effective Security and Defence Union. The current debate tackling this problem statement is dominated by two questions: what is achievable? And, what is necessary? In this order. The former question refers to the highly politicized environment that characterizes the EU. In the most recent document concerning the topic, *Reflection Paper on the Future of European Defence,* the European Commission (2017b) proposes three possible scenarios for a future European Defence. The three scenarios go from mildly to very ambitious. The underlying question is: how willing are the member states to allow an integration of defence on a European level? At the initial phase this question should be of secondary relevance. The primordial question should be the latter question: what is necessary to transform the present EU defence in all its complexity into a fully functioning operating system, a so called Security and Defence Union? The answer to this question can be found in contemporary literature on strategic management.

The current EU defence is in need of a sober management approach if it is to bridge the capability-expectations gap. It is necessary to analyze the present situation with precise, managerial accuracy and logical reasoning to arrive at conclusions that help solve the inconsistency in the contemporary EU defence policy. A strategic management approach offers us the tools to solve this intricate puzzle. Strategic management is the process of bringing about strategy which "will enhance the long-term performance of an organisation by setting direction and by creating ongoing compatibility between the internal skills and

resources of the organisation, and the changing external environment in which it operates" (Viljoen & Dann, 2000, p. 5). Strategic management is the search for the strategic fit between, on the one hand, the internal environment with its resources and capabilities and, on the other hand, the external environment, characterized by its competitive, threatening nature. At this point, three remarks need to be made. Firstly, the focus of strategic management are organizations. So we'll have to perceive the current EU defence as an organization. Currently, it can be described as a patchwork of national armies, international coalitions, and EU instruments. So a 'metaphorical leap of faith' is needed for this approach, but in the end not that uncommon since any defence department can be audited with the tools of strategic management. So, why not the current, quasi non-existent EU Ministry of Defence? Secondly, the strategic management literature focuses at large on the private sector. Of course, EU defence is not situated in the private, but in the public sector. Some tools, techniques, and models exist, but sometimes the theoretical input needs to be converted to the public sphere. Lastly, as we'll find out further down, strategy was originally developed centuries and even millennia ago for the military, and not for the corporate sphere. This study aims to guide the theory back home. Throughout our exploration in the following pages, both the approach, developing a strategic management framework for the public sector, and the topic of our study, bridging the capabilities-expectations gap in EU defence, will be of equal importance.

Our research question will be chopped up in multiple sub-questions that will guide us throughout our study. Firstly, we need to explore the theoretical field surrounding strategic management. What is strategic management? What does strategic management look like in the public sector? Secondly, we need to understand the history of EU defence. How did we arrive at the current state of EU military and defence affairs? Thirdly, we're going to conduct a strategy analysis in order to pinpoint the strategic issues that need to be dealt with. What does the internal environment look like? What are the key changes and tendencies in the external environment? Lastly, we're going to suggest a strategy that can be implemented in order to create a strategic fit between the internal and external environment. What's the necessary strategy to arrive at a strategic fit for the current EU defence? On a methodological level, we're going

to rely heavily on the work of the authoritative thinkers within strategic management: Bryson (2004; 2018), Desmidt & Heene (2013), Grant & Jordan (2015), Hamel & Prahalad (1994), Henry (2011), Joyce (1999), Mintzberg (1990; 1994), Moore (1994; 1995), Porter (1996), and so on. For topical input concerning EU and International Relations (IR) theory we're also 'standing on the shoulders of giants': Biscop (2018), Hartley (2011), Hill (1993; 2003), Hix (2005), Mearsheimer (2001), Morgenthau (1995), and Sandler & Hartley (2007) to name a few. Nevertheless, to remain as close as possible to the source, we'll be chiefly cutting out the middleman (scholars and media) and draw directly from the official statements and documents of the EU and the output of EU related organisations.

Let us reiterate a third and last time the research question that will be guiding us throughout our analysis: how to turn a worm into a giant? The title of this study adds the phrase 'reflections on'. The reflective nature can be ascribed to the difficulty of studying EU defence and EU defence policy from an academic point of view. Firstly, the information concerning EU defence isn't just up for grabs. Details surrounding defence are generally difficult to get a hold on for obvious reasons. Defence remains a delicate topic. A substantial study on EU defence needs to puzzle the elements together from various incomplete sources. Secondly, defence is a heavily politicized topic on which political parties have differing and often contrasting views. With every new election round on a European, national, or local level, new input to the debate and new policy is created. Currently, the EU member states witness a rise in nationalism amounting to a less integrated focus on sensitive topics like EU defence (Boffey, 2017). The lack of information and the political nature of the topic make it difficult to arrive at a comprehensive and final solution to bridge Hill's capability-expectations gap in the EU defence domain. Regardless of the volatile nature of the topic, the purpose of this study is to contribute to the debate and to offer a holistic framework surpassing the practical problems in order to find an opening towards a solution in the long run. A Security and Defence Union would contribute to the safety of every EU citizen and the safeguarding of EU and national values. This study shouldn't be read as a roadmap, but rather as input for the debates surrounding EU defence in order to stimulate the renewed 'impetus'. A secondary purpose of this study is of academic nature. It is our

sincere belief that strategic management tools, techniques, and models can be used in all sorts of national and supranational departments, not only defence, throughout the world. This study hopes to add to the efficiency and effectiveness, not only of the EU, but the world we live in.

In general, this study consists of three parts. First, we need to situate ourselves within the elaborate domain of strategic management (1. Understanding strategic management in defence). Second, we're going to explore the topic of our study, EU defence (2. Understanding EU Defence). Last, we'll conduct a strategy analysis and formulation for EU defence (3. Strategic management in EU defence).

1. Understanding strategic management in defence

Before we initiate our study of the current EU defence, we have to take notice of some theoretical principles concerning strategic management and economics in general. First, we're going to define strategic management. Second, we need to have a look at what strategic management signifies in the public sector. Third, we'll discuss basic economic assumptions when studying defence. And last, we'll translate our findings of the previous parts into a theoretical framework to conduct our study.

1.1 Defining strategic management

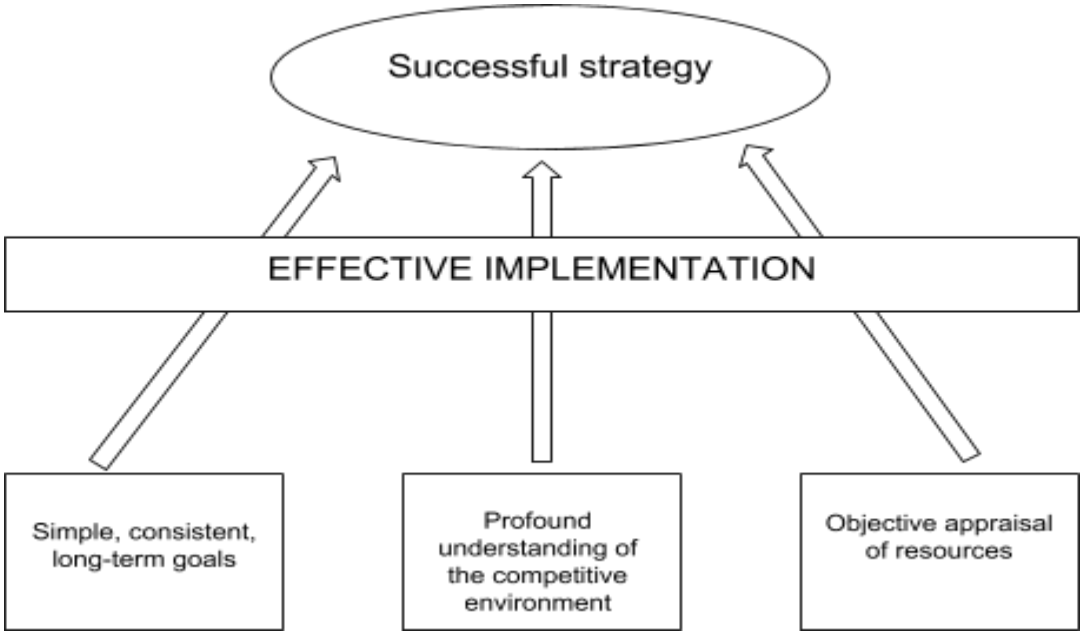
The term strategic management has existed for many decades. During this period many scholars have given their interpretation of what it's supposed to signify. Before launching a definition we need to have a look at the origin of the term and at the origins of the words separately.

The etymological origin of the word strategy can be traced back to the Greek word 'strategia', meaning 'office of command, command, generalship'. The concept of strategy is closely linked to the domain of warfare. One of the oldest recollections of the word can be found in the writings of the Chinese philosopher and military strategist Sun Tzu who lived in 500 BC. In his military treatise *The Art of War* (Sun Tzu, 2003) he argues that strategy can pave the way for victory, and that its absence can be an explanation for loss. In the nineteenth century the Prussian general and military theorist Carl Von Clausewitz repeatedly uses the term in his magnum opus *On War*. Von Clausewitz (1984) claims that war needs to be instrumental - war is a political tool to achieve a certain goal - and strategy can help bring about success. He also asserts that the decision to go to war is based on a cost-benefit analysis and ought to be rational. Finally, Von Clausewitz explores the differences between strategy and tactics. The latter focuses on manoeuvres to win a battle, the former refers to an overall plan to win the war. If we take away the military aspect, we conclude that strategy, in general, can be defined as a rational means to achieve overall success in a competitive sphere.

Strategy forms an ideal tool for business purposes. In *Foundations of Strategy* (2015) the British scholars Robert M. Grant and Judith Jordan mention four

characteristics of a successful strategy: simple, consistent, long-term goals; profound understanding of the competitive environment; objective appraisal of resources; effective implementation of strategy.

FIGURE 1.1: Four characteristics of a successful strategy



(source: Grant & Jordan, 2015, p. 7)

Grant and Jordan claim that a successful strategy can be explained using these four elements. The first three elements were already mentioned in the war denotation of the term strategy, but Grant and Jordan add a dimension. The competitive environment does not only refer to rivals or adversaries, but to the context in its broadest sense. The third element includes a thorough insight of the resources and capabilities at your disposal. The last element already hints at the latter half of the term 'strategic management'.

In *Principles of Management* (2016) the American scholars Talya Bauer, Berrin Erdogan, Jeremy Short, and Mason Carpenter offer insight in the foundations of management. They define management as "the art and science of managing others" (Bauer et al., 2016, p. 9). Management aims at getting the job done through the work of others. Bauer et al. state that they are indebted to the work of the nineteenth and early twentieth century French management theorist Henri Fayol, who described the principles of management as "the activities that "plan, organize, and control the operations of the basic elements of [people], materials, machines, methods, money, and markets, providing direction and coordination, and giving leadership to human efforts, so as to achieve the sought objectives of

the enterprise"" (Bauer et al., 2016, p. 9). Fayol offered the basis for the POLC-framework which stands for planning, organizing, leading, and controlling. These four activities lie at the basis of every thorough management approach in the hope of finding a way to do things better.

The study of strategic management should be viewed within the domain of business strategy. Grant and Jordan (2015) offer a brief history of business strategy. During the 1950s and 1960s business strategy focused largely on 'corporate planning'. Macroeconomic tendencies were forecasted and on the basis of a presumably steady external environment long-term plans were constructed, carried out, and, eventually, evaluated. In 1970s and 1980s there was growing awareness that the external environment was unsteady and difficult to predict, so a new theoretical approach towards business strategy was needed. 'Strategic management' filled the gap, offering insights in how to analyse the industry and to position oneself to create competitive advantage. In the 1990s an internalization emerged within corporate thinking. Within 'strategic management' a new dominant theory appeared. The 'resource-based view' gained ground claiming that the resources and capabilities of the organisation offered the main reason for competitive advantage. In the 21st century there has been a shift towards 'social legitimacy'. Both theory and practice have explored the presence of ethics, the environmental awareness, sustainability, and corporate social responsibility (CSR).

On the basis of the origin of the words 'strategy' and 'management' we can conclude that strategic management has to do with a strategic approach towards the managerial tasks of planning, organising, leading, and controlling in order to achieve success. From the moment the term 'strategic management' became popularized in the 1970s up until now, it has been used as an umbrella to cover a variety of meanings (Joyce, 1999; Desmidt & Heene, 2013). The concept of strategic management has been evolving with and adapting to the changing times, and will continue to do so (Joyce, 1999). The consequence is that, on the one hand, it is necessary to avoid semantic confusion by a cautious attitude towards the use of language and, specifically, terminology. On the other hand, Desmidt & Heene (2013) stress the importance of awareness in which theory or school and approach towards strategic management is embedded.

In the next three parts we'll come to a better understanding of strategic management. First, we'll position ourselves in the theoretical field of strategic management (1.1.1 The positioning school vs. the resource-based school). Then, we'll have a closer look at the strategic management process (1.1.2 The strategic management process). In the last part, we'll explore a helpful format of a strategic management framework (1.1.3 A strategic management framework).

1.1.1 The positioning school vs. the resource-based school

Since the early nineties, two opposing schools of thought have been debating the question whether positioning oneself should start from an internal or an external analysis (Henry, 2011; Desmidt & Heene, 2013). The positioning school[7] (TPS) believes that the external environment needs to be thoroughly analysed and then a strategy is developed. In his famous article 'What is Strategy?' the Harvard Business School professor Michael E. Porter claims that "competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value" (Porter, 1996, p. 64). The reason why a deliberate choice needs to be made depends on the competitive environment. Later on, Porter describes the competitive environment in his equally groundbreaking article *Five Forces that Shape Strategy* (Porter, 2008): competitive rivalry, supplier power, buyer power, threat of new entrants, and threat of substitution. This notion of strategic management is often referred to as strategic fit or an 'outside-in' approach (Henry, 2011).

According to the positioning school, organisations study their external environment before developing a strategy that is compatible with their values. Opposingly, the resource-based school (RBS), or 'inside-out' approach (Desmidt & Heene, 2013), believes that a strategy should be founded on the resources and the capabilities of the organisation before exploiting the possibilities in the external environment. Important thinkers of this school are the two University of Michigan professors Gary P. Hamel and C. K. Prahalad. In *Competing for the Future* (1994) Hamel and Prahalad offer an all-encompassing model for businesses to create competitive advantage starting from their experiences and

[7] The founder of the Boston Consulting Group Bruce Henderson described this approach in his article 'The Origin of Strategy' (1989).

resources. The question whether an organisation should first concentrate on the internal or the external environment remains debated, but both schools agree that both environments should be linked in order to achieve competitive advantage.

In *Strategy is both about resources and positioning* (2015) the Canadian professor Roger L. Martin shrugs his shoulders at the entire theoretical boxing match of TPS versus RBS and has a look at the practice:

> "Think about it. Attempting to stake out an advantaged position in a given market/industry/arena without thinking about the resources necessary to support the advantage is clearly a stupid idea. But equally stupid is to think that one can develop a valuable, rare, inimitable, and non-substitutable resource outside the context of a particular position in a particular market/industry/arena. (...) It is unarguable that you need both." (Martin, 2015)

At the the end of the day the TPS vs. RBS debate resembles to a great extent the chicken or the egg causality dilemma. The two perspectives shouldn't be viewed in terms of either/or, but should rather be seen as opposing two sides of the same coin. The essence of strategy management lies in constantly searching for the 'strategic fit'. Although the concept is traditionally claimed by the RBS camp, Porter mentions it a few times in his authoritative, and mainly TPS-inspired, article *What is Strategy?* (1996). For a definition, we'll rely on the Australian professor Norman A. Chorn: "the principle of strategic "fit" considers the degree of alignment that exists between competitive situation, strategy, organisation culture and leadership style" (1991, p. 20). In other words, the strategic fit lies between the external and the internal environment. The essence of strategic management lies in constantly searching for the perfect fit between the internal and the external environment.

To conclude, we can settle for now with the following preliminary definition: strategic management is the process of creating a business strategy that matches the internal to the external environment with the goal of achieving competitive success. Bearing in mind Desmidt & Heene's advice (2013) concerning the clarity in which school a theory is based, we have to locate our study in the field of tension between the positioning school and the resource-based school.

FIGURE 1.2: Strategic management in the private sector

(source: based on Henry, 2011; Grant & Jordan, 2015)

1.1.2 The strategic management process

As to which steps are part of the strategic management process there's some unclarity in the theoretical debate. Grant and Jordan claim that strategic management "has conventionally been viewed as a two-stage process: first formulation and then implementation" (2015, p. 313). According to this view, strategy formulation can be seen as the translation of strategy in clear objectives. Next, these objectives are implemented in strategy implementation. Grant & Jordan (2015) stress the importance of the interaction or interdependency between the stages. During the implementation process, problems or other unforeseen circumstances might arise, causing reflection and the need to re-formulate the strategy.

Henry (2011) includes the feedback or reflection tendency in his conceptualization of the strategic management process. He distincts three stages, or rather, components in his strategic management process: strategy analysis, strategy formulation, and strategy implementation. Strategy analysis is the thorough analysis of the internal and external environment and all other elements needed to understand and situate the organization. This input is used to formulate a strategy in the strategy formulation component. The last component is strategy implementation where the strategy is implemented. Noteworthy in this interpretation of the strategic management process is that each of these components are interlinked with one another. The feedback/reflection aspect of the process is stressed that way.

Desmidt & Heene (2013) suggest another way of specifying the strategic management process. They describe the strategic management process as a cycle, consisting of four phases: strategy analysis, strategy formulation, strategy implementation, and strategy evaluation.

FIGURE 1.3: The strategic management cycle

(source: translation from Desmidt & Heene, 2013, p. 299)

The strategy evaluation phase externalizes the feedback/reflection aspect which Grant & Jordan (2015) and Henry (2011) mention when referring to the interaction or interdependency of the components. This cycle helps us simplify reality and apply a step by step approach in order to achieve change or improvement.

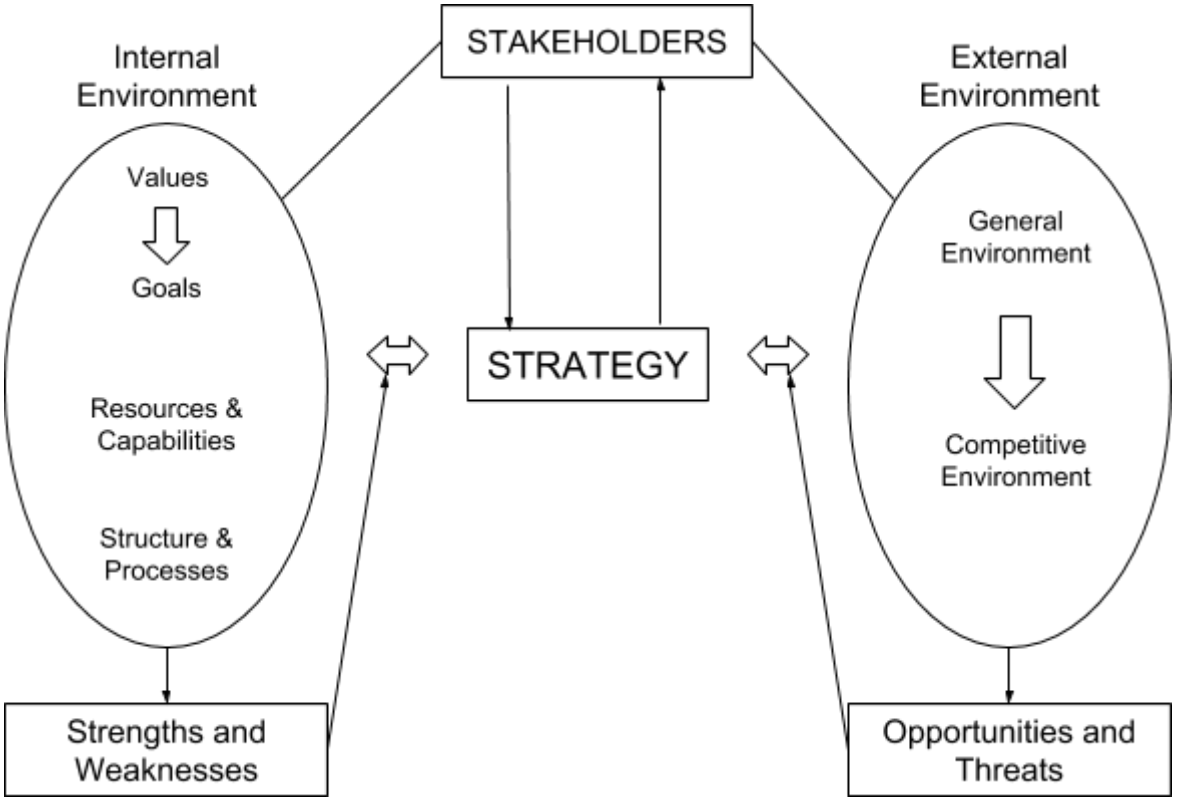
The focus of this study will be for the largest part on the strategy analysis and formulation. Strategy implementation and evaluation will be of minor importance for the simple reason that it has little use to debate the implementation and evaluation if there's no agreement on the analysis and formulation. In the next part we'll have a look at a guiding tool for strategy analysis and formulation.

1.1.3 A strategic management framework

In his book *Understanding Strategic Management* (2011) the British scholar Anthony E. Henry proposes a strategic management framework as a didactic tool

to create insight into and to steer across the various aspects of strategic management. We will use this tool as a point of embarkation:

FIGURE 1.4: A strategic management framework



(source: Henry, 2011, p. 25)

The strength of the framework lies in the fact that it clearly identifies an internal and external environment with at the centre the strategy. The strategy is the "lynchpin between an organization's internal and external environment" (Henry, 2011, p. 24). The strategy needs to create a *strategic fit* between the environments. The framework also stresses the important role of the stakeholders in strategic management. Stakeholders should be actively engaged in the strategy-making process. Stakeholders are actively participating in both the internal and the external environment, as indicated by the lines connecting it with both environments. The management and the staff of the organization are internal stakeholders, while shareholders, suppliers, and the government are external stakeholders. Nevertheless, there isn't always a clear distinction between internal and external stakeholders, e.g. an employee might also be shareholder.

If we focus on the internal environment, we see values at the top of the ellipse. The arrow emerging from values leads to goals. Values are crucial in determining

the goals, the resources and capabilities an organization needs, and the structures and processes required to meet those goals. Goals need to be thoroughly defined for giving direction and motivating the individuals within the firm. Together values and goals determine the sorts of resources gathered, how the organization is structured, and the processes used. Emanating from the internal environment are the strengths and weaknesses of an organization, the opportunities and threats come from the external environment. Within the external environment it's the general environment that influences the competitive environment, e.g. a recurring example in this context is the impact of the digital camera, which was a relatively new technology at the time, on the photographic film industry leading to the bankruptcy of Kodak.

To conclude, it's necessary to point out two things. Firstly, Henry's strategic management framework focuses mostly on the strategy analysis and the strategy formulation. With the exception of the arrows, indicating the interaction between the various parts, the framework tells us little of how to implement the strategy, let alone how to evaluate it. Secondly, Henry has developed the framework for an application to the profit or private sector. Since our domain of research is the EU defence policy we should adapt the framework to the needs of the public sector.

1.2 Strategic management in the public sector

Up until now, we've tapped into theoretical thinking concerning strategic management neglecting basic principles that need to be defined for our study of the EU defence policy. The majority of the theoretical framework that has been erected around strategic management throughout the decades is based on the private sector (Henry, 2011; Grant & Jordan, 2015). The question arises then, is strategic management applicable to the public sector? Instead of answering this question ourselves, we give the floor to Grant & Jordan:

> "The short answer is yes. [...] The benefits we have attributed to strategic management in terms of improved decision making, achieving coordination and setting performance targets may be even more important in the not-for-profit sector. " (Grant & Jordan, 2015, p. 25)

So, we can conclude that strategy is equally important for private as for public organisations. Nevertheless, Grant and Jordan raise an important reservation for the public sector: "many of the same concepts and tools of strategic analysis are

readily applicable to not-for-profits, albeit with some adaptation" (Grant & Jordan, 2015, p. 25). Before we carry on we have to take notice of some basic strategic management and general economic principles in the public sector.

1.2.1 An 'organisation' in the public sector

Before we can understand strategic management in the public sector, we have to define what the focus of our study is. The current EU defence needs to be perceived as an organisation, before we can analyse and propose measures for it. This approach demands a *metaphorical leap of faith*, but is not uncommon if we apply logical reasoning. In strategic management for the public sector also governmental departments, including (the ministry of) defence, are perceived as organisations. In the 2009 *Strategic Management Plan* for the Department of Defense, the Deputy Secretary of Defense William J. Lynn III claims that the "U.S. Department of Defense is the largest organization in the world" (Department of Defense, 2009). Currently, this department is incomplete on an EU level, since defence is mainly a national and not an EU competence. This study starts from the point that if we perceive the current elements on every level as one organisation, we can improve it using the tools and techniques of strategic management.

The American scholar Stephen P. Robbins defines an organisation as "a consciously coordinated social entity, with a relatively identifiable boundary, which functions on a relatively continuous basis to achieve a common goal or set of goals" (1990, p. 4). This general definition offers us a starting point to conduct our study, but two aspects need further explaining. First, with 'consciously coordinated' Moore points out that an organisation needs to divide the taskload between interacting entities to reach a higher efficiency and effectiveness. Second, 'a relatively identifiable boundary' refers to the distinction between the internal and external environment. We can conclude that an organisation is a system of interacting and mutually dependable actors that have a common goal. For now, this goal was vaguely defined as a 'competitive advantage'. Are all organisations competitive? Here, we notice an important difference between so called private and public organisations.

Grant and Jordan (2015) point out that an important difference between private and public organisations is that profit for the former is "a key goal since it ensures survival and fuels development" (Grant & Jordan, 2015, p. 26). For the latter the goals are more complex and not necessarily competitive. Within public organisations Grant and Jordan (2015) recognize three types.

TABLE 1.1: Types of public organizations

	Organizations in competitive environments that charge users	**Organizations in competitive environments that provide free services**	**Organizations sheltered from competition**
Examples	- Royal Opera House - Guggenheim Museum - Stanford University	- Salvation Army - Habitat for Humanity - Greenpeace - Linux	- UK Ministry of Defence - European Central Bank - New York Police Department - World Health Organisation
Analysis of goals and performance	Identification of mission, goals, and performance indicators and establishing consistency between them is a critical area of strategy analysis for all non-profits		
Analysis of the competitive environment	Main tools of competitive analysis are the same as for for-profit firms	Main arena for competition and competitive strategy is the market for funding	Not important. However, there is inter-agency competition for public funding
Analysis of resources and capabilities	Identifying and exploiting distinctive resources and capabilities critical to designing strategies that confer competitive advantage		Analysis of resources and capabilities essential in determining priorities and designing strategies
Strategy implementation	The basic principles of organizational design, performance management, and leadership are common to all organizational types		

(source: Grant & Jordan, 2015, p. 26)

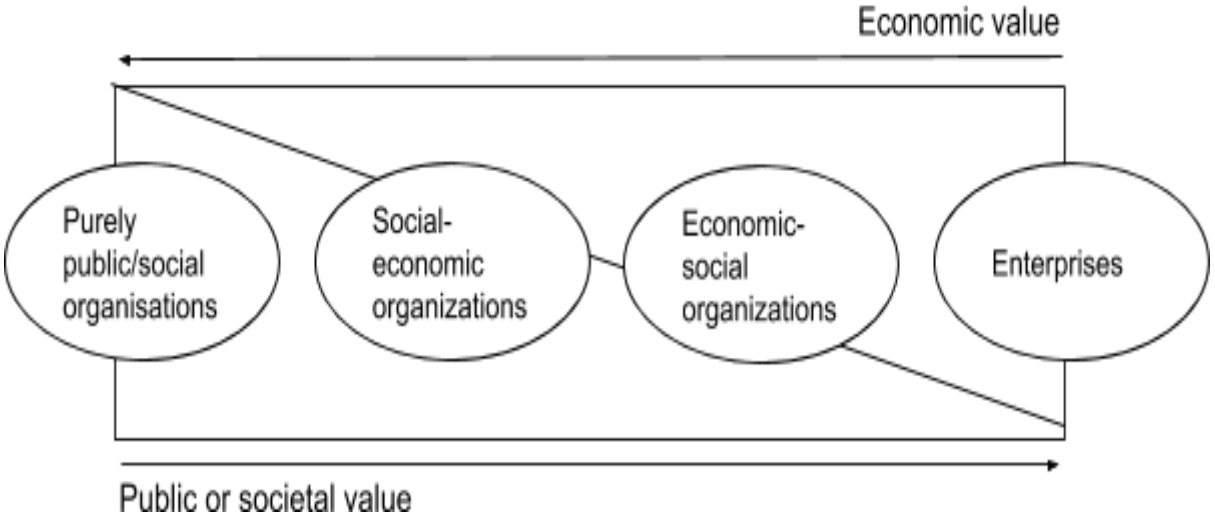
The EU defence should be located in the right column as an 'organization sheltered from competition', parallel to the UK Ministry of Defence. This type of organisation is characterised internally by a need to coherently identify the mission, goals, and performance indicators, and a need to establish an objective appraisal of resources and capabilities. Externally, for this sort of organisation the competitive environment is of a minor importance, with the exception of the 'inter-agency competition for public funding'[8]. The basic principles of strategy implementation should be taken into account when reviewing an 'organization sheltered from competition'.

At this point, it is necessary to define the complex goal, or goals, that is pursued by an organisation as 'the creation and distribution of value'. The notion of value is perceived in different ways by various types of organisations. The Belgian

[8] See 1.3: 'the guns versus butter trade-off'.

scholars Sebastian Desmidt and Aimé Heene (2013) distinguish on the basis of the finality of value creation and value distribution that is sought by an organisation four types of organisation: 'purely public/social organisations', 'social-economic organisations', 'economic-social organisations', and 'enterprises (or private organisations)'.

FIGURE 1.5: Public value vs. economic value



(source: Desmidt & Heene, 2013, p. 38)

Within 'purely public/social organisations' the stress is on the achievement of a societal goal. The creation and distribution of a public or societal goal is put central. The government, political parties, and a ministry of defence are examples of these organisations. 'Social-economic organisations' pursue the social and economic goals , but the societal value creation and value distribution clearly have priority on an economic level. In 'economic-social organisations' the economic value creation and value distribution is of greater importance. The choice to offer a service within a certain economic context with social motives, emanates not necessarily from a social passion rather from a corporate economic stance. Lastly, 'enterprises' are driven by economic value creation and value distribution. Although theoretically these types of organisations clearly differ, in practice we notice that the differences seem to fade away. On the one hand, enterprises display social legitimacy in the form of ethics, the environmental awareness, sustainability, corporate social responsibility, etc. (Desmidt & Heene, 2013).

In the next part, we'll explore the concept of value within a public organisation.

1.2.2 Creating public value in strategic management

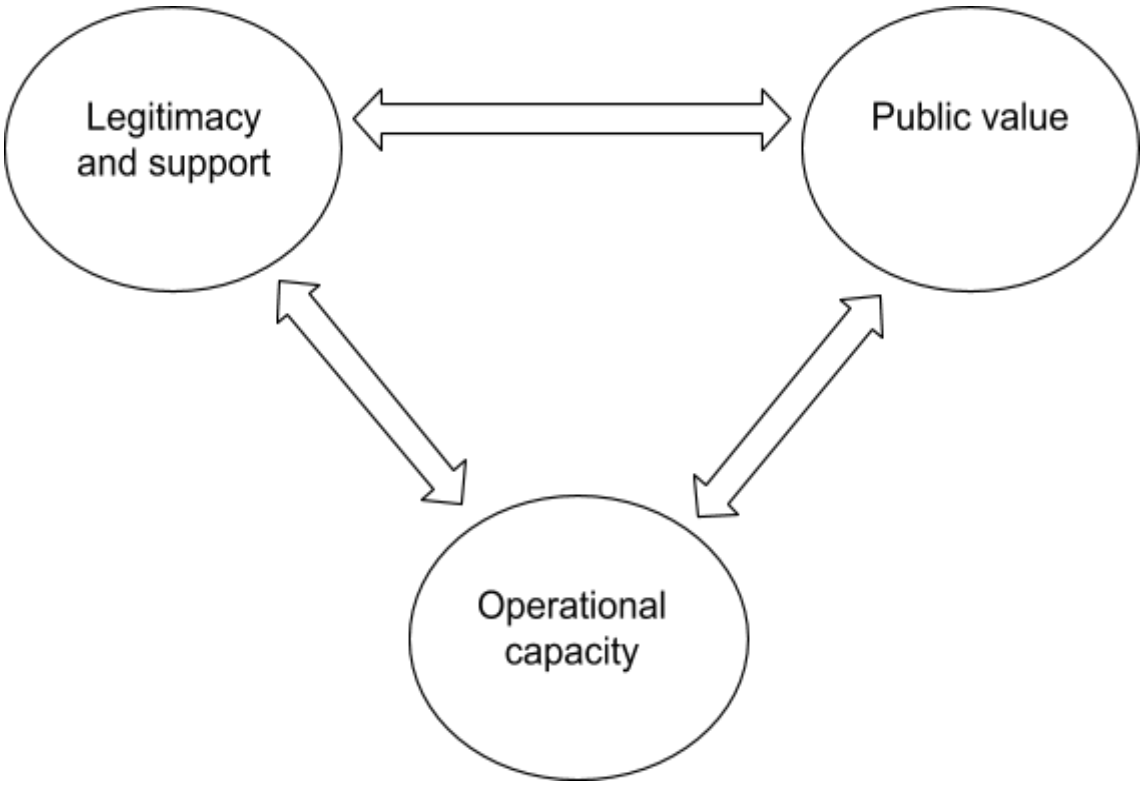
The theories of strategic management above focus almost entirely on strategic management within the private sector. For private organisations value is expressed in terms of profit, or maximising the shareholder's wealth. The public sector defines value in a different way.

The Harvard University professor Mark H. Moore is the authority in the field of public value. In his article *Public Values as the focus of Strategy* (1994), Moore claims that, although public value is difficult to define, it can generally be conceived in four ways:

- 'public value as the achievement of political mandates': public managers are often appointed by the political world and as a reciprocal service they have to carry out political goals;
- 'public value as the achievement of professional standards': sometimes public managers rely on the standards of academic (professors, researchers, etc.) and non-academic (CEOs of private organisations, generals, etc.) experts for the creation and distribution of public value;
- 'reckoning public value through analytic techniques': public value is determined through the use of analytical tools, e.g. calculating the costs and benefits of certain measures.
- 'value as stakeholder and customer satisfaction': if the public sector is perceived from a purely private perspective, the general public can be perceived as individual consumers and stakeholders whose satisfaction can be measured and taken into account for the creation and distribution of public value.

In *Creating Public Value. Strategic Management in Government* (1995) professor Mark H. Moore claims that public value can only be achieved when two fundamental elements are present: goods and services and an organisation. For the former, strategies need to be developed that the public experiences as appropriate, as 'fitting'. These strategies are supported by the latter, an organisation, whose very existence is tailored to the needs of the public. Moore elaborates this observation with his 'strategic triangle' (1995).

FIGURE 1.6: Moore's strategic triangle

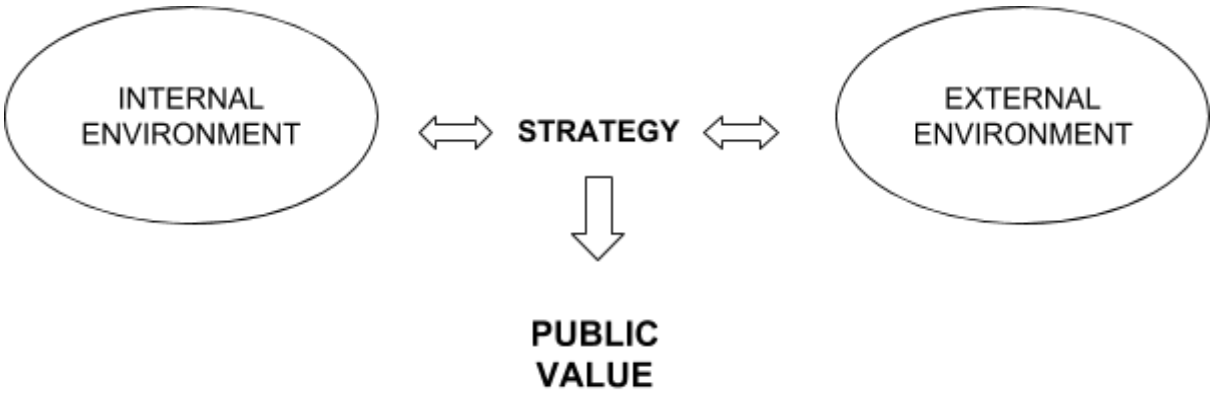


(source: Moore & Khagram, 2004, p. 3)

The strategic triangle explains that public value is created when an action or a strategy is democratically legitimised (e.g. the support of the public), and enjoys the support of the authorizing government (e.g. the support of the current administration), and when the government has the operational capacity (resources and capabilities) to implement the action or strategy effectively. The arrows in the graphical representation above show that there's also a feedback system in place. When a strategy generates public value, a greater legitimacy and support (e.g. the public has greater belief in the government) is created, operational capacity is enlarged (e.g. financial resources are more easily obtained), and so on.

To conclude, we have to modify our preliminary strategic management definition to public sector standards: strategic marketing in the public sector is the process of creating a strategy that matches the internal to the external environment with the goal of achieving public value.

FIGURE 1.7: Strategic management in the public sector



(source: based on Grant & Jordan, 2015; Henry, 2011; Moore, 1995)

1.3 Understanding the economics of defence

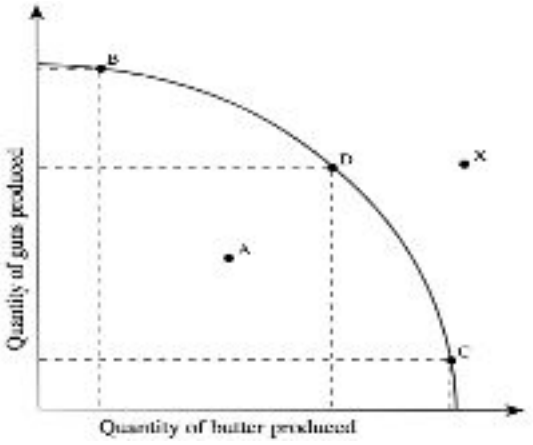
In *The Economics of Defence Policy* (2011) the British professor and defence specialist Keith Hartley points out two economic characteristics that distinct the defence sector from other sectors. First, defence, and peace, is a public good that is non-excludable and non-rival. In other words, defence is a service that is provided without profit by the government and in a way that doesn't arouse rivalry or exclusion. Your consumption of a city's air defence is not at the cost of me being protected. And if you lived in a certain country, I couldn't have prevented you from being protected by the country's ground troops in a war. Second, since governments are the major purchasers of military services (i.e. personnel) and military commodities (i.e. military equipment, weapons, etc.) their procurement choices affect the entire defence industry. On the one hand, defence oriented organisations will seek government contracts, obeying and, at times, influencing the economic laws of supply and demand. In his farewell address the 34th American president and five star general Dwight Eisenhower referred to the corrupting influence of the 'military-industrial complex', the link between the nation's military and the arms industry (Eisenhower, 1961). On the other hand, politicians will prefer contracts to be given to organisations in their region or homeland to secure political support.

In 2007 Keith Hartley and his American counterpart professor Todd Sandler published *Handbook of Defense Economics volume 2*. According to Sandler and Hartley, defence economics "applies the tools of economics to the study of defense and defense related issues including defense policies and industries,

conflict, arms races, disarmament, conversion, peacekeeping, insurgencies, civil wars, and terrorism" (Sandler & Hartley, 2007, p. 611). This notion of defence economics covers a wide load, but at the heart lies an essential decision that needs to be made by every government, the 'guns versus butter trade-off'. After the death of Stalin in 1953, the American president Dwight D. Eisenhower expressed this choice in his 'Chance for Peace' speech: "Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed" (Eisenhower, 1953). Every government has to make the consideration whether to invest in defence or in civilian goods. The consequence of choosing for one denotes that they can spend less on the other. A government has to choose between two options when spending its finite resources.

Key elements that lie at the centre of macroeconomics are choice and scarcity. Decisions need to be made when resources are scarce. The 'guns versus butter trade-off' is an example of the 'production-possibilities frontier'.

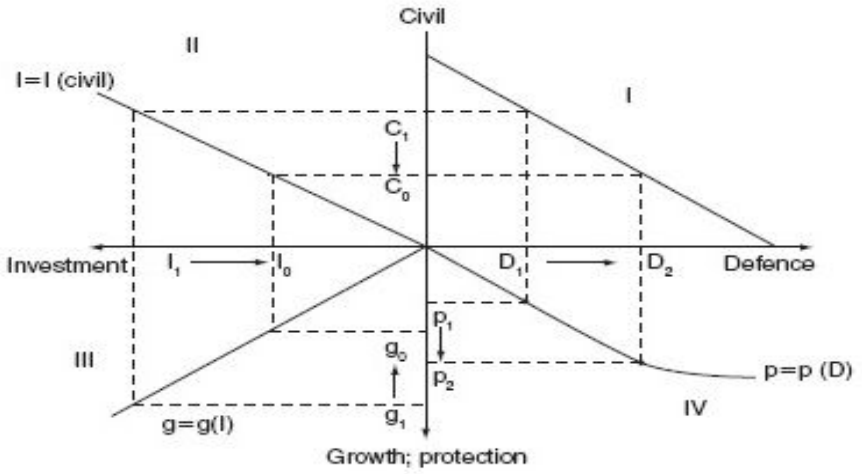
FIGURE 1.8: The production-possibilities frontier



(source: based on Goodwin et al., 2015)

The curved line represents the production-possibilities frontier. Point x beyond the line is impossible to achieve, while the points b, c, and d represent the difficult trade-off between guns and butter. At these levels of production, producing more guns means producing less butter, and vice versa. Point a is the point where there's an equal production and possibility on both sides. Professor Hartley (2011) draws a similar conclusion:

FIGURE 1.9: Defence spending and the economy



(source: Hartley, 2011, p. 35)

Quadrant I of the diagram above shows that when more is spent on defence less is spent on civil goods and services. Quadrants II and III show that a higher expenditure in defence leads to reduced investment and weighs on the economy's growth rate. Quadrant IV explains that an increase in defence expenditure is likely to produce benefits for society in the form of civilian protection. What Hartley's diagram doesn't mention is the small return on investment when defence expenditure is increased with the relation to job creation in civil goods and services.

To conclude, just like any other governmental department defence can gain from a strategic management approach to create a strategic fit between the internal and external environment in order to create public value.

1.4 Using strategic management in defence

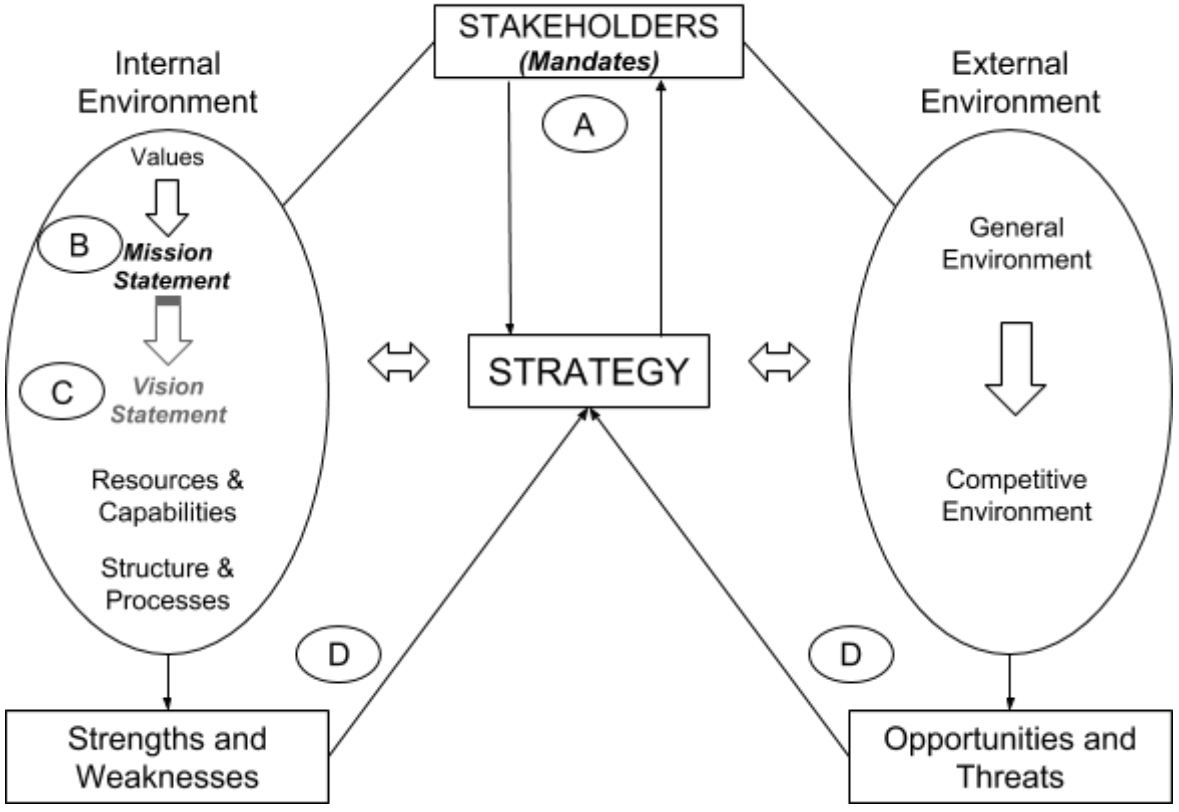
The use of strategic management in defence isn't that uncommon. Certainly not if we take into account that strategy, bearing in mind Sun Tzu and Von Clausewitz, lies at the basis of organized warfare. In many defence documents strategic management lingo is used (US Department of Defense, 2008; Vandeput, 2016). In 2009 the US Department of Defense published even a *Strategic Management Plan* (US Department of defense, 2009) publicly accessible. At Cranfield University (UK) one can even attend a class titled: Strategic Management in Defence. In the academic sphere not many literature can be found on this topic, so it's necessary to convert or develop tools,

techniques, and models from strategic management for the private sector. On the whole, strategic management in the defence sector is a relatively new, but essential branch in the study of defence.

1.4.1 Developing a strategic management framework for defence

Starting from Henry's strategic management framework, we have developed a framework including the most important tools and techniques to conduct a strategy analysis and formulation. The aim is to arrive at a comprehensive framework that allows us to analyse an organization in the public sector and formulate a possible strategy. The tools and techniques are mostly taken from Henry (2011), Desmidt & Heene (2013), Grant & Jordan (2015), and Bryson (2018).

FIGURE 1.10: A strategic management framework for the public sector



(source: based on Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011)

Compared to Henry's strategic management framework mentioned above there are four major differences[9], following Desmidt & Heene (2013) and Bryson (2018). Firstly, (A) the concept of 'mandates' is introduced in the framework.

[9] The differences are indicated in bold and italics in the figure.

Mandates emanate from the stakeholders and allow the organisation to determine what it can and can't do. Secondly, (B) instead of using 'goals' we prefer to use the concept of the 'mission statement' in the internal environment. It's more commonly used in academic literature and we can avoid semantic confusion (Bryson, 2018; Desmidt & Heene, 2013; Joyce, 1999). Thirdly, (C) The mission statement and aspects of the external environment offer the input to generate a vision statement, a key aspect for the development of a suitable strategy. The vision statement is indicated in grey, and not black typography, since it holds this exceptional internal and external status. Lastly, (D) the strengths, weaknesses, opportunities, and threats of the so-called SWOT analysis that emerge after studying the internal and external environment will generate the input for a fitting strategy.

The result is a comprehensive framework that will guide us through our exploration. Every aspect of the framework will be discussed on a theoretical and a practical level, applied to EU defence.

2 Understanding EU Defence

Currently, there's a lack of coherence in EU defence owing to, on the one hand, the role of the EU member states and, on the other hand, the role of the various EU and non-EU defence organizations and initiatives. To create an understanding of the evolution till the current EU defence, we're going to submerge first in international relations and EU theory (2.1 Theory of International Relations ; 2.2 Theory of European Integration). Secondly, we'll have a look at the recent history of EU defence and the creation of EU defence policy (2.3 The recent history of EU defence: incremental steps). Last, we'll discuss current EU initiatives profoundly impacting the course EU defence is heading (2.4 Between impetus and impotence).

2.1 Theory of International Relations

Two theories offer the perfect introduction to the complex matter of International Relations (IR) theory: liberalism and realism. The opposition between the optimistic view of liberalism and the pessimistic view of realism is one of the most keenly debated issues and runs as a schism through the IR theoretical field (Jackson and Sørensen, 2007).

The origins of liberalism as an international relations theory can be traced back to the beginning of the interbellum. After the horror of World War I, the 28th American president Woodrow Wilson answered the call for optimism with his view on international relations, later dubbed 'utopian liberalism'. At the basis of liberalism lie three core assumptions: "a positive view of human nature"; "a belief in progress"; "a conviction that international relations can be cooperative, rather than conflictual" (Jackson and Sørensen, 2007, p. 97). The even more dramatic events of World War II proved Wilson's view on international relations theory inaccurate. But in the 1950s, 1960s, and 1970s liberalism received new input, leading to various theories under the umbrella of neoliberalism: 'institutional liberalism', 'republican liberalism', 'sociological liberalism', and 'interdependence liberalism' (Jackson and Sørensen, 2007). The latter two need clarification for the scope of our study. Sociological liberalism focuses on the 'transnational' relations between people, groups, and organizations belonging to different countries. Interdependence liberalism studies the effects of (trans)national relations between countries. These relations, mostly situated in

the economic sphere (e.g. trade), can deepen the contact between countries and allow them to pursue a common goal. The European integration process is often perceived in this way.

Within the domain of realist IR theory a distinction is made between 'classical realism' and 'structural realism'[10]. To understand classical realism one must trace its origins in the IR debate. Classical realism, as we know it today, came into existence in the 1930s as a response to the failures of utopian liberalism. At the basis of classical realism lie the following ideas and assumptions: "(1) a pessimistic view of human nature; (2) a conviction that international relations are necessarily conflictual and that international conflicts are ultimately resolved by war; (3) a high regard for the values of national security and state survival; (4) a basic scepticism that there can be progress in international politics that is comparable to that in domestic political life" (Jackson and Sørensen, 2007, p. 60). Furthermore, classical realism is based on the belief that the international system is characterized by anarchy. Within this system states function like unitary actors, driven by a sense of unrelenting self-interest.

Whereas classical realists emphasize a pessimistic view on human nature and the defence of state interest (Morgenthau, 1948), structural realism focuses on the structure of the system that is anarchic and leads to a balance of power between states (Waltz, 1979). Classical realism is a rather normative theory that can be applied to many historical periods. Structural realism is rather scientific and is currently the dominating theory, for the simple reason that it is 'the most prominent theory in the United States, which is home to by far the largest number of international relations scholars in the world' (Jackson and Sørensen, 2007, p. 61).

In the article *Games International-Relations Scholars Play* (1967) the American professor James N. Rosenau claims that the various international relations theories are mistakenly perceived as direct rivals. Instead they should be seen as different games playing on different levels. Each of these theories have their explanatory power, but also their limitations, and therefore it is the task of the

[10] The latter is also referred to as 'contemporary realism' or 'neorealism'.

attentive researcher to find the most suitable one depending on the case study at hand. When we describe the relations between and the motivations of countries during a longer space of time it is noteworthy that these theories can be used in a complementary way.

2.2 Theory of European Integration

For the scope of our study it's necessary to limit ourselves to the exploration of the "two great monoliths at the gate of the study of European integration since the 1970s" (Hix, 2005, p. 15): neofunctionalism and intergovernmentalism[11].

The grand theories of the EU study emerged in the early 1960s and tried to come up with an explanation for the process of European integration, and its obstacles. The German-American political scientist Ernst B. Haas is the founder of neofunctionalism. Haas described the European integration as a teleological process, in which "a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more, and so forth" (Lindberg, 1963, p. 9). This process is called 'spillover'. Neofunctionalists believe that the driving forces behind the spillover are non-state actors rather than the sovereign nation states. They belong to the liberal school, and more specifically sociological and interdependence liberalism. European integration is perceived as a process that is driven by domestic interest groups (such as unions, political parties, corporate groups, etc.) who pursue their economic and ideological goals. At the same time the European institutions want to strengthen their influence through assigning more power to the supranational level in order to increase their influence over policy outcomes (Hix, 2005, p. 15). Neofunctional theory was used to explain the early successes of European integration in the 1960s. But at a certain point, this process began to halter and new theoretical input was necessary to explain the delay.

During the 1960s, it became clear that the European Community (EC) brought about an interesting dynamic between the European nation states. The

[11] For the scope of our study we're going to leave aside the three more recent theoretical constructs of EU theory: liberal intergovernmentalism, supranational governance, and rational choice institutionalism (Hix, 2005).

Austrian-born Harvard professor Stanley Hoffmann rejected the outcome of neofunctionalism and instead proposed the theory of intergovernmentalism. Hoffmann claimed that interests and actions of the European governments determine the level and speed of European integration. Intergovernmentalism was strongly influenced by the principles of classical realism[12]: 'the main aim of governments is to protect their geopolitical interests, such as national security and sovereignty' (Hix, 2005, p. 15). Hoffman's intergovernmentalism denounces neofunctional notions like the concept of spillover and the idea that supranational organisations are, in terms of political influence, on an equal level as national governments.

The contemporary evolutions in EU defence must be located within the dichotomous theoretical field of tension between neofunctionalism and intergovernmentalism.

2.3 The recent history of EU defence: incremental steps

The end of the Cold War and historic events in and around Europe led to the first cautious, hence 'incremental', steps towards the integration of an EU defence. The introduction of the 1992 Maastricht Treaty saw the birth of the three pillar system of which the second was the Common Foreign and Security Policy (CFSP). Although the CFSP saw the North Atlantic Treaty Organisation (NATO) as sole responsible for the territorial defence of Europe, it left the door ajar for exclusive European initiatives. The Maastricht Treaty mentioned some security matters, including both common positions and joint actions (Council on the European Communities et al, 1992). The Persian Gulf War and the disintegration of former Yugoslavia revealed Europe's incapacity to deal with internal and external security threats, hence Mark Eyskens' quote (Whitney, 1991) that delivered the title of this study.

A first baby step, and not a giant leap, towards a Security and Defence Union was taken with the 1997 incorporation in the *Treaty of the European Union* of the so called 'Petersberg tasks'[13] which allowed for humanitarian and rescue missions, peacekeeping, and crisis management, including peacemaking, in

[12] See 2.1 Theory of International Relations.
[13] These tasks were first defined in the Petersberg Declaration during a ministerial summit of the Council of the Western European Union on 19 June 1992 at Hotel Petersberg, near Bonn in Germany.

accordance with the principles of the United Nations. When the Amsterdam treaty came into force in 1999 it included the creation of the European Security and Defence Policy[14] (ESDP) under the CFSP. The ESDP/CSDP[15] paved the way for the first European joint military actions. Despite several opportunities (Macedonia, Iraq, and Afghanistan) the CSDP remained an ineffective initiative during its initial stage (1999-2002). The ineffectiveness was caused by the division among EU member states whether to send military support under a European or a national flag. A problem that can be traced back to the earliest defence initiatives on a supranational, European level if we bear in mind the efforts surrounding the European Defence Community[16] (EDC) of the early 1950s.

On 1 February 2003 the Nice treaty came into force paving the way for a growing number of CSDP humanitarian and military operations, within the framework of the Petersberg tasks. On 12 July 2004, the European Defence Agency (EDA) came into being. The EDA is an agency of the EU to facilitate and to promote the integration between the EU member states within the boundaries of the CSDP. With the exception of Denmark that has an opt-out status, owing to a no vote at the Maastricht referendum of 1992, all EU member states are part EDA. EDA reports directly to the European Council and is headed by the High Representative.

The 2009 Lisbon Treaty gave way to new impulses in the domain of European defence. Firstly, a post was created at the head of the CSDP for the proposition and implementation of CSDP decisions: the Union's High Representative for Foreign Affairs and Security Policy and vice-president of the European Commission (HR/VP). Secondly, article 42 of the Treaty of the European Union supplies the legal tools for substantial military integration within the institutional framework of the union. Thirdly and lastly, the treaty created an opening for a group of member states to team up and engage in military activity, the so-called Permanent Structured Cooperation (PESCO). High expectations were held for the European Council meeting on defence of 19 and 20 December 2013. The

[14] The successor of the European Security and Defence Identity (ESDI).
[15] Since the 2009 Lisbon Treaty the ESDP is referred to as the Common Security and Defence Policy (CSDP). We'll subsequently be using the term CSDP.
[16] See 0. Introduction, par. 6.

development of an all encompassing plan for a European defence integration was announced and although some joint military projects were agreed upon the high expectations in terms of EU defence integration weren't met (European Council, 2013).

In the consecutive parts, we'll discuss the missions and operations that have been carried out, or going on at the moment, within the framework of CSDP and initiatives that have been undertaken to arrive at a permanent EU military force.

2.3.1 CSDP missions and operations

When it comes to CSDP interventions, the EU makes a distinction between civilian missions and military operations. The former refers to interventions focusing on civilian aspects (police, strengthening the rule of law, capacity building, etc.), the latter focuses on actual military interventions with the use of military force within the CSDP framework, inspired by the Petersberg tasks. There's also a difference between executive (in charge) and non-executive interventions (not in charge). In the two tables below the missions and operations are summarized with the addition of to what extent the mandate was fulfilled by the end of 2015, according to Michael E. Smith (2017b) professor international relations at the University of Aberdeen. First, we'll have a look at the missions and operations that are completed.

TABLE 2.1: List of completed CSDP missions and operations (2003-2016)

Abbreviation	**Name**	**Launched - ended[17]**	**Mission or operation**	**Executive - or non-executive [18]**	**Mandate[19] (level of fulfilment)**
EUPM/BiH	European Union Police Mission Bosnia and Herzegovina	1 January 2003 - 30 June 2012	M	E	Moderate or partial level of completion
CONCORDIA/ FYROM	European Union Military Operation Former Yugoslav Republic of Macedonia	31 March 2003 - 15 December 2003	O	E	High level of completion
EUPOL Afghanistan	European Union Police Mission Afghanistan	1 January 2006 - 31 December 2016	M	N	Moderate or partial level of completion
EUPOL PROXIMA/	European Union Police Mission Former Yugoslav	15 December 2003 - 14 December	M	N	High level of completion

[17] Based on information retrieved from EEAS (2016).
[18] Based on information retrieved from Smith (2017b), source is incomplete.
[19] Idem.

FYROM	Republic of Macedonia	2005			
EUPAT	European Union Police Advisory Team Former Yugoslav Republic of Macedonia	15 December 2005 - 14 June 2006	M	N	High level of completion
EU SSR Guinea-Bissau	European Union Mission in Support of Security Sector Reform Guinea-Bissau	12 February 2008 - 30 September 2010	M	N	Moderate or partial level of completion
EUFOR Tchad/RCA	European Union Military Operation Chad and the Central African Republic	17 March 2008 - 15 March 2009	O	E	High level of completion
EUJUST THEMIS/ Georgia	European Union Rule of Law Mission Georgia	16 July 2004 - 14 July 2005	M	N	Moderate or partial level of completion
EUJUST LEX-Iraq	European Union Integrated Rule of Law Mission Iraq	1 July 2005 - 31 December 2013	M	N	Moderate or partial level of completion
EUAVSEC South Sudan	European Union Aviation Security Mission South Sudan	February 2013 - January 2014	M	/	/
EUMAM RCA	European Union Military Advisory Mission Central African Republic	March 2015 - July 2016	M	N	Low/none, or too early to tell
ARTEMIS/DRC	European Union Military Operation Democratic Republic of the Congo	12 June 2003 - 1 September 2003	O	E	High level of completion
EUPOL RD CONGO	European Union Police Mission Democratic Republic of the Congo	1 July 2007 - 30 September 2014	M	N	High level of completion
EUSEC RD CONGO	European Union Security Sector Reform Mission Democratic Republic of the Congo	8 June 2005 - 8 December 2016	M	N	Moderate or partial level of completion
EUPOL KINSHASA (DRC)	European Union Police Mission Kinshasa	12 April 2005 - 30 June 2007	M	N	High level of completion
EUFOR RD Congo	European Union Military Operation Democratic Republic of the Congo	12 June 2006 - 30 November 2006	O	E	High level of completion
EUFOR RCA	European Union Military Operation Central African Republic	10 February 2014 - 23 March 2015	O	E	High level of completion
Aceh Monitoring Mission - AMM	European Union Monitoring Mission Aceh	15 September 2005 - 15 December 2006	M	E	High level of completion

(source: based on EEAS, 2016; Smith, 2017b)

Next, we'll have a look at the CSDP missions and operations that were going on till May 2016 (EEAS, 2016).

TABLE 2.2: List of current CSDP missions and operations (2003-2016)

Abbreviation	**Name**	**Launched**	**Mission or operation**	**Executive - or non-executive[20]**	**Mandate[21] (level of fulfilment)**
ALTHEA/BiH	European Union Military Operation Bosnia and Herzegovina	2 December 2004	O	E	Moderate or partial level of completion
EU NAVFOR Somalia	European Union Naval Force Somalia	5 November 2008	O (Operation Atalanta)	E	High level of completion
EUAM Iraq	European Union Advisory Mission Iraq	22 November 2017	M	/	/
EUAM Ukraine	European Union Advisory Mission Ukraine	December 2014	M	N	Low/none, or too early to tell
EUBAM Libya	European Union Integrated Border Assistance Mission Libya	May 2013	M	E	Low/none, or too early to tell
EUBAM Moldova and Ukraine[22]	European Union Border Assistance Mission Moldova and Ukraine	1 December 2005	M	E	Moderate or partial level of completion
EUBAM Rafah	European Union Border Assistance Mission Rafah	25 November 2005	M	E	Low/none, or too early to tell
EUCAP Somalia	European Union Regional Maritime Capacity Building Horn of Africa and the Western Indian Ocean	16 July 2012	M	/	/
EUCAP Sahel Mali	European Union Capacity Building Mission in Mail	April 2014	M	N	Low/none, or too early to tell
EUCAP Sahel Niger	European Union Capacity Building Mission Niger	July 2012	M	N	Moderate or partial level of completion
EULEX Kosovo	European Union Rule of Law Mission in Kosovo	9 December 2008	M	E	Moderate or partial level of completion
EUMM Georgia	European Union Monitoring Mission Georgia	1 October 2008	M	N	Moderate or partial level of completion
EUNAVFOR MED Operation Sophia	European Union Naval Force Mediterranean	22 June 2015	O	E	Moderate or partial level of completion

[20] Based on information retrieved from Smith (2017b), source is incomplete.
[21] Idem.
[22] This mission isn't managed within the CSDP framework (EEAS, 2016).

EUPOL COPPS /Palestinian Territories	European Union Police Mission Palestinian Territories	1 January 2006	M	/	/
EUTM RCA	European Union Training Mission Central African Republic	16 July 2016	M	/	/
EUTM Somalia	European Union Training Mission Somalia	10 April 2010	M	N	Moderate or partial level of completion
EUTM-Mali	European Union Training Mission Mali	18 February 2013	M	N	Moderate or partial level of completion

(source: based on EEAS, 2016; Smith, 2017b)

We can conclude that the EU has been quite busy in its neighbourhood with missions and operations. Characteristic for these interventions is that they're all ad hoc, meaning that EU member states have the right to decide on the spot if they want to participate yes or no and to what extent.

A grand permanent EU intervention force ready to act at all times is still in the making.

2.3.2 Practically no permanent initiatives

Many steps towards a grand permanent EU intervention force on an EU level have been undertaken. The two most prominent initiatives were the European Rapid Reaction Force (ERRF) and the Synchronised Armed Forces of Europe (SAFE).

The ERRF was conjured up under the name the Helsinki Headline Goal during the Helsinki European Council meeting in December 1999. The ERRF was expected to be deployable in 2003, but only became available under the name EU Battle Group on 1 January 2007. The EU Battle Groups under the auspices of CSDP are "multinational, military units, usually composed of 1500 personnel each and form an integral part of the European Union's military rapid reaction capacity to respond to emerging crises and conflicts around the world" (EEAS, 2017, par. 1). The focus of the EU Battle groups remains within the boundaries of the Petersberg tasks. The EU Battle Groups became operational since 2007 "and have proven their value as a tool for defence cooperation and transformation, issues relating to political will, usability, and financial solidarity have prevented

them from being deployed" (EEAS, 2017, par. 1) up until today. In June 2004 the European Council approved to set out the Headline Goal 2010 for the development of the ERRF into a military force for crisis management operations of the whole spectrum. Eventually, this goal wasn't pursued owing to a lack of political willingness.

A next step towards a permanent military EU force was taken on 20 February 2009 when the European Parliament (EP) voted in favour of the construction of SAFE. The idea was to create an entity controlled by an EU directorate and with its own training standards and operational doctrine. SAFE arose in the slipstream of the Lisbon Treaty allowing for Permanent Structured Cooperation in Defence (PSCD) between a subset of willing member states. Eventually, SAFE was never put into practice. Instead from 2009 onwards there have been the ad hoc-missions[23] within the boundaries of the Petersberg tasks. Nevertheless, the criteria established in the PSCD Protocol gave the building blocks for a further and deeper cooperation of EU defence policy.

2.4 Recent defence initiatives: between impetus and impotence

Looking back on the recent history of the European security and defence integration, we have to admit that only 'incremental' steps have been taken. Still, many initiatives need to be taken and obstacles overcome to bridge Hill's capability-expectations gap towards a Security and Defence Union with the necessary military capabilities. The appointment on 1 November 2014 of both Jean-Claude Juncker and Federica Mogherini as respectively president of the European Commission and High Representative (HR/VP) has given a fresh start to the EU defence cause. The new buzzword that has been repeatedly used in the field of EU defence cooperation[24] is 'impetus'[25]. At the same time the road is still long towards a security and defence union. In other words, the danger exists of falling into political impotence. Nevertheless, the majority of the new defence initiatives can be traced back to the publication of a new EEAS strategy.

[23] See 2.3.1 CSDP missions and operations.
[24] Interestingly, the neofunctionalist inspired term 'integration' seems to be replaced by the more temperate and intergovernmentally inspired 'cooperation'.
[25] Impetus is the name of the EEAS magazine and is used in various EU documents.

On the 28th of June 2016 the *Shared Vision, Common Action: A Stronger Europe*. *A Global Strategy for the European Union's Foreign And Security Policy* (EEAS, 2016b), or sometimes referred to as *European Union Global Strategy* (EUGS), was adopted, replacing the *European Security Strategy* of 2003. The EUGS is the current doctrine for the development of a higher effectivity in EU security and defence issues in its widest sense, hence the term 'global'. The idea is to provide a coherent framework for conducting the EU's external action, within the legal boundaries of the EU. In concrete terms, any initiative undertaken in the sphere of security and defence should match the EU's stance concerning environment, migration, climate, energy, culture, and so on.

The new strategy externalized in the EUGS remains firmly within the legal framework of the two constitutional base texts that form the two legislative legs on which the EU is founded: *Consolidated Version of the Treaty of the European Union*[26] (European Union et al, 2016) and *Consolidated Version of the Treaty on the Functioning of the European Union*[27] (European Union et al, 2016b). The former came into force with the Treaty of Maastricht (1993) and the latter with the Treaty of Rome (1958). These two treaties explain how the EU functions and there are many other treaties that are linked to them. Along the years TEU and TFEU have been amended regularly, the most recent being the Lisbon Treaty which came into force in 2009. The EU can only manoeuvre within the competences allowed by these treaties.

The EUGS is complemented by the document *Implementation Plan on Security and Defence*[28] (Council of the European Union, 2016), a document detailing the implementation of the EU's global strategy. On 14 November 2016 the HR/VP proposed the *IPSD* to the Council of European Union. This document contained explicit goals on how to implement the EU Global Strategy: (1) the identification of the related capability development priorities; (2) the deepening of defence cooperation and the delivery of the required capabilities together; (3) the adjustment of the EU's structures for situational awareness, planning, conduct, and the rapid response toolbox; (4) the increase of financial solidarity and

[26] Abbreviated as TEU.
[27] Abbreviated as TFEU.
[28] Abbreviated as IPSD

flexibility and the search for defence funds; (5) make full use of PESCO; (6) strengthening the CSDP partnership (Council of the European Union, 2016).

A month later, the European Council endorsed the plan focusing on three strategic priorities: responding to external conflicts and crises, building the capacities of partners, and protecting the EU and its citizens (European Council et al, 2018b). The concrete actions to reach these goals are (1) launching a Coordinated Annual Review on Defence (CARD) to enhance defence cooperation between member states; (2) establishing a permanent structured cooperation (PESCO) to strengthen defence cooperation among those member states willing to go further in this cooperation; (3) setting up a Military Planning and Conduct Capability (MPCC) to improve crisis management structures; and, (4) strengthening the EU's rapid response toolbox, including the EU battlegroups and civilian capabilities (European Council et al, 2018b).

In December 2016, the HR/VP Federica Mogherini presented a defence package to the European Council on three key interlinked elements: (1) the implementation of the Global Strategy in the area of security and defence; (2) European Defence Action Plan (EDAP); and, (3) EU-NATO cooperation. The first is discussed in the previous paragraph. The second, EDAP, is an ambitious plan to boost the EU defence industry, consisting of three pillars: to establish a European Defence Fund to boost the industry, composed of a 'research' and a 'capability' window; to foster investments in small and medium-sized enterprises (SMEs); and to strengthen the Single Market for Defence. The latter consisted of proposals to deepen the EU-NATO cooperation. In these three domains progress has been made. On 7 June 2017 the European Defence Fund was launched. The first progress report of deepening the EU-NATO cooperation was presented by the HR/VP and the NATO Secretary General Jens Stoltenberg in June 2017. The most recent noteworthy offshoot of *EUGS* is the activation of the already mentioned Permanent Structured Cooperation for defence (PESCO) on 11 December 2017.

PESCO allows for a coalition of willing within the 25 participating member states [29] to engage in military activity for the EU. It has put forth 17 projects in three areas: common training and exercises; operational domains (land, air, maritime, cyber); and, joint and enabling capabilities (bridging operational gaps) (EEAS, 2018c). The idea is that at first modest projects are pursued and in a later phase more ambitious projects (Biscop, 2018). PESCO allows a subset of the 25 participating member states to engage in military activity under a European flag. Three countries of the current 28 EU member states don't take part in PESCO: Denmark, Malta, and the UK. Denmark has an EU defence opt-out status. A consequence of the 'no' vote at the Maastricht referendum that took place in June 1992. In a reaction the government negotiated an agreement with the EU, including opt-outs in four areas. This 'national compromise' was accepted by the Danish in the national referendum of May 1993. Malta has chosen 'to wait and see' (Times of Malta, 2017). The UK has always had a reluctant attitude towards a common EU defence initiative (Biscop, 2018) and the EU in general apparently.

On the 23rd of June 2016 the UK electorate in a referendum chose to opt out the EU with 51,9% of the votes. Within a year later, on 29 March 2017, the UK Government invoked Article 50 of the TEU. From that day the UK and the EU have two years to negotiate an agreement for the UK's withdrawal from the EU. For an integration of defence on an EU level, the UK's absence could have a profound impact on the defence debate. The British have always known to be starch defenders of an EU army (Little, 2011). The figures used in this study perceive the UK as a separate entity. Instead of the 28 EU member states we will be referring to the EU 27+1, the EU 27 member states and the UK. Of course, it might be possible for the UK to engage in military collaborations on many domains, but for the moment - Brexit is still in progress - it has no use excluding the UK entirely in a study on the present and future of EU defence.

2.4.1 What we talk about when we talk about EU defence

Up until now, we have used various times the term 'EU defence'. Before we initiate our analysis, it's necessary to stop and reflect on this term. EU defence is

[29] The 25 participating member states in PESCO are Austria, Belgium, Bulgaria, Czech Republic, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Spain and Sweden.

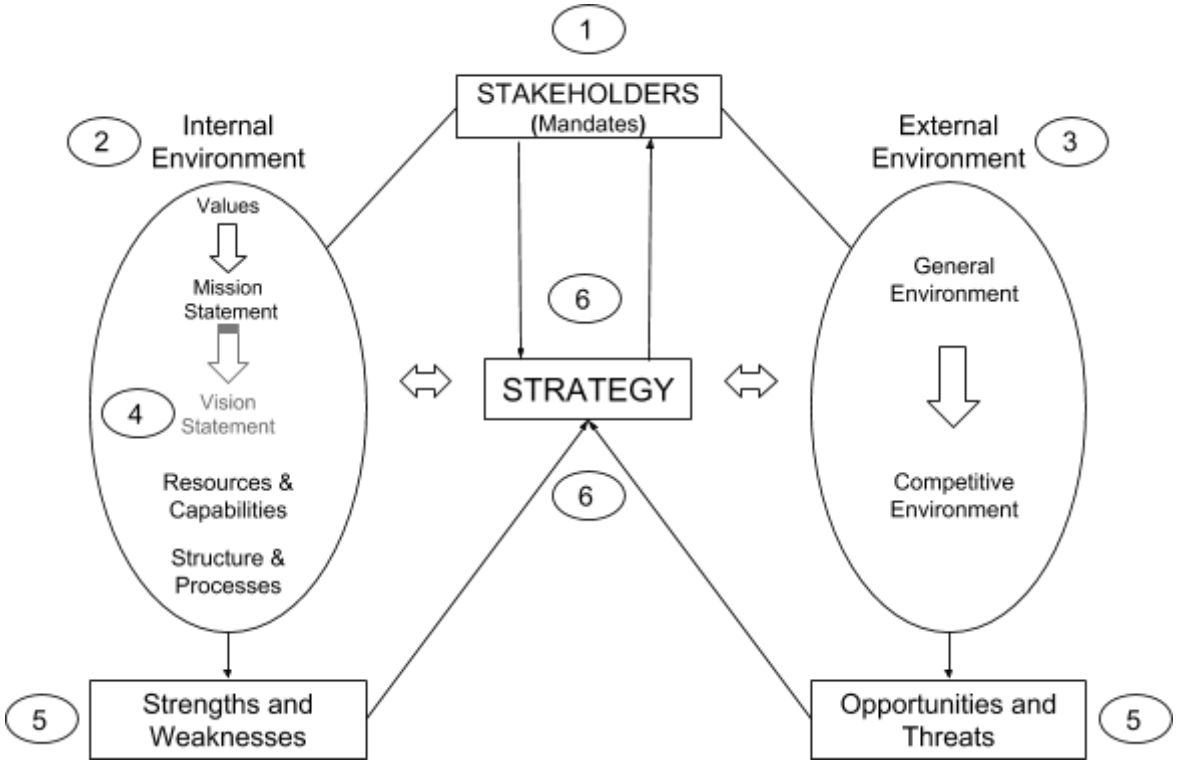
actually an abstract notion that for the moment exists as a patchwork of all the different defence entities that are tied to the EU, i.e. the 27+1 national ministries of defence, national armies, NATO, EU, CSDP, PESCO, and other intergovernmental military and defence collaborations. Since the troublesome notion of an 'EU army' in the traditional sense has been pushed to the rear of the EU negotiating table, a new ideal has appeared on the scene. At a Roman event by an Italian think tank on 12 February 2018, HR/VP Mogherini voiced it as something "even more ambitious than a European army, [...] a European defence based on a European industrial system, on European technologies, on a European defense market. We want our member states to invest together, decide together and act together. And now we finally have the tools to build it together" (EEAS, 2018d, par. 3). This construction is dubbed the Security and Defence Union.

On the basis of the elements above, we're going to make a strategy analysis and the onset for a strategy formulation with tools, techniques, and models drawn from strategic management theory.

3. Strategic management in EU defence

The question that will guide us in our study of EU defence is: what is necessary? Or, what is necessary to transform the present EU defence in all its complexity into a fully functioning coherent operating military system, a so called Security and Defence Union? To answer this question we need to formulate a strategy that helps us create a strategic fit. Before we can formulate a strategy, we need to conduct a strategy analysis of the present state of EU defence. The underlying question that will accompany us during the strategy analysis is: what is the state of the current EU defence? After we have a clear view on EU defence, we can determine what's necessary in our strategy formulation. The strategic management framework for the public sector below will guide us during our study.

FIGURE 3.0: Strategic management framework for the public sector (0)



(source: based on Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011)

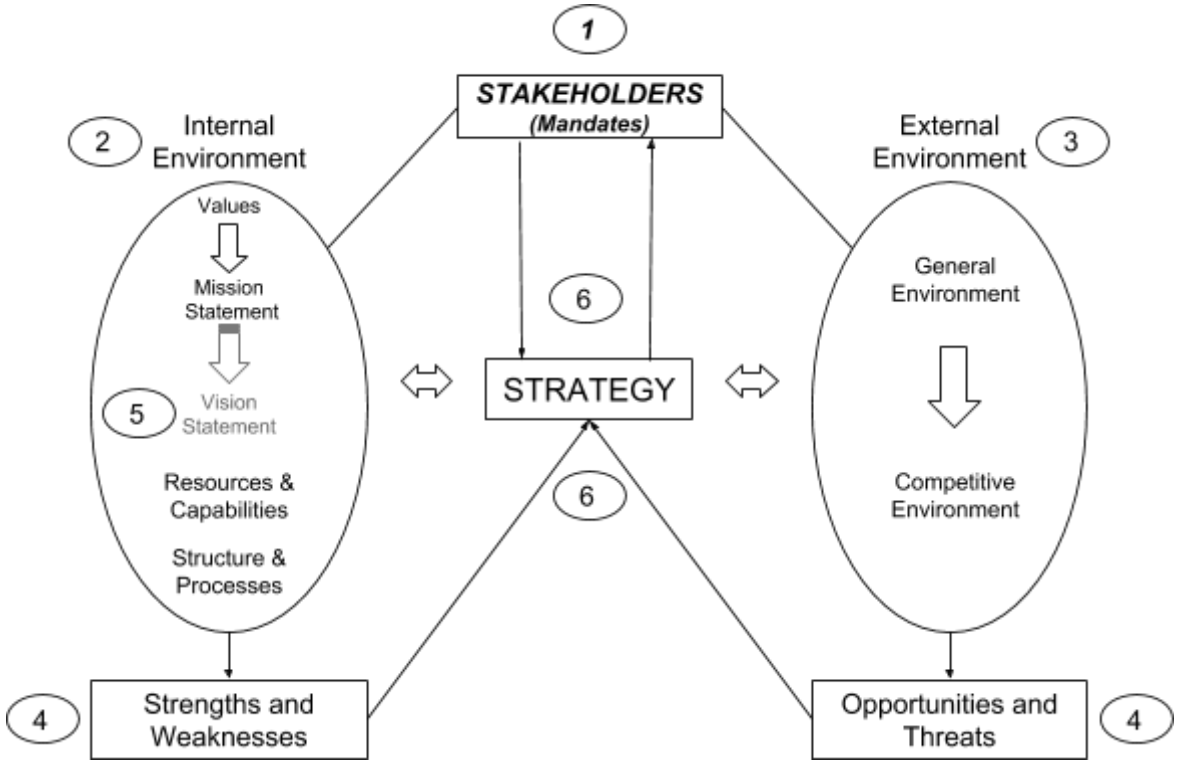
First, we'll have a look at the stakeholders that take part in EU defence by conducting a stakeholder analysis and exploring the mandates that EU defence is currently holding (3.1 Strategy analysis: the stakeholders). Second, we're going to explore the internal environment by paying attention to the use of a mission statement, the resources and capabilities the EU has at its disposal, and the

current structure and processes (3.2 Strategy analysis: the internal environment). Third, we're going to focus on the external environment by determining the general and competitive environment (3.3 Strategy analysis: the external environment). Fourth, at this point we will have enough input to generate a vision statement for EU defence (3.4 Strategy analysis: vision statement). Fifth, we'll insert the output of the internal and external environment in a SWOT matrix in order to determine the strengths, weaknesses, opportunities, and threats (3.5 Strategy analysis: SWOT-analysis). Sixth and last, on the basis of the previous sections, we're going to formulate a suitable strategy (3.6 Strategy formulation).

3.1 Strategy analysis: the stakeholders

Our strategy analysis starts with determining who are the stakeholders[30], and what are the mandates, that have a stake in EU defence. Which actors take part actively and passively in EU defence and, therefore, need to be taken into account if we want to work towards a Security and Defence Union? Firstly, we're going to use a tool that'll help us distinct the various stakeholders and examine in which sense they weigh on EU defence (3.1.1 Stakeholder analysis). Secondly, we'll look into the formal mandates (3.1.2 Mandates).

FIGURE 3.1: Strategic management framework for the public sector (1)



(source: based on Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011)

3.1.1 Stakeholder analysis

Before we start with our stakeholder analysis, it's necessary to define some crucial concepts. The shareholders are "individuals or groups who have invested their capital within an organization, and are therefore deemed to be the owners" (Henry, 2011, p. 158). The stakeholders are "those individuals or groups who depend on an organisation to fulfil their own goals and on whom, in turn, the organisation depends" (Johnson, Scholes, & Whittington, 2008, p. 132). The 27 EU member states should be perceived as the shareholders since they invest the

[30] Number 1 in the figure.

capital into their national armies, the combination of which forms the core of the current EU defence. At the same time the EU member states are the most important stakeholders of EU defence. Stakeholder analysis is a helpful tool to locate, understand and structure stakeholders and their needs. Often, these needs conflict, leading to a careful balancing act of the organization in order to combine and manage the multiple objectives and relationships (Bryson, 2018; Grant & Jordan, 2015). Professional literature[31] offers interesting ideas on how to practically implement stakeholder analysis, we're going to limit ourselves to listing, ranking and describing the preferences of the stakeholders, but first we're going to locate ourselves in the theoretical field.

3.1.1.1 Agency theory vs. stakeholder theory

As to the purpose that is pursued by an organization two theories, based on certain believes, dominate the academic debate and corporate sphere (Grant & Jordan, 2015; Henry, 2011). The agency theory is based on the predominant belief that an organization serves the owners of the business, the shareholders. This theory is often referred to as the principal agent framework in which the principal is the owner of the organization, the shareholder, and the agent is the one managing the organization, the manager or management (Desmidt & Heene, 2013; Henry, 2011). According to the agency theory, the objective is maximizing the value for the shareholders. The advantage of this approach is that the goals seem clear and achievable, but three disadvantages spring to mind. Firstly, this approach sometimes lacks incentives to motivate the employees which can have negative consequences eventually. Secondly, a focus solely on maximizing on shareholders' interests is characterized by short term thinking. In the short run, such approach might be successful, but will be difficult to uphold when there's no broader support (Henry, 2011). Thirdly, this belief is often based on a zero sum game[32] perception of reality and the (competitive) environment and fails to see the possibilities of synergies (Grant & Jordan, 2015).

[31] In his article *What to do when Stakeholders matter: Stakeholder Identification and Analysis Techniques* John M. Bryson (2004) sums up key steps in stakeholder analysis.

[32] Zero-sum game is a concept from economic and game theory based on the mathematically represented belief that interrelational behaviour can be reduced to winners and losers. The sum of the gains of the winners minus the sum of the losses of the losers equals zero.

TABLE 3.1: Agency vs. stakeholder theory

	Agency theory	**Stakeholder theory**
Main players	Principal (owners/shareholders), agent (managers)	Shareholders, employees, clients, government, local communities
Key objectives	Narrow objectives: value maximization, i.e. maximize shareholders' interests	Multiple objectives to try to benefit all stakeholders
Strengths	Clear and achievable	Recognizes that long-term success of the of the organization depends on the participation of the stakeholders
Weaknesses	- Maximizing shareholder wealth fails to motivate employees - Often short term objectives, no sustainability - Often a zero sum game perception of reality or the (competitive) environment	Pursuit of multiple objectives is complex and difficult for management to achieve
Key protagonists	Milton Friedman	R.E. Freeman

(source: slightly adapted from Henry, 2011, p. 405)

The stakeholder theory is based on a different belief. This view sees organizations "as coalitions of interest groups where top management's role [is] to balance these different, often conflicting, interests" (Grant & Jordan, 2015, p. 18). The value created by the organization is distributed among various parties: shareholders/owners (profit), employees (wages and salaries), government (taxes), etc. The strength of this approach lies in the awareness that long-term success of an organization can be ascribed to the level of participation of the stakeholders, but at the same time it's also the weakness of this approach. Balancing the interests of the various stakeholders is a complex and challenging task for management (Grant & Jordan, 2015; Henry, 2011).

To conclude, agency theory offers interesting insights in the often problematic relation between the principal and the agent, but we're going to focus on the orientation of the stakeholders and their preferences starting from stakeholder theory.

3.1.1.2 Stakeholder analysis: listing

First, we're going to list the most important stakeholders. We draw our list from logical reasoning and the names and institutes that occur the most in literature surrounding EU defence initiatives. The list below is not exhaustive. Bearing in

mind our definition of stakeholders, many people and organizations affect or are affected by EU defence. A prominent stakeholder, we won't take into account in order to limit the scope of our study, is the media. What and how EU defence is covered in the media also exercises influence on EU defence. The list below is a non-exhaustive alphabetical list with the most prominent stakeholders in EU defence.

TABLE 3.2: Non-exhaustive alphabetical list of stakeholders of EU defence

	Stakeholders	**Description**
1.	27+1 EU member states	The 27+1 governments in charge (including the Secretaries of Defence and their defence departments[33]): Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK[34].
2.	Council of the European Union	In official EU documents referred to as the Council is the other half of the legislative body together with the EP. The council gathers in 10 configurations of 27+1 national ministers depending on the topic, presided every six months by a new EU member state in rotation.
3.	EU citizens	Although the citizens of the EU vote political parties into office, one may not confuse them with the governments formed by those same political parties.
4.	European Commission	Led by current president of the European Commission Jean-Claude Juncker and his 27 member college of commissioners, including the High Representative (HR/VP).
5.	European Council	The European Council consists of the political leaders of the 27+1 member states, together with the President of the European Council (Donald Tusk), the President of the European Commission, and the HR/VP.
6.	European Defence Agency (EDA)	The EU agency focusing on facilitating and promoting integration between member states within the Common Security and Defence Policy (CSDP).
7.	European Defence Equipment Market (EDEM)	The various military industries in the 27+1 EU member states In total the EU defence industry employs 500,000 people directly and supports 1,200,000 jobs indirectly (European Commission, 2017c). In 2014 the turnover was € 97,3 billion and the industry invests heavily on innovation. The majority of the 2,500 small and medium-sized enterprises that are necessary for the supply chain are located in six EU countries: France, Germany, Italy, Spain, Sweden, and the UK (European Commission, 2017c).
8.	European External Action Service (EEAS)	This EU diplomatic service functions as a foreign and defence ministry and is led by the HR/VP.
9.	European Parliament	The European Parliament is directly elected and is composed of 751 members.

[33] Of course, the defence departments can be seen as a separate stakeholder, but because of the limited scope of this study we'll subdivide them in the category '27+1 EU member states'. Further down, we'll elaborate on the topic when discussing 'granularity'.

[34] Owing to Brexit, the UK will also be discussed as a non-EU member state.

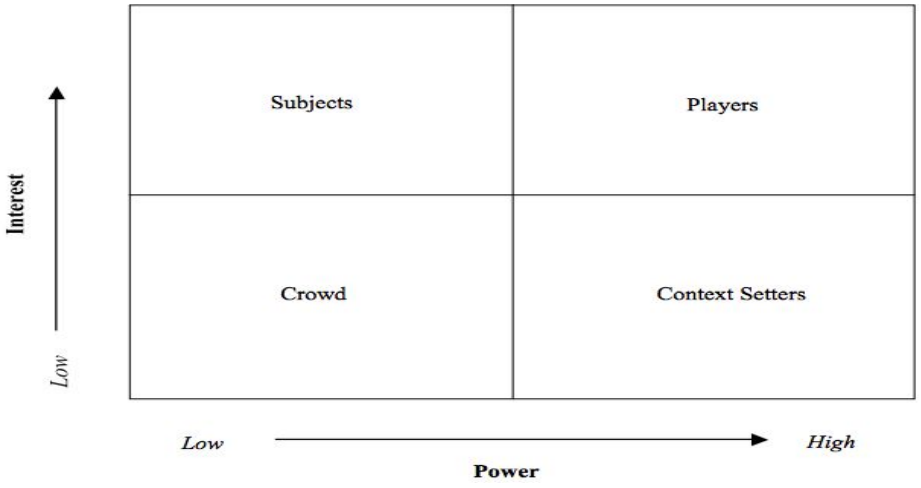
10.	High Representative of the Union for Foreign Affairs and Security Policy/ Vice-President of the European Commission (HR/VP)	The HR/VP is the representative and chief coordinator of the Common Foreign and Security Policy (CFSP). The Italian Federica Mogherini was appointed to this position on 1 November 2014. The HR/VP, or a member state, can propose military action to the Council who has to adopt the measure unanimously.
11.	Military personnel	All the members of the armed forces of the 27+1 EU member states, from the lowest soldier to the highest ranked officer.
12.	NATO	North Atlantic Treaty Organization is a military alliance between 29 European and North American countries.
13.	Non-EU member states	The non-EU member states (China, Russia, Turkey, UK, US, etc.)
14.	Other intergovernmental military collaborations	The various intergovernmental (EU and non-EU member states) collaborations: MCCE, OCCAR, EUROCORPS, EUROGENDFOR, Finabel, EAG, EATC and EUROMARFOR, etc.
15.	UN	The intergovernmental organization United Nations (UN), and associated organizations, are focused on stimulating international cooperation and maintaining international order.

Now that we have listed the most important stakeholders, we're going to apply a ranking.

3.1.1.3 Stakeholder analysis: ranking

A helpful tool to guide a stakeholder analysis can be found in the work of the professors Colin Eden and Fran Ackermann (1998). Relying on the work of Mendelow and his power/interest grid, they've drawn up a matrix to map stakeholders with power forming one dimension and interest the other.

FIGURE 3.2: Stakeholder power/interest grid



(source: Eden & Ackermann, 1998, p. 122)

Before we apply the matrix it is necessary to illuminate the dimensions and the quadrants. Stakeholder power alludes to what extent the stakeholder can influence the future of an organization or an issue. Stakeholder interest does not only refer to the curiosity of the stakeholder, but also to its political interest in an organization or an issue. The result is four quadrants: players, context setters, subjects, and crowd. Players are stakeholders that possess a high amount of power as well as a high degree of interest; context setters are stakeholders with significant power, but little interest; subjects are stakeholders with low power and high interest; crowd, finally, consists of stakeholders that have neither power, nor interest (Eden & Ackermann, 1998).

Players

In terms of EU defence, we're going to ignore crowd, since our list above only consists of players, context setters, and subjects. The players par excellence are the 27+1 EU member states. They are 'the shareholders' of the military forces. The military forces in the first place have to serve and protect the national citizens and the national territory. The defence departments and the military forces in the EU are part of the national jurisdiction of the 27+1 member states. If any EU integration or cooperation is to take place they have to allow for it. They are the only stakeholders that can rightfully claim the title of player. The EU member states collectively or separately reside in many stakeholders granting them some power, but not to that extent that these institutions can be described as player.

Players -> Subjects

In the grey zone between the players and the subjects we find European Council, NATO, European Commission, Council of the European Union, and EP. These stakeholders have great interest in EU defence, but posses limited power in EU defence matters. First, the European Council decides on the priorities and political direction of the EU. Since the European Council doesn't have any legislative powers, it can't adopt laws or negotiate. Nevertheless, it sets the EU's policy agenda by adopting what is traditionally called 'conclusions'. In terms of EU defence the European Council has the informal power to steer the union towards military integration or cooperation.

Second, considering 22 EU member states are part of the North Atlantic Treaty Organization, NATO plays an important role in ensuring the security and defence of the EU. Although 6 EU member states (Austria, Cyprus, Finland, Sweden, Malta, and Ireland) are not part of it, it's hard to imagine a security and defence union outside the NATO framework. Certainly when we take into account that NATO headquarters are located in Brussels and it's presided by the secretary General Jens Stoltenberg, of the European, but non-EU member state, Norway.

Third, within this group of stakeholders there are some that show a strong sense of interwovenness: European Commission (Commission), HR/VP, Council of the European Union (Council), and European Parliament (EP). The EU's legislative procedure depends on the policy area at hand. Most legislation follows the traditional path of being proposed by the Commission and after various steps of consultation a compromise between the two legislative chambers, the Council and the EP, is reached. In case of the deployment and management of military and civilian missions decisions are taken by the EU member states in one configuration of the Council, the Foreign Affairs Council (FAC). The FAC is responsible for the CFSP, foreign trade, development cooperation, and CSDP. The FAC meets once a month and assembles the secretaries of foreign affairs of the members states chaired by the HR/VP. Among some of the responsibilities of the HR/VP are: head of the European External Action Service (EEAS) and the delegations; President of the Foreign Affairs Council; Head of the European Defence Agency; and, Chairperson of the board of the European Union Institute for Security Studies. The European Council, NATO, the Commission, HR/VP, the Council (including FAC), and the EP have great interest in EU defence, but lack the ability to exercise total power in EU defence matters.

Subjects

The next group of stakeholders should be perceived as subjects: military personnel, (national) military industry, non-EU member states, EEAS, other intergovernmental military collaborations, EDA, and UN. These stakeholders have a high level of interest, but have limited to no power in general EU defence. The military personnel is at the top of this group of stakeholders. If we set aside the stereotypical idea of highly ranked officers as 'war hawks', and take into account military personnel as a whole, including unions, we can conclude they

only have limited power. The military personnel rather serves a service or informative function and therefore have a major interest in a possible integration of EU defence. Likewise the European Defence Equipment Market (EDEM)[35] can exercise power on a state level and even an EU level through the use of lobby. In the case of EU defence they should be perceived as being dependent on legislation. They have great interest, but limited power.

Next, we have the non-EU member states, of which the most important stakeholders are the leading geopolitical nations: the United States (US), the Russian Federation (Russia), the People's Republic of China (PRC or China), and the United Kingdom (UK). On a geopolitical level these countries will be profoundly influenced by changes in EU defence. Historically and traditionally, the US and UK are seen as allies in the transatlantic partnership and China and, definitely, Russia as possible adversaries in this domain. The UK, as soon-to-be former member state of the EU, and, definitely, the US, as most prominent member of NATO, will have a certain degree of power over changes in EU defence. In any case all these states have a profound interest in what happens with EU defence.

The last part of subject stakeholders have a lower level of power in EU defence, but a high interest. The role of the EEAS is not to propose or implement policy, but rather to prepare legislation in a next phase adopted by the HR/VP, the Council, or the Commission. Furthermore, the EEAS is also responsible for EU diplomatic missions, intelligence, and crisis management procedures. Other intergovernmental military collaborations and EDA find themselves even lower. These stakeholders are gravely affected by EU defence and they have enormous interest, but they have little or no power or influence. They have a service function. Lastly, we have the UN and the non-EU member states. The UN is affected by changes in EU defence and EU defence policy. Currently, the EU and UN work together to support peace-making efforts in Afghanistan (EEAS, 2018). These stakeholders that are characterized as subjects. They have great interest, but only limited power.

[35] Although there might be exceptions (see ‘military industrial complex’ section 1.3).

Context Setters

The last group of stakeholders are the context setters: those that have less interest, but can exercise great amounts of power. The stakeholder group that fits this description are the EU citizens. Every election round on a local, regional, national, or European level they exercise their power by voting a government into office. Herein lies the enormous power of the EU citizens, it all starts with their vote. They have the power to vote politicians or political parties in or out of office. Luc Van den Brande, Special Adviser to the President of the European Commission, describes the role of the EU citizens as follows:

> "[...] the Lisbon Treaty allows for the EU to be described as a 'polity of states and citizens, in which the citizens are entitled to participate both in the national democracies of the countries and in the common democracy of the Union'. In other words, it is the citizens themselves who are, ultimately, the owners of EU democracy, leading to Europeanisation through democratisation." (Van den Brande, 2017, p. 11)

The EU citizens are the owners. The traditional interpretation is then that the elected office takes on the mandate to execute the will of their electorate. Above we mentioned that the shareholders of EU defence matters are the 27+1 EU member states, but the governments only get their mandate from EU citizens. A different approach towards stakeholder analysis could perceive them as the shareholders, but we're going to stay clear of this interpretation and perceive the EU citizens as context setters.

The conclusion of the ranking can be found in the table below. An exact location of the stakeholders on this grid or an exact ranking is up for debate as we've seen above, but bearing in mind the profile of each stakeholder this seems the logical outcome:

TABLE 3.3: EU defence stakeholders on power/interest grid

Dimensions	**Stakeholders**
Player	27 EU member states
Player->Subject	European Council, NATO, European Commission, HR/VP, Council of the European Union, and EP
Subject	military personnel, EDEM, non-EU member states, EEAS, other intergovernmental military collaborations, EDA, and UN
Context Setter	EU citizens

3.1.1.4 Stakeholder analysis: preferences

Now that we've listed and ranked the stakeholders, it's necessary to have a look at their preferences. What are their expectations towards EU defence? How do they perceive the current EU defence and EU defence policy?

Players

The players decide on which direction the organization will take. The 27+1 EU member states bear the key in their hands that will lock or unlock the door towards further defence integration. The EU has chosen the path of integration in many economic, political, and social domains, but has made only incremental progress in defence. Bearing in mind, the unsuccessful attempts surrounding the European Defence Community (EDC) in 1952, followed by the long silence, and the incremental steps of the last twenty years, it's clear that the member states are still at odds in terms of EU defence. The question arises: why don't the EU member states push forward with EU defence integration? The answer lies in what defence is. If defence is perceived as protecting the national citizens and ensuring the national territorial integrity, then EU defence integration has to be in line with the national interests. Where the EU and national interests might diverge there's no use for EU member states to allow further integration. It would be unwise to hand over the authority of one's own military force to a higher level when interests do not align. Determining where each country stands in terms of EU defence integration is very difficult because the national stance is often linked to the stance of the political party or parties in office. With every election round this stance might change with a new political party in office. In spite of the possible political volatility there's academic consensus on where the majority of the countries stand and there are recent initiatives stating a widely supported preference towards intensified EU defence cooperation.

In 2015 the Egmont Institute[36] published a paper titled *The Common Security and Defence Policy: National Perspectives* (2015) in which a subdivision is made of the majority of EU member states on where they stand in terms of CSDP based on the opinion[37] of researchers and scholars of the concerned countries. The UK, France, and Germany are 'lynchpins', their participation in an EU

[36] Also called the EGMONT - The Royal Institute for International Relations (Belgium).
[37] The consequence is that we get a view based on academic logical reasoning and not the official stance of the elected government in office.

defence project is of crucial importance. Belgium, Italy, Spain, Greece, and the Baltic state Latvia are specified as 'believers'. They believe CSDP offers the assurance of the security and defence of the country. Poland, The Netherlands, Sweden, Portugal, the Czech Republic, and the baltic state Lithuania are perceived as 'undecided'. These member states haven't decided yet on the (dis)advantages of the CSDP. The last group consists of Malta and Denmark, the 'outsiders'. They aren't to keen on cooperation let alone integration in the defence domain.

Notwithstanding the different individual stances of the EU member states on CSDP 25 of the 27+1 member states chose to launch PESCO, within CSDP, on 11 December 2017: "[t]he EU Member States agreed to step up the European Union's work in this area and acknowledged that enhanced coordination, increased investment in defence and cooperation in developing defence capabilities are key requirements to achieve it" (EEAS, 2018c, para. 1). Neglecting the UK because of the Brexit-negotiations, only Denmark and Malta prefer not to be part of PESCO[38].

Within the EU 27+1 member states there are alliances that explicit a clearly outlined view on military cooperation. The Visegrad countries, or V4, is an alliance between the Czech Republic, Hungary, Poland, and Slovakia focusing on cultural, economic, energy and military cooperation within the EU framework. The cooperation focuses on capability development, procurement and defence industry; establishment of multinational units and running cross border activities; and, education, training and exercises (Visegrad Group, 2014). These areas of cooperation were applied in the next subareas: Defence Planning Cooperation, Joint Training and Exercises, Joint Procurement and Defence Industry, Military Education, Joint Airspace Protection, Coordination of Positions, Communication Strategy, and Joint V4 EU Battlegroup (Visegrad Group, 2014). Quite recently, V4 confirmed regional cooperation within the framework of NATO and EU, more specifically PESCO (Ministry of National Defence of Republic of Poland, 2018).

[38] See 2.4 Recent defence initiatives: between impetus and impotence.

On the basis of these initiatives we can conclude that the players are carefully shifting towards an intensification of cooperation, but on the whole prefer a careful approach in the sphere of total EU defence integration.

Players -> Subjects

In the next group of stakeholders, in the grey zone between players and subjects, there's a great variety of preferences towards increased defence cooperation. Just like the EU member states, the European Council is rather careful in its approach. Nevertheless, continuing on the path paved by the *EU Global Strategy* (EEAS, 2016b) and the *Implementation Plan on Security and Defence* (Council of the European Union, 2016) the European Council placed the focus on three strategic priorities: responding to external conflicts and crises, building the capacities of partners, and protecting the EU and its citizens (European Council et al, 2018b) which were translated into concrete actions[39].

NATO's preferences in terms of EU defence cooperation are rather ambiguous. On the one hand, NATO fears that PESCO will make the NATO obsolete, but, on the other hand, NATO welcomes EU initiatives in the sphere of defence cooperation and burden sharing (Stoltenberg, 2018). The Commission, led by Jean-Claude Juncker, and the HR/VP prefer a strong EU defence cooperation as stated multiple times on multiple occasions by both (EEAS, 2016b; EEAS, 2018d; Juncker, 2014; Juncker, 2016). The Council of the European Union won't be addressed since it's a legislative body linked to member states, they execute proposals. The last stakeholder of this group, the EP, will be dealt with separately.

The Members of the EP (MEPs) don't sit by nationality, but by political affiliation or political group. Aside from the non-attached members or Non-Inscrits (NI) -MEPs not belonging to a political group -, there are eight political groups: (1) Group of the European People's Party - Christian Democrats (EPP); (2) Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D); (3) European Conservatives and Reformists Group (ECR); (4) Group of the Alliance of Liberals and Democrats for Europe (ALDE/ADLE); (5) Confederal Group of the European United Left - Nordic Green Left (GUE-NGL); (6) Group of

[39] See 2.4 Recent defence initiatives: between impetus and impotence.

the Greens/European Free Alliance (Greens/EFA); (7) Europe of Freedom and Direct Democracy Group (EFDD); and, (8) Europe of Nations and Freedom (ENF). In the next two tables we find their preferences concerning EU defence based on their written statements and voting behaviour in EP.

TABLE 3.4: Political groups EP on defence issue

Political Group	**Number of MEPs (total: 751)**	**Stance on EU defence (PRO/CONTRA + argumentation)**
ALDE/ ADLE	68	PRO: "Hans van Baalen MEP (VVD, The Netherlands), ALDE Group's coordinator in Foreign Affairs Committee[...]: "The EU needs to put its money where its mouth is. We need a strong Common Foreign and Security Policy which can stand up to Russian aggression in the Eastern Neighbourhood and religious extremism in the Middle East. This can only be reached by creating a strong European co-responsibility within NATO, so that when NATO cannot act, we have our own European capability." (ALDE, 2017, para. 2 & 3)
ECR	71	CONTRA: "We will work to ensure foreign affairs and defence remain firmly under national control in order to safeguard vital national interests." (ECR Group, 2015, para. 4)
EFDD	45	CONTRA: Bill Etheridge (on behalf of the EFDD Group): "[...] this money that is being squandered on this crazy political project [EU defence cooperation], which will make no difference to anybody except losing money from the taxpayers, [defence] should be within the nation states [...]" (European Parliament, 2017)
ENF	36	Presumably[40] CONTRA: "We want a Europe of sovereign states. We want a free Europe. We want a Europe that respects national individuality and national identity. [...] Anyone who acknowledges the importance of our common legacy also acknowledges our differences and appreciates the significance of sovereign states. We stand for a Europe of economic cooperation between nation states." (ENF Group, 2016, para. 1, 4 & 5)
EPP	219	PRO: ""The creation of the European Defence Union is in the ultimate interest of the European Union. On the way towards a European Defence Union we have to transfer today's isolated islands of military ad-hoc cooperation into the so-called Permanent Structured Cooperation (PESCO) [...]", said Michael Gahler MEP, EPP Group Spokesman on security and defence." (EPP Group, 2017, para. 1)
Greens/ EFA	52	PRO with reservations about increased defence expenditure: "Greens/EFA co-president Philippe Lamberts: "This is a very welcome step towards greater cooperation on defence at EU level. We are pleased that this instrument from the Lisbon Treaty is finally being used. It is now important that PESCO makes the Common Security and Defence Policy more effective on the operational level [...]" Greens/EFA co-president Ska Keller: "As the world's second biggest defence spender, the EU28 are not in need of increased defence budgets but of highly efficient cooperation."" (Greens-EFA, 2018, para. 2 & 3)
GUE-NGL	51	CONTRA: "There are no moral, security or financial reasons that can justify this defence madness [EU's funding of EU defence industry]- it must stop! Therefore, we say: 'No' to the militarisation of the EU! 'Yes' to radical disarmament and to a peaceful and social Europe!" (GUE/NGL,

[40] No explicit written preference on EU defence cooperation found.

		2017, p. 15)
NI	20	n/a
S&D	189	PRO: "Foreign and security policies are an integral part of the EU's activities and together we can work to defend peace, democratic values, human rights and global security. We must be committed to dialogue and improving co-operation [sic], strategic co-ordination [sic] and joint action. [...] The S&D Group supports a robust and ambitious European External Action Service and backs the work of the EU's high representative for foreign affairs and security policy in promoting consistency and co-ordination [sic] across Europe's external actions and between EU institutions and member states. " (S&D, 2013, para. 1 & 5)

(source: based on VoteWatch Europe (2018) and other sources in table)

Generally, we can derive from the table above that the centre parties (ALDE/ADLE, EPP, and S&D) tend towards further integration of EU defence and together account for 476 (63,4%) of the 751 votes. On the basis of the written statements the Greens/EFA take an ambiguous stance toward EU defence integration. They stand for 52 votes (6,9%). The right-wing, so called eurosceptic parties, and left-wing parties (ECR, EFDD, ENF, and GUE-NGL) openly denounce EU integration and accumulate 203 votes (27%). Lastly, we have the Non-Inscrits for which it's difficult to retrieve a preference and who take up 20 votes (2,7%).

On 13 December 2017 the MEPs voted on the 'Annual report on the implementation of the Common Security and Defence Policy'. The outcome can be found in the table below.

TABLE 3.5: EP voting behaviour on EU defence issue

Group	**For**	**Against**	**Absten-tions**	**Total present**	**Total absent**	**Total non voters**	**Total mem-bers**
ALDE/ ADLE	56	0	6	62	5	1	68
ECR	7	55	2	64	8	2	74
EFDD	2	35	0	37	6	2	45
ENF	0	30	5	35	2	0	37
EPP	189	1	3	193	13	11	217

Greens /EFA	1	45	2	48	2	1	51
GUE-NGL	0	44	4	48	3	1	52
NI	1	15	0	16	1	1	18
S&D	112	12	39	163	11	15	189
TOTAL	368	237	61	666	51	34	751

(source: VoteWatch Europe, 2017)

For this resolution to pass, a simple majority sufficed. In this case it meant that the votes in favour needed to be higher than the added number of votes cast in favour and against divided by two (abstentions not taken into account). The result was 368 (55,3%) for-votes, 237 (35,6%) against-votes, and 61 (9,2%) MEP abstentions. The resolution passed because it was 60,8% pro versus 39,2% contra. If we compare the outcome of this voting behaviour with the written statements, we notice that our conclusions were correct. Only the politically centre oriented groups (ALDE/ADLE, EPP, and S&D) vote in favour of CSDP and the left and right-wing oriented groups vote against (ECR, EFDD, ENF, and GUE-NGL). On the basis of this figures we can conclude that the EP has a substantial preference for intensified EU defence cooperation.

Subjects[41]

The subjects show a rather diverse view on EU defence. The first group is the military personnel[42]. According to the trias politica, the armed forces should be perceived as an extension of the government in office. Within this perception the military will follow the preferences of the respective 27+1 member states to which they belong. Secondly, we have EDEM that faces five challenges, according to the Commission (2017d): because of the fragmented markets defence research and programmes are unnecessarily duplicated making it irrelevant on a global scale and causing the ineffectiveness of CSDP; owing to the European trend of reduced defence expenditure no country can carry the

[41] Bearing in mind the modest scope of this master study, we're going to leave out a few subject stakeholders (other intergovernmental military collaborations, EDA, and the UN) since it's our opinion they have only limited influence on EU defence.

[42] No research has been found on this topic.

cost to develop and maintain a substantial national defence industry; the current EU market lacks qualified and skilled labour; the majority of the defence companies are SMEs in need of support in order to remain competitive; and, the national defence industry is organized at a state level and has been operating outside the internal market. The European commission wants to help create a competitive and innovative European Defence Technological and Industrial Base (EDTIB). Intensified cooperation in EU defence opens up possibilities for the EU's "ailing defense [sic] industry" (Banks, 2018, para. 1) to increase global competitiveness and maximize profit (European Commission, 2017d). EDEM as a market can benefit from this EU strategy.

Thirdly, the next group of stakeholders are the non-EU member states. Since the reach of our scope is limited, we're only going to discuss the preferences of the UK and the US in terms of EU defence cooperation. The UK has vetoed any initiative away from national defence towards a more integrated approach. In 2011 Foreign Secretary William Hague rejected the plans of British HR/VP Baroness Catherine Ashton for a permanent EU defence headquarters in Britain, owing to the entire rejection of EU defence integration and certainly on British soil: "[t]here is no way we will agree to this, now or in the future" (Little, 2011, par. 7). In 2013 the UK vetoed the CSDP. The UK anti-EU defence policy between 2010 and 2015 read on the website of the UK Ministry of defence as consequently retaining "an effective veto on any new EU CSDP activity and complete control over the allocation of UK personnel to EU activity" (Ministry of Defence of the United Kingdom, 2015, para. 4). The Secretary of Defence Michael Fallon said in September 2016 about initiatives towards EU defence cooperation and integration that it's "not going to happen. [The UK] are full members of the EU and [...] will go on resisting any attempt to set up a rival to Nato" (Boffey, 2017b, para. 12). Although this overtly negative attitude to any form of EU defence cooperation or integration, the UK has recently chosen to participate in a "European military force for rapid deployment in times of crisis" (Boffey, 2018, para. 1). Together with France, Germany, Belgium, Denmark, the Netherlands, Estonia, Spain, and Portugal, Britain[43] signed a letter of intent (Boffey, 2018). This change of policy seems paradoxical with earlier

[43] The UK, Britain, the British are used interchangeably like in the media although they don't strictly refer to the same entity.

exclamations by UK officials, but might be part of the ongoing Brexit negotiations (Wintour, 2017). Overall, we can conclude the British strongly oppose cooperation and integration of EU defence within CSDP.

The US takes a similar point of view. The US supports the line of reasoning of the British in that they want to avoid some sort of duplication of NATO structure with the current EU defence initiatives (Erlanger, 2018). On top of that, there's the fear that the EU with the current initiatives are investing too much in their own defence industry so that it rivals the American defence industry (Erlanger, 2018). Although the US' fear concerning integration and cooperation in EU defence seems highly unnecessary (Erlanger, 2018), they clearly oppose these initiatives. Since the US is the leading stakeholder in NATO, they can also pressurize the EU in this way. Both the UK and the US uphold a rather negative approach towards increased cooperation and integration in terms of EU defence.

Lastly, we'll have the preference of the EEAS. It supports the HR/VP with carrying out the CFSP of which the CSDP is a part. This stakeholder is an open supporter of an integrated EU defence within the boundaries that are set by the EU 27+1 member states.

Context Setters

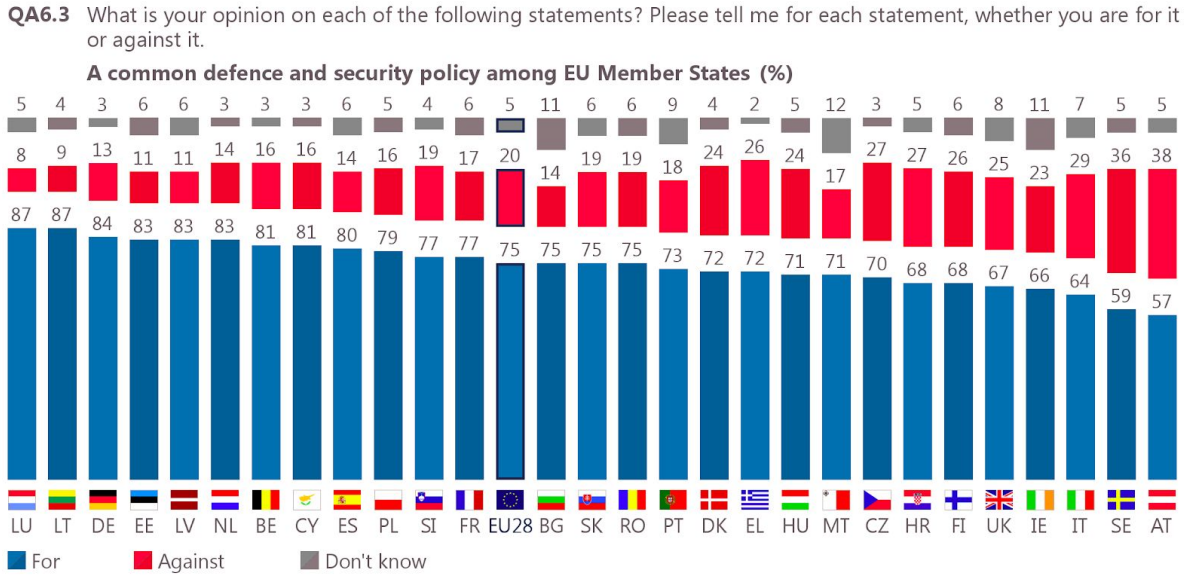
The last preferences we're going to discuss are those of the context setters, the EU citizens. Since preferences are difficult to derive from electoral behaviour, we're going to rely on a report with surveys by TNS Opinion conducted at the request of the European Commission[44]. *Designing Europe's Future: Security and Defence* (European Commission, 2017c) was released in the wake of the *White Paper on the Future of Europe* (European Commission, 2017), surveying the EU citizens of each member state on topics related to security and defence. Two surveys bear interesting information. Important to notice is that the UK is perceived as an EU member state.

The first survey confronted respondents with the statement: a common defence and security policy among EU member states. The respondents could choose

[44] Although the survey is at the request of the Commission we assume it's entirely objective and trustworthy.

from three options: for (bottom bar), against (middle bar), or don't know (top bar).

FIGURE 3.3: EU citizens poll #1

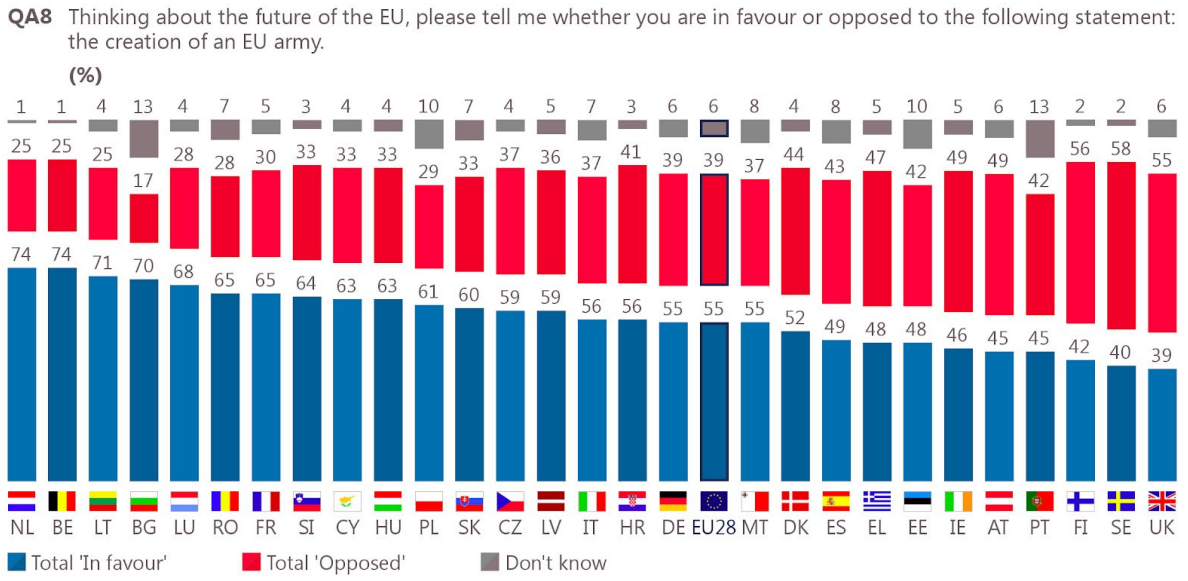


(source: European Commission, 2017c, p. 13)

The first thing that strikes us is that more than 50% of respondents of the EU member states support a common defence and security policy. The average among 28 member states is 75%. If this survey were truly representative for all the citizens of the EU member states then there would be no doubt that a common defence and security policy is preferable. If we have a look at the countries we notice that Luxembourg and Lithuania have the highest for score (87%). Sweden (59%) and Austria (57%) have the lowest for score. Noteworthy is that even in Brexit UK 67% of respondents favour a common defence and security policy.

The second survey goes a step further and presents the respondents' opinion on an EU army. Again the respondents could choose from three options: for (bottom bar), against (middle bar), or don't know (top bar).

FIGURE 3.4: EU citizens poll #2



(source: European Commission, 2017c, p. 18)

This time not all the EU 27+1 member states reach a 50% for preference. The average among the EU 27+1 member states is 55% for, 39% against, and 6% don't know. The respondents of the Netherlands and Belgium voted with 74% the highest score in favour of an EU army. At the other side of the diagram we see that the citizens of the UK (39%) and Sweden (40%) have the lowest for score. In even three countries we find an outspoken negative tendency towards an EU army. The respondents of the UK (55%), Sweden (58%), and Finland (56%) clearly oppose the notion of an EU army. Since the UK is in the process of leaving, two current EU member states thoroughly reject the creation of an EU army. What we can derive from both surveys is that the majority clearly supports further cooperation in EU defence. A slight majority even favours the creation of an EU army.

The conclusion of the preferences can be found in the table below. We've added two columns. The column 'subdivision' refers to a further subdivision that is made within the stakeholder. The last column mentions the preference of the stakeholder (or subdivision) in terms of a national or a common EU member state approach. A preference for a national defence approach will be indicated with 'no', a preference for a common EU member state approach[45] is indicated with 'yes'.

[45] Be it CSDP or PESCO.

TABLE 3.6: EU defence stakeholders' preferences

Dimensions	**Stakeholders**	**Subdivision**	**Preference**
Player	27 EU member states	25 EU member states	Yes
		Malta	No
		Denmark	No
Player-> Subject	European Council	n/a	Yes
	NATO	n/a	(rather) No
	European Commission	n/a	Yes
	HR/VP	n/a	Yes
	Council of the European Union	n/a	Yes
	EP	Left and right wing groups	No[46]
		Centre groups	Yes
Subject	military personnel	n/a	Yes
	EDEM	n/a	Yes
	non-EU member states	UK	No
		US	No
	EEAS	n/a	Yes
Context Setter	EU citizens	n/a	Yes

3.1.1.5 Stakeholder analysis: stakeholder interaction

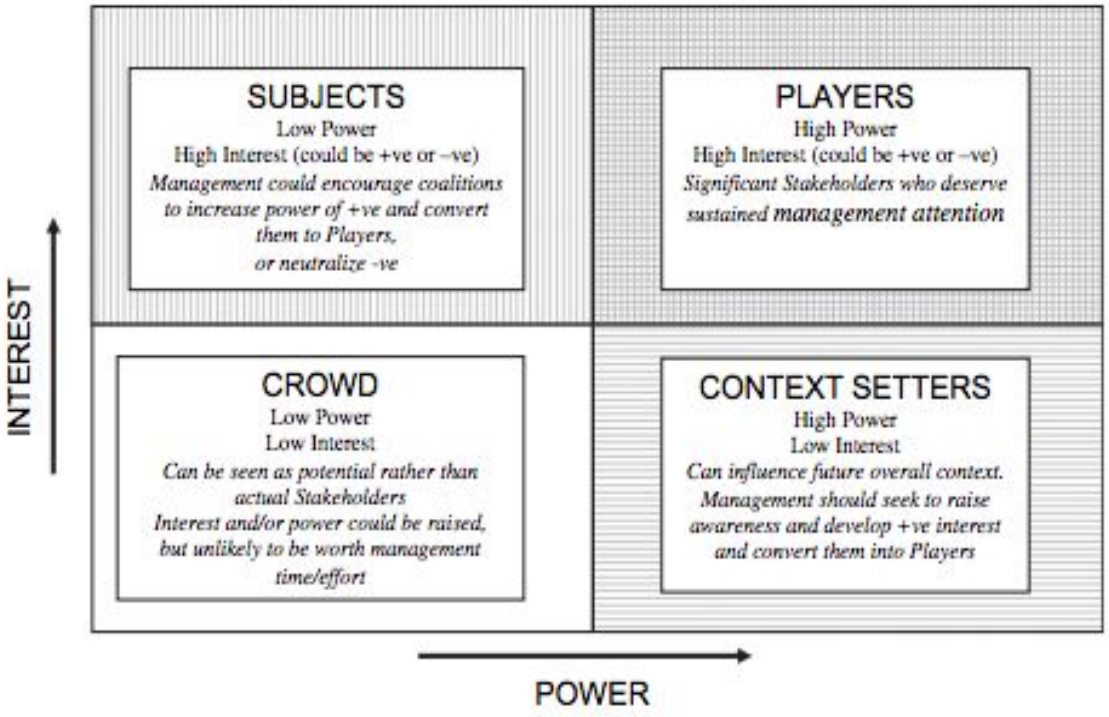
The general conclusion of the previous subsection is that there's a great division in terms of stance towards a common EU defence approach among stakeholders. In this subsection we're going to have a look at how we can guide stakeholders individually and in group towards a common approach among the EU 27+1 member states.

The matrix used above (Eden & Ackermann, 1998) is applicable to profit and public sector, but Eden and Ackermann have also developed models for specific public purposes. In *Strategic Management of Stakeholders: Theory and Practice* Ackermann and Eden (2011) explore the use of the power/interest grid in the

[46] As we have seen above the group Greens/EFA has a more nuanced perspective on the dichotomy national vs. EU member states intergovernmental approach towards EU defence.

public sector drawing on their extensive knowledge of stakeholder management theory and their elaborate experience[47] in the field. Ackermann and Eden expanded their power/interest matrix to identify the specific stakeholders and explore their possibilities.

FIGURE 3.5: Stakeholder power/interest grid for public sector[48]



(source: Ackermann & Eden, 2011, p. 183)

If we apply the matrix to an EU member state intergovernmental approach towards defence then we arrive at interesting conclusions. Firstly, Denmark and Malta who don't participate in PESCO should be convinced in order to create unanimity among the EU member states. Secondly, for the stakeholders operating in the grey zone between players and subjects it would be interesting to increase the power of the positive stakeholders (European Council, European Commission, HR/VP, Council of the European Union, EP) to support the common approach. The negative stakeholders (NATO, left and right wing EP) should be either neutralized or convinced. Thirdly, for the subjects it would be wise to use a similar approach as for the previous groups of stakeholders: strengthen the positive stakeholders (military personnel, EDEM, EEAS) and neutralize or

[47] Ackermann and Eden (2011) did research which spanned a 15 year time period and was based on working with 16 top management teams while they were developing their strategies.

[48] In the stakeholder power/interest grid (2011) the word management is used to refer to an agent. Of course, in current EU defence there's no such entity. Nevertheless, a stakeholder analysis is an interesting to apply in this context.

convince the negative stakeholders (UK & US). Lastly, we have the context setters, the EU citizens. This group should be converted into players by raising awareness and developing a positive interest for an intergovernmental approach.

The stakeholder power/interest matrix tells us which stakeholders powers and interests bases should be taken into account, but at the same time it allows us to recognize possible alliances amongst stakeholders that can be used to endorse or oppose (Eden & Ackermann, 1998). Looking at the outcome of our study when we apply the matrix to the stakeholders in EU defence policy we clearly distinct some alliances, existing and possible. An existing positive alliance is between the (willing) EU member states and the EU institutes (European Commission, HR/VP, Council of the European Union, EP, EEAS), but of course this self-evident observation doesn't help our analysis. More interestingly is the role EU citizens, who have an overtly positive tendency towards a common defence and security policy among EU member states on the basis of the survey quoted above, can play. If there would be more of an alliance between the EU citizens, the EU member states, and the EU institutes, a common EU approach would get a positive boost. Contrariwise, there seems to be a strong negative coalition consisting of NATO, the US, and the UK. The US as strongest stakeholder of NATO wants to avoid a duplication of NATO structures and the UK seems to support this view.

The outcome of the stakeholder analysis should lead to a process champion. As Bryson argues, the "only general requirements are a dominant coalition, or at least a coalition of the willing able to sponsor and follow the process, and a process champion or champions willing to push it" (Bryson, 2018, p. 90). The coalition of the willing for the focus of our study is undeniably the group of players, the EU27+1 member states. Within this group the two biggest and strongest economies should be the catalysts, linchpins, or process champions: France and Germany. The Franco-German partnership will be the key to a successful and performant EU defence (Vimont, 2017). They should lead the path with in their slipstream the other EU member states.

3.1.1.6 Stakeholder analysis: some critical observations

Ackermann and Eden's (2011) exploration of the theoretical field led them to the formulation of three problematic issues within the context of stakeholder analysis:

> "- Identifying who the stakeholders really are in the specific situation (rather than relying on generic stakeholder lists). Recognising the uniqueness of an organization's context and its goals allows managers to identify specific stakeholders and be clear about their significance for the future of the organization;
>
> - Exploring the impact of stakeholder dynamics; acknowledging the multiple and interdependent interactions between stakeholders (and potential stakeholders);
>
> - Developing stakeholder management strategies; determining how and when it is appropriate to intervene to alter or develop the basis of an individual stakeholder's significance, which itself is determined through in depth consideration of stakeholder's power to, and interest in, influence the organization's direction." (Ackermann & Eden, 2011, p. 180)

With relation to the first problematic issue, they point out that the necessary attention should be given to, on the one hand, the general attitude of the stakeholders towards the organisation and, on the other hand, the concept of 'granularity'. The general attitude refers to the orientation of the stakeholders towards the organisation or certain issues: endorsement or opposition. It has been described above[49] extensively. The concept of granularity is described by Desmidt and Heene (2013) as to which level of abstraction the stakeholders are defined. Above we included the stakeholders 'the EU 27+1 member states', but fairly early in our analysis it became clear that this stakeholder is not a firm block. The EU 27+1 member states need to be viewed separately. Also the member states themselves aren't a granite, indivisible, coherent piece. Within a member state various stakeholders with diverging opinions on the topic at hand are at play. So, we chose to include the stakeholder the EU member states making the level of abstraction too high. For a more comprehensive analysis one could plot the 27 EU member states, or even the stances of all the national political parties in and out office, on the power/interest grid instead of grouping them together under the header EU member states.

The second problematic issue refers to how the stakeholders interact amongst each other and the role of conflicts of interest. Ackerman and Eden (2011) believe that a stakeholder influence network analysis is necessary to explore the

[49] See 3.1.1.4 Stakeholder analysis: preferences.

stakeholder space. Such an analysis would create insight in the positioning of stakeholders in the power/interest matrix and in the fluctuations that take place over a longer period in time. This exercise could lead to intriguing results, but falls outside the limited scope of this study. We have tried to circumvent this issue by directly addressing and describing the interaction[50] between the various stakeholders.

For the last issue Ackermann and Eden (2011) propose the technique of the stakeholder management web. The purpose is to check whether the own aspirations and targets of a stakeholder correspond with the aspirations and targets of the organization. In this context perception will play a key role and will decide where the stakeholder will be situated in the power/interest matrix. In our analysis we've taken the viewpoint of a coherent EU defence aiming to reach its potential. Our approach[51] is the one taken by the European Commission (2016b), its president Jean Claude Juncker (2014; 2016), and the HR/VP together with the EEAS described in the *EUGS* (2016b).

3.1.1.7 Conclusion

From our stakeholder analysis we have learned that the EU 27+1 member states are the only outspoken players in the field. They have the power to push forward towards an EU intergovernmental approach for defence. Operating in the grey zone between players and subjects with great interest, but less power we find the European Council, NATO, European Commission, HR/VP, Council of the European Union, and EP. The subjects that carry great interest but execute limited power are the military personnel, the (national) military industry, the non-EU member states, EEAS, other intergovernmental military collaborations, EDA, and UN. The last group of stakeholders discussed were the EU citizens who have tremendous power, but disproportionate interest. A positive existing alliance is between the European institutes and the member states and a possible powerful alliance is the addition of the EU citizens to these relations. Likewise, there's a negative alliance between NATO, the US, and the UK wary of cooperation and integration in EU defence. The process champions are France and Germany. If these member states team up they could be the engine to carry

[50] See 3.1.1.5 Stakeholder analysis: stakeholder interaction.
[51] See 3.1.1.4 Stakeholder analysis: preferences.

EU defence towards the security and defence union. This information will serve as input for our strategy (3.6 Strategy formulation).

3.1.2 Mandates

The identification of the formal and informal mandates of the organisation consists of pinpointing the various requirements, restrictions, but also expectations, pressures, and constraints it faces. The mandates together with the mission and values (discussed in the next step 3.3) amount to the public value that is created and add to the social justification and legitimacy on which the entire organization's existence is founded (Bryson, 2018; Moore, 1995). The goal of this section is an exploration of the externally imposed mandates, formal and informal, that influence the organization. The formal mandate of the organisation focuses on legislation, rules, and regulations within which the organization has to maneuver (Desmidt & Heene, 2013). The informal mandate of the organisation concentrates on implicit expectations or preferences of the various stakeholders (Desmidt & Heene, 2013). Since the latter was discussed in a previous section (3.1.1.4 Stakeholder analysis: preferences), we're going to focus solely on the formal mandates of the current EU defence.

3.1.2.1 Mandates: analysis

The American professor John M. Bryson claims that an analysis of the mandates of an organization should shed light on four aspects:

> "1. Identification of the organization's formal and informal mandates, including who is mandating what and with what force.
> 2. Interpretation of what is required as a result of the mandates (leading perhaps to explicit goals or performance indicators).
> 3. Clarification of what is forbidden by the mandates (which also might lead to explicit goals or performance indicators).
> 4. Clarification of what is not ruled out by the mandates (that is, the rough boundaries of the unconstrained field of action)." (Bryson, 2018, pp. 191-192)

The mandates determine the contours of the field within which the organization functions. It is important to explore what lies within, but also what lies outside the sphere of influence.

1. *Identification of the organization's mandates*

For the organization's formal mandate we need to have a look at the legal groundwork concerning EU defence that is currently present. Eventually, with the

2009 Lisbon Treaty the Common Security and Defence Policy (CSDP), as a chief component of the Common Foreign and Security Policy (CFSP) of the European Union, saw the light. The CSDP is legally cemented in the *TEU* (European Union et al, 2016) in 'Section 2: Provisions on the Common Security and Defence Policy', consisting of articles 42-46. The CSDP is the component responsible for the EU defence policy and its institutions, providing the EU operational capacity relying on civilian and military assets. In the first place CSDP allows for potentially low risk "missions outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter" (European Union et al, 2016, art. 42.1 C202/38), the so called Petersberg tasks. In the second place, article 42.2 of the TEU offers the building blocks for an EU wide defence policy: "[t]he common security and defence policy shall include the progressive framing of the common defence policy. This will lead to a common defence, when the European Council, acting unanimously, so decides" (TEU, 2016, art. 42.2 C202/38). In other words the Council, more specifically the Foreign Affairs Council (FAC), has to vote unanimously since the EU member states perceive CSDP as delicate, but there's an exception for a number of clearly defined cases within CSDP which require only qualified majority, e.g. the appointment of a special representative. The HR/VP is responsible for the proposition and implementation of decisions concerning CSDP. The CSDP offers a formal mandate that entails the legal and structural tools for structural integration and self-defence and that respects obligations to other intergovernmental organizations in the field of security and defence. The tools will be discussed further below[52]. In terms of relations with NATO, the *TEU* (2016) clearly states that CSDP respects "the obligations of certain Member States, which see their common defence realised in the North Atlantic Treaty Organisation (NATO), under the North Atlantic Treaty" (European Union et al, 2016).

2. Interpretation of what's required as a result of the mandates

As a result of the formal mandate that is given by the articles in the *TEU* (European Union et al, 2016) concerning CSDP certain targets have been set. The *EU Global Strategy* (EEAS, 2016b) presented by the HR/VP was followed by

[52] See EDA (2. Interpretation of what's required as a result of the mandates.) and PESCO (4. Clarification of what's not ruled out by the mandates).

the *Implementation plan on Security and Defence* (Council of the European Union, 2016). This latter document was translated into concrete action[53] by the European Council in December 2016.

3. Clarification of what is outside the mandates

When talking about EU defence one theme often recurs: the construction of a supranational EU army. An army that comes into existence after the member states freely hand over the control of their own defence unit to the European level. After which these armies ignore a national agenda and pursue European objectives. Many member states, especially the UK, fear that they will lose all authority over their own defence in favour of a supranational EU army (Rankin, 2016). All the major efforts towards a more coherent EU defence policy of the last years have often been perceived as the construction of an EU army (Rankin, 2016). Nowhere in the entire *TEU* (European Union et al, 2016) do we find the term 'EU army'. In her speech given in Rome on 12 February 2018 the HR/VP Mogherini clearly states that European defence cooperation is not about the creation of an EU army (EEAS, 2018 February 12). Instead the focus is on intergovernmental cooperation between EU member states. The creation of an EU army is at this moment clearly outside the formal mandate that is given by 'Section 2: Provisions on the Common Security and Defence Policy' of the *TEU* (European Union et al, 2016).

4. Clarification of what's not ruled out by the mandates

The creation of an EU army is outside the scope that is offered by the *TEU* (European Union et al, 2016), but at the same the document offers more than only the execution of the Petersberg tasks. 'Section 2: Provisions on the Common Security and Defence Policy' of the *TEU* (European Union et al, 2016) offers the tools of a solidarity clause and a Permanent Structured Cooperation (PESCO). The former refers to Article 42.7 (European Union et al, 2016) in which is stated that if an EU member state is attacked the other member states are forced to offer "aid and assistance by all the means in their power, in accordance with Article 51 of the United Nations Charter" (European Union et al, 2016, art. 42.7 C202/39). This so called 'Solidarity Clause'[54] is further described in article

[53] See 2.4 Recent defence initiatives: between impetus and impotence.
[54] This clause was included in the wake of the 2004 Madrid terrorist attacks. It was revised and simplified in 2014.

222 of the *Consolidated Version of the Treaty on the Functioning of the European Union* (European Union et al, 2016b) stresses the solidarity of EU member states in case of a (terrorist) attack. PESCO points towards a security and defence union. It's described in articles 42.6 and 46 of the *Treaty of the European Union* (European Union et al, 2016) and Protocol 10 of the *Consolidated Version of the Treaty of the European Union* (European Union et al, 2016b). It is an all encompassing framework for the strengthening of the CSDP and it provides the political structure for those member states that are willing to deepen defence cooperation.

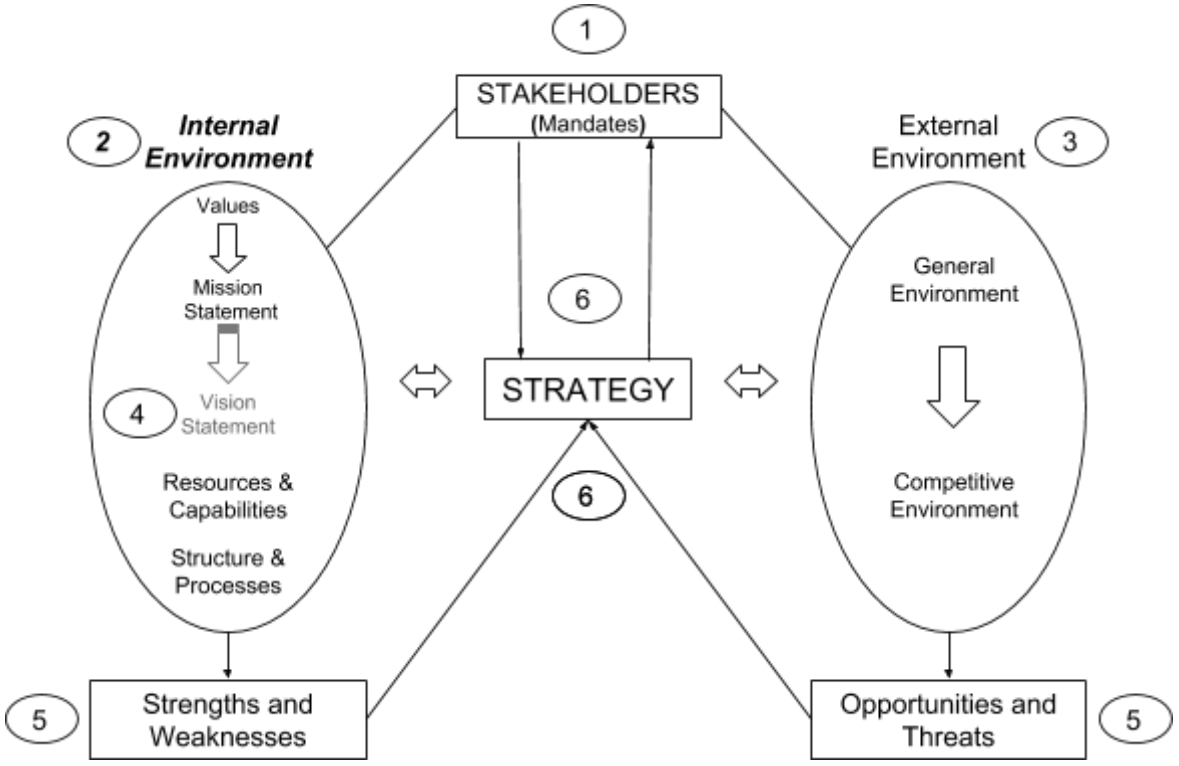
3.1.2.2 Conclusion

We can conclude this section with the observation that all legal tools are present to offer the groundwork for a common EU defence policy. The legal groundwork can be found for the biggest part in 'Section 2: Provisions on the Common Security and Defence Policy' (articles 42-46) of the *TEU* (European Union et al, 2016). In the first place, we have the Petersberg tasks that define the core of the current CSDP civilian and military missions. The CSDP structures consist of various political and military instruments and agencies. Despite the hardboiled belief of many critical commentators CSDP doesn't offer the framework for the creation of a supranational EU army, instead it contains a 'solidarity clause' and offers the possibility for a cooperative approach in the form of PESCO. This section offers the boundaries within which strategies need to be formulated and possesses the legal groundwork to work towards a security and defence union.

3.2 Strategy analysis: the internal environment

In this section we're going to have a look at the internal environment[55] of EU defence. First, we'll explore the values and mission statement of EU defence (3.2.1 A mission statement). Then, we're going to focus on the resources and capabilities EU defence has at its disposal (3.2.2 Resources and capabilities). Last, we're going to observe the current structure and processes (3.2.3 Structure and processes).

FIGURE 3.6: Strategic management framework for the public sector (2)



(source: based on Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011)

3.2.1 Mission statement

The mission statement of the U.S. Ministry of Defence is "to provide a lethal [sic] Joint Force to defend the security of our country and sustain American influence abroad" (U.S. Department of Defense, n.d.). This rather bold statement seems superficial in all its simplicity, but gives us loads of information on the purpose, strategy, behaviour, and values of the U.S. Ministry of Defence. For the EU, it's difficult to trace a similar organization with a similar statement. The main reason is that defence is strongly embedded in a global security and defence strategy, of which the CSDP is the translation into policy guidelines. Nevertheless, the

[55] Number 2 in the figure.

actors that come closest to some sort of EU Ministry of Defence are the Foreign Affairs Council (FAC), consisting among others of the combined college of ministers of defence of the EU member states, in combination with the HR/VP and the European External Action Service (EEAS). The EEAS only offers a technical description of what it is on its website (EEAS, 2016c) and the FAC vaguely and generally describes one of its three policies as defining and implementing:

> "the EU's foreign and security policy, based on guidelines set by the European Council. In particular, the Council can launch EU crisis management actions, both civil and military, in pursuit of the EU's objectives of peace and security. It can also adopt measures needed to implement the EU's foreign and security policy, including possible sanctions." (European Council et al., 2018)

If we ought to distil a mission statement from this broader context and the current EU defence related documents and actions, what would it look like then?

In this section, we try to further articulate the public value of the organisation by exploring the mission statement and the values of EU common security and defence. According to the Desmidt & Heene (2013), both the organization's mission and mandates pave the way for the ultimate organizational goal of creating public value in the most economical, efficient and effective way. First, we'll try to define the concept of mission statement. Second, we'll have a look at the dominant theories within mission statement literature. Third, we're going to apply the Ashridge Mission Model on EU defence. The outcome of this step lays the groundwork for the description of the future of the organization, or in other words the vision statement[56]. Although in many strategic management books mission and vision statements are mentioned in one breath (Joyce, 1999; Henry, 2011; Desmidt & Heene, 2013), we'll pursue Bryson's approach (2018) who deems it necessary to carry out considerable intermediate work before tackling a vision of success.

[56] See 3.4 Strategy analysis: vision statement.

3.2.1.1 Defining mission statement

The American scholar John M. Bryson defines a mission statement as "a declaration of organizational purpose" (2018, p. 210). In spite of the appealing simplicity of this definition, we need to elaborate on the concept of mission statement actually before we can grasp it.

The concept of mission statement is surrounded by a large conceptual fog owing to terminological, teleological, semantic, and stylistic unclarity. Firstly, in practice the concept is used interchangeably with concepts like business statement, slogan, company declaration, slogo, credo, value statement, etc., making it a tricky concept to research and define (Desmidt & Heene, 2013). Secondly, in the article *Developing Mission Statements Which Work* the Canadian scholars Mark C. Baetz and Christopher K. Bart (1996) assert that mission statements "are being used for a wide variety of purposes, potentially leading to 'some confusion' [sic] as to what is the statement's primary purpose" (p. 526). Thirdly, the content of the perfect mission statement arouses an animated debate. Which components make up the ideal mission statement? Based on academic literature, Christopher K. Bart (1998) attempted at a comprehensive list composed of twenty five components.

TABLE 3.7: Mission statement components

MISSION STATEMENT COMPONENTS:

1. organizational purpose or raison d'etre
2. statement of values/beliefs/philosophy
3. distinctive competence/strength of the organization
4. desired competitive position
5. competitive strategy
6. relevant/critical stakeholders identified
7. specific behaviour standards and policies to be observed
8. statement of general corporate aims/goals
9. one clear and compelling goal
10. specific financial performance targets/objectives
11. specific non-financial performance targets/objectives
12. definition of the business
13. specific customers/markets served
14. specific products/services offered
15. statement of self-concept/identity
16. statement of desired public image
17. identification of the business' location
18. definition of technology
19. Concern for survival
20. concern for satisfying customers
21. concern for employees and their welfare
22. concern for suppliers
23. concern for society
24. concern for shareholders
25. statement of vision

(Source: Bart, 1998, pp. 66-67)

Bearing in mind these twenty five components a mission statement seems like quite an endeavour to undertake. Lastly, also from a stylistic point of view there's unclarity of what a mission statement should look like (Baetz & Bart, 1996). These last three aspects amount to the tantalising experience of managers when bundling literary creativity to draw up a mission statement (Desmidt & Heene, 2013). The conceptual fog notwithstanding, the mission statement lead American management guru Peter Drucker to conclude that "business purpose and business mission are so rarely given adequate thought [it] is perhaps the most important cause of business frustration and failure" (1974, p. 78). It is our sincere belief this observation also applies to the absence of a mission statement in the public sector, more specifically EU defence.

3.2.1.2 The cultural school vs. the strategic school

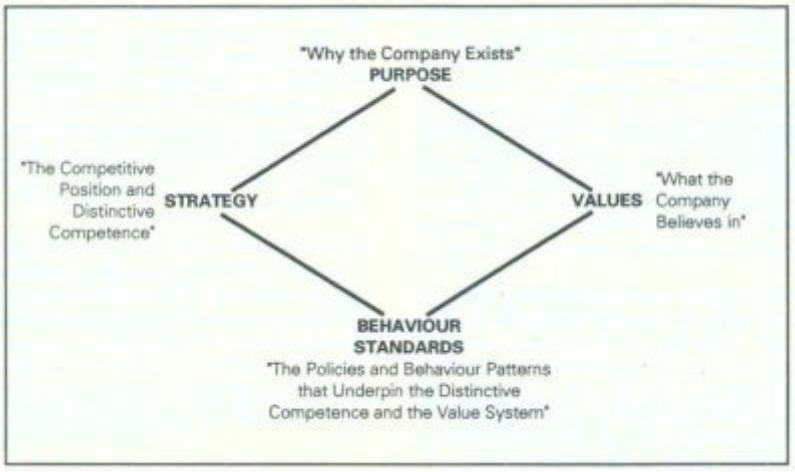
The scholars Andrew Campbell & Sally Yeung (1991) discern two schools in academic literature surrounding the mission statement: the strategic school and the cultural school. The strategic school is characterized by the work of American, Harvard Business School, professor Theodore Levitt, and more specifically his groundbreaking article *Marketing Myopia*[57] (Levitt, 2004). Levitt claims many organizations are myopic when defining their core business. Instead of focusing on selling products, businesses should be focusing on meeting the needs of the customers. In terms of EU defence, the focus then should be on the needs of the citizens and not the needs of the arms industry or the military decision makers. Of course, in the majority of the cases these needs will coincide. Military decision makers make decisions that help protect and safeguard the citizens from security and defence threats. The arms industry helps citizens in generating job opportunity, maintaining the technological knowhow of manufacturing weaponry within the country and, of course, develop weaponry. According to the strategic school, the mission statement should be viewed "as a strategic tool, an intellectual discipline which defines the business's commercial rationale and target market" (Campbell & Jeung, 1991, p. 10).

The cultural school stresses a different approach towards the mission statement. It emphasizes the emotional and ethical aspects of the concept mission statement. The stress doesn't lie on the development or the implementation of

[57] The original article was published in the Harvard Business Review issue of July-August 1960.

the mission statement as compared to the strategic school, it lies rather in the effects a mission statement has on stakeholder and associate participation. A strong mission statement leads to an identification with and legitimation of the organization, and eventually a collective 'sense of mission'. A sense of mission is defined as "an emotional commitment felt by people towards the company's mission" and it occurs when there's "a match between the values of an organization and those of an individual" (Campbell & Yeung, 1991, p. 17). In spite of the overt differences in approach to a mission statement, Campbell & Yeung (1991) don't believe these two schools are polar opposites, but can be coalesced into a paramount framework. They have successfully united the two schools in the Ashridge Mission Model which consists of four elements: purpose, strategy, behaviour standards, and values.

FIGURE 3.7: The Ashridge Mission Model



(source: Campbell & Yeung, 1991, p. 13)

First, purpose refers to the reason of existence. What is the purpose of the organization? Why does the organization exist? Second, strategy is needed to achieve the purpose in competition with other organizations. In that case strategy "defines the business that the company is going to compete in, the position that the company plans to hold in that business and the distinctive competence or competitive advantage that the company has" (Campbell & Yeung, 1991, p. 14) or wishes to have. Third, behaviour standards translate purpose and strategy into concrete action, policy, and behaviour guidelines, so they can be implemented in the daily routine of people. Fourth, values give meaning to the purpose, strategy, and behavioural standards. They are the moral guidelines and believes that lay the groundwork for a company's culture.

Building on the Ashridge Mission Model (Campbell & Yeung, 1991), Desmidt & Heene (2013) conducted academic research in which they distinguish four variables that explain the positive link between the use of a mission statement and organizational performance. First, mission statements supply an organization a clear sense of purpose. The mission statement allows the organisation to formulate its, short and long term, goals and is the point of reference for strategic choices. Second, mission statements focus on the allocation of organizational resources. They offer the framework within which allocation and decision making processes should be conducted in order to avoid the improvident investment in every opportunity or challenge that arises. Third, mission statements grant the possibility to communicate with the stakeholders of the organization. By clarifying how the organisation is planning to achieve value creation and distribution, it can convince its stakeholders to provide the necessary resources to reach the organizational targets. Fourth, mission statements shed light on the organizational values that motivate and plot a course for the associates. An organizational identification, through the mission statement, can lead to a 'sense of mission' that motivates the associates.

3.2.1.3 Defining a mission statement for EU defence

In this subsection, we're going to apply the Ashridge Mission Model (Campbell & Yeung, 1991) in order to arrive at the necessary elements that need to be included in a coherent mission statement for the common EU defence, in the wider context of security and defence. For the answers to these questions, we're going to rely primarily on the *TEU* (European Union et al, 2016) and, especially, the *EUGS* (EEAS*,* 2016b).

Purpose

What is the purpose of a common EU defence? Why does it exist? In terms of EU defence the "European Union will promote peace and guarantee the security of its citizens and territory" (EEAS, 2016b, p. 8). So the purpose is to ensure peace and security for the EU citizens and its territory. The EU perceives peace and security as being threatened by internal and external dangers that are heavily intertwined, e.g. terrorist attacks in the name of ISIS. Therefore, it's necessary to look beyond the borders to exclude threats entering from outside. The EU's perception is that stability in its region or neighbourhood leads to stability within

the EU. Promoting peace and guaranteeing the safety and security of its citizens and territory of all the EU member states is the purpose and the reason for existence of a common EU defence (EEAS, 2016b).

Strategy

What's the field of activity the common EU defence is going to compete in? Or in other words, what are the contours in which it needs to operate? And what are the distinctive competences or competitive advantages of an intergovernmental approach, instead of a purely national approach towards EU defence? The contours within which a common EU defence operates is described in 'Section 2: Provisions on the Common Security and Defence Policy' of the *TEU* (European Union et al, 2016) and extensively discussed in a previous subsection[58] about the formal mandate. The distinctive competence and competitive advantages boils down to the inclusive approach an EU intergovernmental approach towards EU defence has to offer.

In her foreword to the *EUGS* (EEAS*,* 2016b) Federica Mogherini blately explains the reason why an EU inclusive intergovernmental approach is better than a diverse national approach in addressing the internal and external threats: "None of our countries has the strength nor the resources to address these threats and seize the opportunities of our time alone. But as a Union of almost half a billion citizens, our potential is unparalleled" (EEAS, 2016b, p. 3) Then Mogherini (EEAS, 2016b) continues enumerating the benefits of a common approach: the EU possesses a global diplomatic network; the EU is a strong economic union in the world; and, the EU has the potential to be a global security leader. Concerning the latter the EU already plays a modest role on the international stage. Of course, the EU lacks the hard power tools - hence this study -, since the emphasis in external relations is primarily based on the profiling as a soft power. Compared to the clearly hard power U.S. Ministry of Defence approach quoted above[59] this is a distinctive competence, but not necessarily a competitive advantage in the international arena. A list of benefits a common EU defence approach has to offer is given further below[60].

[58] See 3.1.2.1 Mandates: analysis.
[59] "...to provide a lethal [sic] Joint Force to defend the security of our country and sustain American influence abroad" (U.S. Department of Defense, n.d.).
[60] See 3.2.3.3 Processes: costs & benefits of cooperation.

Behaviour Standards

How is purpose and strategy translated into concrete action, policy, and behaviour guidelines? Or in other words, how is CSDP currently being translated into concrete action? Above we stated that the EU primarily presents itself as a soft power, but this utterance doesn't necessarily mean that it's a civilian power. The EU translates its above purpose and strategy with a wide variety of instruments and policies among which also of military nature. Since 2003, as part of the CSDP, the EU has deployed more than 34 operations, with the use of military or civilian instruments in Europe, Africa, and Asia.

The conclusion is that the EU has undertaken and is undertaking many military and civilian missions "with thousands of men and women serving under the European flag for peace and security – our own security, and our partners'. For Europe, soft and hard power go hand in hand" (EEAS, 2016, p. 3).

Values

What are the values of a common EU defence approach? Before we answer this question we need to reflect on what values exactly signify. According to Joyce (1999), values in a strategic management context can be perceived in two ways. Either, values can refer to goals the organization is pursuing. Or, values can be seen as complementary to a mission or vision statement, in which case they are used to stipulate how the organization will behave itself in implementing the mission and vision statement. Henry (2011) follows the second interpretation, claiming that values[61], together with purpose, make up the core ideology of an organization. In that case values are an organization's essential and lasting set of principles or beliefs which won't be compromised for financial gain or short-term advantage. For our exploration of EU defence, or the EU in general, values we'll tap into this line of reasoning.

[61] Or "core values" (2011, p. 9) as Henry calls them.

The values, principles, and core beliefs of the EU are written down in articles 2-6 of the *TEU* (European Union et al, 2016). The essence or summary[62] is written down in article 2:

> "The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail." (European Union et al, 2016, art. 2 C202/17)

These values, principles, and core beliefs lie at the basis of the EU. In terms of external relations, and more specifically defence, these values, principles, and core beliefs are extended with core values. These core values focus on (international) rule of law; a multilateral inclusive approach towards international relations; a respect for partnerships (NATO, etc.); and, a view on international politics not in terms of a zero-sum game, but based on investing in win-win solutions (EEAS, 2016).

3.2.1.4 Conclusion

Based on the application of the Ashridge Mission Model for formulating a mission statement, we can conclude that all the information is present to formulate a mission statement for the current EU defence. The purpose is to promote peace and guarantee the security of the EU citizens and territory. The strategy is an inclusive intergovernmental approach based on a wide array of instruments and techniques. The purpose and strategy is translated into behaviour standards in the form of clearly outlined civilian and military operations based on soft and hard power. The core values are the (international) rule of law, multilateralism, strong partnerships, and a liberal view on international politics. A preliminary mission statement could be: based on the CSDP and grounded within the EU's core beliefs, the common EU defence promotes global peace and guarantees the security of the EU citizens and its territory, using a wide array of instruments and techniques (including soft and hard power). An actual mission statement should be shorter and 'snappier' (Bryson, 2018; Desmidt & Heene, 2013).

[62] The consecutive articles are an elaboration of article 2 focusing on human dignity (art.3), freedom (art.3), diversity and inclusion (art.3), the principle of sovereignty and equality of the member states (art.4), the principle of conferral (art.5), the principle of subsidiarity (art.5), the principle of proportionality (art.5), and human rights (art.6).

3.2.2 Resources and capabilities

In this section we'll explore the resources and capabilities that the EU defence has at its disposal. First, we're going to have a look at the theory surrounding resources and capabilities in order to avoid semantic confusion (3.2.2.1 Resources & capabilities analysis: theory). Next, we're going to have a look at the resources the EU has (3.2.2.2 Resources & capabilities analysis: Resources). Third, we're going to apply one way of assessing organizational performance, i.e. benchmarking (3.2.2.3 Resources & capabilities analysis: benchmarking). Last, we'll discuss the capabilities present in the current EU defence, giving pride of place to the European Defence Equipment Market (3.2.2.4 Resources & capabilities analysis: distinctive capabilities).

3.2.2.1 Resources & capabilities analysis: theory

A resources and capabilities analysis is strongly embedded in the resource-based school (RBS) on strategic management. The resource-based view, also called the inside-out view, is strongly opposed to the outside-in view, characteristic of the positioning school. Above[63], we defined RBS as founded in the belief that a strategy should be based on the resources and capabilities of the organization before exploiting the possibilities in the external environment. For EU defence, defence in general, resources combined with the capabilities in the context of the internal environment play a crucial role in the formulation of a suitable strategy.

Resources are traditionally defined as the assets that an organization needs to execute its activities and divided in tangible and intangible resources (Henry, 2011; Johnson, Scholes, & Whittington, 2008). For the division we're going to tap into the line of reasoning of Grant & Jordan (2015) who distinct three types of resources: tangible, intangible, and human resources. In terms of defence, the first refers to financial and physical assets possessed by an organization, i.e. financial capital, weaponry, and terrain[64]. Intangible resources refer to technological, reputational, and cultural assets, e.g. military technology, reputational strength, etc. Human resources denote human assets, i.e. skills/know-how, motivation, capacity for communication and collaboration[65] (Grant & Jordan, 2015). Capabilities are traditionally defined as what an

[63] See 1.1.1 The positioning school vs. the resource-based school.
[64] Not an exhaustive list.
[65] Idem.

organization can do with those resources to create an advantage (Grant & Jordan, 2015; Johnson et al, 2008).

3.2.2.2 Resources & capabilities analysis: resources

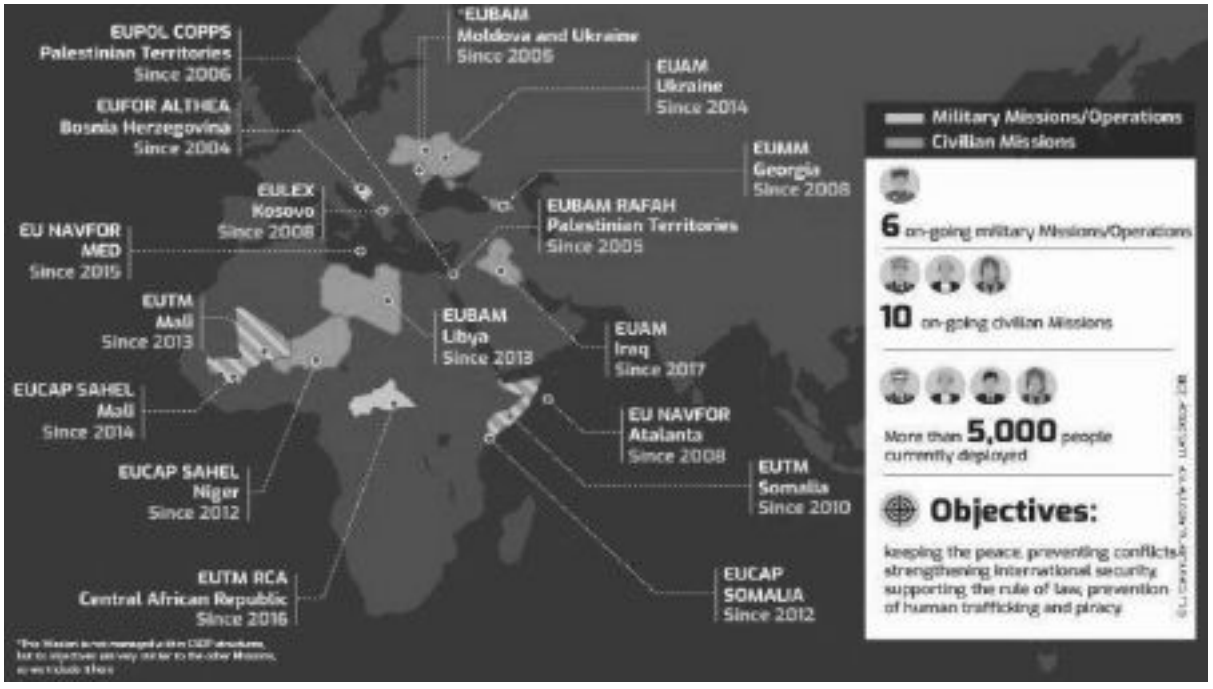
In terms of resources we can make a clear distinction between the resources that are currently at the disposal of the EU and the resources that could be at disposal of the EU, if we take a combined approach towards EU defence.

CSDP, the current potential

A structured outlook of all resources at disposal of CSDP is difficult to give since it changes with every new mission, but we can give a general outlook based on the information puzzled together.

From 2003 until now, as part of the CSDP, the EU has undertaken more than thirty operations[66], with the use of civilian or military resources in several countries on European, African, and Asian soil. 11 missions were military, 22 civilian, and 1 mixed. As of today, 16 missions under the CSDP are still ongoing, of which 6 military and 10 civilian missions. More than 5000 people are currently deployed:

FIGURE 3.8: CSDP missions and operations (1 March 2018)



(source: EEAS, 2018)

[66] See 2.3.1 CSDP missions and operations.

In his book *Europe's Common Security and Defence Policy, Capacity-Building, Experiential Learning, and Institutional Change* the British scholar Michael E. Smith gives insight in how CSDP allows for experiential learning. This latter concept refers to how experiences and the reporting on those experiences in the military and civilian missions have resulted in skills and knowhow. In the table below we get partial insight into the human resources (responsibilities) and tangible resources (resources) at the disposal of CSDP. Our interest will focus on the military CSDP actions.

TABLE 3.8: CSDP human and tangible resources

	Military CSDP actions	**Civilian CSDP actions**
Responsibilities	- Peacekeeping/peace monitoring - Disarmament - Organised crime/corruption - Military training - Hunting war criminals - Counter-piracy - Maritime capacity-building - Use of FFMs during planning - Use of 'project cells' to adapt to local needs after deployment	- Border monitoring - Police training - Organised crime/corruption - ROL/SSR activities - Maritime capacity-building - Use of FFMs during planning - Use of 'project cells' to adapt to local needs after deployment
Resources	- Headline goals - CMPD - Transport & logistics (including EDA) - Athena facility - Battlegroup Concept - EU Operations HQ (OpsCen) - Logistics Lead Nation Concept - Watchlists/Watchkeeping - EUISS - EU SatCen - Crisis Platform/Crisis Management Board	- IFS/Instrument Contributing to Stability and Peace - CMPD/CPCC - Start-Up Fund - EUISS - EU SatCen - Crisis Platform/Crisis Management Board - CSDP Warehouse/preparatory measures - Goalkeeper facility

(source: abridged version of Smith, 2017b, p. 276)

CSDP military missions have caused that the EU has valuable knowledge in the field of peacekeeping/peace monitoring, disarmament, organised crime/corruption, military training, hunting war criminals, counter-piracy, maritime capacity-building, use of FFMs[67] during planning, and use of 'project cells' to adapt to local needs after deployment. The focus is not on direct combat, but rather on the aspects surrounding traditional warfare bearing in mind the long term effects and the global political stability. The general focus of CSDP is on state-building and state security to ensure the stability at the EU

[67] Fact Finding Mission.

borders. According to Michael E. Smith, the EU is very clever in the gathering and the internal dispersion of this information (Smith, 2017b).

With regard to tangible (funds, troops) and human resources the above table offers us also interesting information in the centre bottom box: resources of the military CSDP actions. The majority of the instruments (CMPD, EDA, OpsCen, EUISS, and EUSatCen) are discussed in detail below[68]. Three important items will be further discussed here: Headline Goals, the Battlegroup Concept, and the Athena facility. The military Headline Goals (HLGs) give us information on the Headline Goals and the Battlegroup Concept. Since 2003, decided under Helsinki Headline Goal of 1999, the EU member states are able to deploy forces up to a maximum of 15 brigades or 50,000-60,000 persons within 60 days. If necessary, smaller rapid response teams are deployable on a shorter term. A central part of the Helsinki Goal 2010 was the EU Battle Group Concept, a high readiness force of 1500 persons deployable within 10 days and sustainable for up to 30 days, which can be extended to 120 days with rotation. The EU Battle Group hasn't been deployed yet to this date. The Athena facility is a financial mechanism that deals with the common costs related to military operations under the CSDP.

EU, the full potential

The policy area of defence is in the first place the domain of nation states. To get an idea of the full military potential of the EU, we need to have a look at the resources of the EU 27+1 member states, focusing on expenditure and personnel and concerning naval, land, and air force.

In 2016 the European Defence Agency (EDA) published the document *National Defence Data 2013-2014 and 2015 (est.) of the 27 EDA Member States* containing extensive data on national defence of the EU member states. Up until today, a successive document has not yet been released. The first table gives information about the defence expenditure of the member states: expenditure (€ mn.), % of GDP (Gross Domestic Product), and per capita (€).

[68] See 3.2.3.1 Structure (CSDP).

TABLE 3.9: EU Defence expenditure 2014-2015 (est.)

Member state	Expenditure (€ mn.) in 2014-2015 (est.)	Per capita (€) in 2014-2015 (est.)	% of GDP in 2014-2015 (est.)
Total/average	***194,782***	***387***	***1.42***
Austria	2,491	292	0.76
Belgium	3,913	351	0.97
Bulgaria	563	78	1.34
Croatia	606	143	1.41
Cyprus	270	315	1.54
Czech Republic	1,493	142	0.96
Denmark[69]	n/a	n/a	n/a
Estonia	386	294	1.98
Finland	2,714	497	1.33
France	39,198	592	1.83
Germany	34,749	422	1.2
Greece	4,001	364	2.23
Hungary	912	92	0.88
Republic of Ireland	893	193	0.48
Italy	18,427	303	1.14
Latvia	223	112	0.93
Lithuania	322	110	0.89
Luxembourg	190	341	0.54
Malta	43	100	0.54
Netherlands	7,788	462	1.19
Poland	7,565	197	1.83
Portugal	2,501	241	1.45
Romania	2,029	102	1.35
Slovakia	749	138	1
Slovenia	366	178	0.98
Spain	9,508	205	0.9
Sweden	4,711	486	1.1
United Kingdom	***48,172***	***747***	***2.17***

(source: EDA, 2016b)

Noteworthy about the table above is the expenditure of France, Germany, and the United Kingdom (UK). These countries supply the biggest contribution to the total expenditure of national EU armies. In some way, these figures are normal since these three countries are the largest and economically strongest of the EU. Based on the GDP only Greece and the UK rise above 2%[70]. Many countries are below 1% when it comes to contribution based on the GDP: Austria, Belgium,

[69] Owing to its EU defence opt out status there are no records of military Denmark. Denmark is not a member of EDA.

[70] The NATO standard will be discussed further below.

Czech Republic, Hungary, Republic of Ireland, Latvia, Lithuania, Luxembourg, Malta, Slovenia, and Spain. Bearing in mind the figures per capita, it is necessary to remark that only France and the UK contribute more than €500 per citizen. At the other side of the scale, Bulgaria and Hungary stand out because they spend less than €100 per citizen on defence. The general conclusion of the defence expenditure is that there's no equality among EU member states. On the basis of these figures it seems as if there's no general threshold in terms of defence spending.

The next table shows us the total amount of military personnel active (per component: land, sea, air, and other) and deployable (land) forces.

TABLE 3.10: EU Military personnel and branches 2014-2015 (est.)

Member state	Military personnel (active)	Army	Navy	Air Force	Other	Deployable land forces
Total/average	***1,423,097***	***719959***	***190979***	***241263***	***267715***	***417,180***
Austria	22,689	22689	0	n/a	n/a	2,234
Belgium	30,174	18719	1796	7764	1895	6,691
Bulgaria	25,188	11857	2767	5442	5122	6,380
Croatia	15,380	8124	1282	1340	4634	2,098
Cyprus	11,747	10409	462	876	0	237
Czech Republic	20,222	10604	0	3864	5173	7,867
Denmark[71]	n/a	n/a	n/a	n/a	n/a	n/a
Estonia	6,285	3843	388	317	1737	483
Finland	8,275	4233	1309	1715	1018	1,738
France	207,000	90500	31800	34500	50200	63,350
Germany	178,800	49575	11350	21488	96387	C[72]
Greece	113,517	72691	22630	18196	0	21,500
Hungary	22,667	9435	0	5345	7887	3,714
Republic of Ireland	9,280	7457	1057	766	0[73]	850
Italy	183,465	102072	31104	41689	8600	C
Latvia	4,646	1640	477	270	2259	1,242
Lithuania	8,568	3178	574	891	3925	C
Luxembourg	821	411	0	4	406	242
Malta	1,662	1210	316	107	29	105
Netherlands	42,102	17603	7815	6735	9949	14,685
Poland	99,500	34900	5800	13400	42800	1,464

[71] Owing to its EU defence opt out status there are no records of military Denmark. Denmark is not a member of EDA.
[72] Confidential.
[73] "Support & Command military personnel are shown under the Army/ Maritime/ Air Force categories, rather than under Other personnel, as in the previous years" (EDA, 2016).

Portugal	30,302	15870	6883	6104	1445[74]	7,878
Romania	69,556	38760	5928	9316	15552	9,605
Slovakia	13,338	5487	0	3061	4790	4,602
Slovenia	6,765	6765	0	0	0	3,000
Spain	121,848	77427	20829	20535	3057	43,812
Sweden	15,570	7440	3672	3608	850	2,818
United Kingdom	***153,730***	***87060***	***32740***	***33930***	***0***	***69,808***

(source: EDA, 2016b)

Striking of the table above is the countries that possess 100,000 people personnel: France, Germany, Italy, Greece, Spain, and the UK. In this context it is important to have a look at efficiency. Of the 153,730 people personnel the UK can deploy almost have, 69,808. Greece has a total of 113,517 military personnel of which they can only deploy 21,500. Noteworthy is that some countries have 0 maritime personnel. This figure is logical since Austria, Czech Republic, Hungary, Luxembourg, Slovakia, and Slovenia bear no coastal land. Therefore there's no need for a national maritime force. All countries possess an air force, with the exception of Slovenia. An interesting figure is the efficiency in the sense of deployable soldiers with respect to the total amount of military personnel: 29,3%. In other words, the total amount of deployable soldiers in case of combat is 29,3% of the total amount of people serving in the national armies. If we have a look at the UK individually, we notice that 45,4% of the active military personnel is deployable.

If we have a look at the military equipment, we find out that the combination of the EU 27+1 member states possess: 178 types of different weapons systems, 17 types of main battle tanks, 20 different fighter planes, and 29 sorts of destroyers/frigates (European Commission, 2017). In marine terminology a distinction is made between blue and green water navy: "Blue-Water" (high seas) naval capability means that a fleet is able to operate on the "high seas." (...) "green-water navy," (...) refers to the coastal submarines and fast attack boats of many nations, the larger littoral combat corvettes and similar vessels of a substantial number of powers, and amphibious vessels" (Phifer, 2012, p. 54). Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain, and the UK possess green-water navies. France, Italy, Spain, and the UK possess also blue-water navies. The first and to this moment only EU maritime mission is

[74] "Marines" (EDA, 2016).

Operation Atalanta, launched in December 2008, in response to piracy just off the Somali coast. The controlling organ of the operation is EU Navfor, but it goes beyond the EU member states. Norway and Ukraine contributed warships and Montenegro, Serbia, and also Ukraine provided staff officers to Operation Atalanta (EUNavfor, 2018).

According to the Nobel-prize winning coalition of non-government organisations International Campaign to Abolish Nuclear Weapons, shortly abbreviated as ICAN, six EU member states possess nuclear weapons[75]. France (300 warheads) and the United Kingdom (215 warheads) host their own nuclear programmes, whereas Belgium, Germany, Italy, and the Netherlands allow US nuclear weapons to be stalled on their territory as part of a NATO agreement (ICAN, 2018).

3.2.2.3 Resources & capabilities analysis: benchmarking

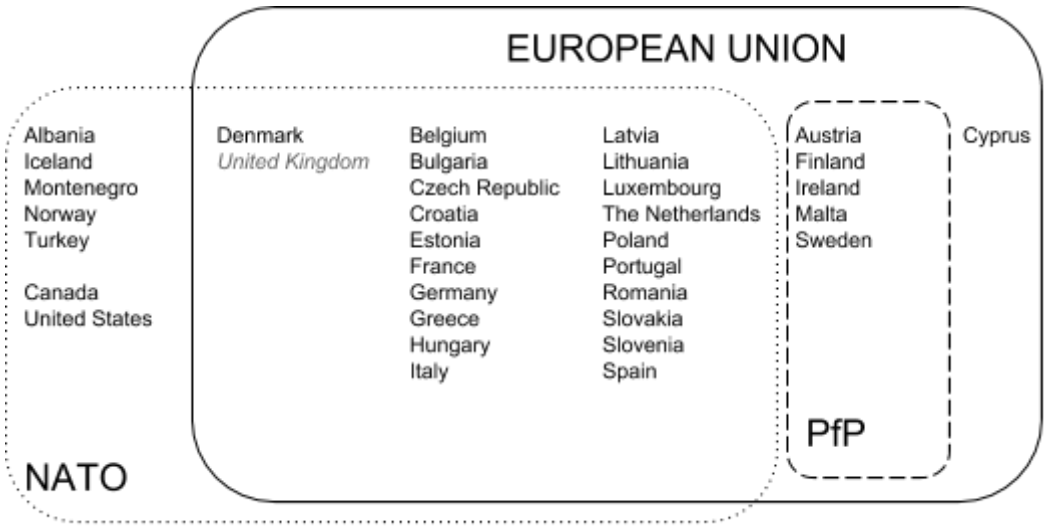
The figures in the previous subsection give us an indication of the resources EU member states have individually and together. To get a clear view of where the EU stands we need to assess its organizational performance on a wider scale. Henry (2011) suggests three ways of assessing organizational performance: financial analysis, the balanced scorecard, and benchmarking. We're going to focus on the last option by measuring the performance of the EU 27+1 member states compared to NATO standards. Further below[76], we will measure the EU's performance against global powers.

NATO benchmark

Of the EU 27+1 member states 22 are a member of the North-Atlantic Treaty Organization (NATO). The remaining EU member states, with the exception of Cyprus, are part of the NATO Partnership for Peace[77] (PfP): Austria, Finland, Ireland, Malta, and Sweden.

[75] Many countries refrain from making official statements surrounding the nuclear arsenal on their territory. Therefore we're forced to take our information from a non-government initiative like ICAN.
[76] See 3.3.2.1 Global powers benchmark.
[77] Partnership for Peace is a special program for non-NATO members in order to create trust between former Cold War enemies NATO and the Russian Federation and the surrounding countries.

FIGURE 3.9: NATO-EU-PfP[78]



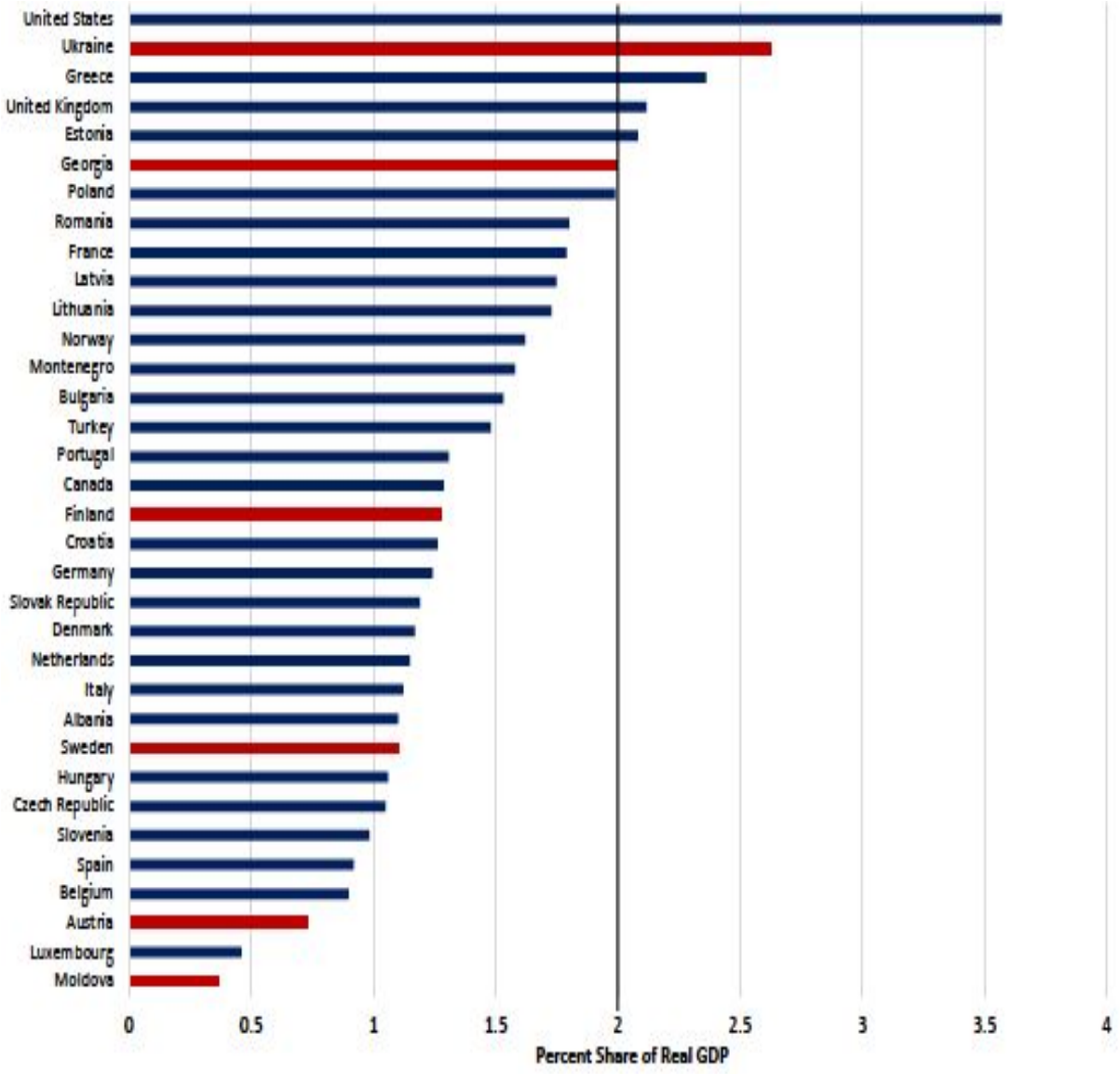
(source: based on Wolfstädter & Kreilinger, 2017)

NATO is the biggest military alliance of the world. In the *EUGS* NATO is dubbed as the EU's "collective defence [...] primary framework" (EEAS, 2016b, p. 20), but it holds a special status in this context since it encompasses countries that are not part of the EU 27+1. So, NATO has the exceptional status of belonging to the internal and external environment.

During the 2014 Wales Summit the NATO members decided on an official standard for military expenditure. The 2% spending threshold for defence already existed for more than a decade, but was only then officially accepted (Hicks et al, 2018). From 2014 onwards every member of NATO was expected to spend 2% of its Gross Domestic Product (GDP) on defence expenditure. In a recent report of the Centre for Strategic & International Studies (CSIS) *Counting Dollars or Measuring Value. Assessing NATO and Partner Burden Sharing* (Hicks, Rathke, Daniels, Matlaga, Daniels, & Linder, 2018) details are given to what extent the NATO members and some PfP countries reach the NATO standard. In the figure below (based on 2017 estimates) we have 34 countries of which 28 are NATO allies and 6 PfP countries: Ukraine, Georgia, Finland, Sweden, Austria, and Moldova.

[78] The United Kingdom is on the verge of leaving the EU, hence in italics and grey colour.

FIGURE 3.10: NATO and PfP Defence expenditure as a share of (real) GDP



(source: Hicks et al, 2018, p. 4)

According to the figure above, only 4 countries of the 28 NATO members succeed in meeting the 2 percent expenditure: the United States, Greece, United Kingdom, and Estonia. Ukraine is the only country of the Partners for Peace to meet the 2% barrier. Georgia[79] and Poland are close to reaching the 2% threshold, both have 1,99%. In the category between the 1,5% and 2%, we find 8 NATO members: Poland, Romania, France, Latvia, Lithuania, Norway, Montenegro, and Bulgaria. The majority of the NATO allies and partners score less than 1,5%. The conclusion is that the overall score of many NATO members and partners is far below the 2% threshold.

[79] Partner for Peace.

This way of benchmarking the contribution of the NATO allies is seen as an indicator of determining the political willingness to be a faithful member of the alliance, also called 'burden sharing'. Those states that meet the NATO standard are perceived as willing contributors who 'share the burden', while those states that are unwilling are perceived as 'free riders' (Hicks et al, 2018), actors that benefit from a situation without paying for it. This imbalance has led in the past to exclamations of dismay on behalf of the current American president Donald Trump, political leader of the biggest and strongest ally in NATO, who stated that NATO is "obsolete" (Santora, 2018, par. 6). At the same time the president urges the allies to reach the standard. Because of the imbalance in military expenditure NATO members have agreed to meet the 2% target by 2024. Currently, only 15 of the 29 of the NATO allies have drawn up such a plan (Hicks et al, 2018).

Notwithstanding that the threshold is an interesting indicator of political willingness of the allies, it has its flaws. Firstly, fluctuations in a country's economy might influence the defence expenditure as a certain percentage of the GDP of that same country (Hicks et al, 2018). If we have a look at the example of Georgia and Poland above, we notice that they just fall short of meeting the 2% threshold. The reason is that their economy grew faster than expected, while their defence expenditure remained the same. And secondly, the defence of a country entails more than only military expenditure. The EU is the prime example that not only military capabilities are necessary to ensure the defence and security. For the EU, apart from NATO, the hard power military capabilities should be seen in the wider context dominated by soft power abilities, e.g. peacekeeping, state building, etc. These actions also carry great financial consequences that aren't taken into account in the NATO 2% threshold.

3.2.2.4 Resources & capabilities analysis: distinctive capabilities

Henry (2011), following the writings of the British economist John Kay, talks about distinctive capabilities as capabilities an organization has that makes it different and special from other organizations. The distinctive capabilities are obtained from three areas: architecture, reputation, and innovation. The first area consists of the network of relational contract within (internal architecture)

and outside the organization (external architecture). In this context, organizations "depend far less on individual leaders, and groups than they do on their established structures, dominant styles and organizational routines - what might be termed their existing ways of working" (Henry, 2011, p. 136). These structures, styles, and routines determine the performance of an organization. The second area, reputation, is particularly important in a market where the quality of a product or service is based on the long-term experience and the general, public perception of the product or service delivered. The last area, innovation, refers to the ability of an organization to innovate in a successful manner its products and services making the organization relevant in a long term.

Architecture

The actual architecture of EU defence is difficult to distinguish since it's an abstract notion that for the moment only exists as a broad, complex patchwork of various defence entities that are tied to the EU, i.e. the EU 27+1 member states with their defence departments and military forces, NATO, EU, CSDP, PESCO, and other intergovernmental military and defence collaborations. Characteristic for the EU, and more specifically CSDP, when it comes to established structures, dominant styles and organizational routines is the organizational complexity owing to the broad multilateral, intergovernmental approach. The Dutch professor Sophie Vanhoonacker claims that the "demanding character of civilian and military operations has required the set-up of a whole range of new administrative bodies that are vital to the day-to-day running of the ESDP machinery" and that CSDP is "more and more the result of the interaction of a wide variety of players at different governmental levels, a process that is further reinforced by the Lisbon Treaty" (Vanhoonacker, Dijkstra & Maurer, 2010, pp. 21-22). More recently, the scholar Michael E. Smith said that " the CFSP/ CSDP is still undermined by a high degree of bureaucratic fragmentation, redundancy, and staff turnover (especially regarding individual CSDP actions)" (Smith, 2017b, p. 278). The architecture of CSDP isn't seen as efficient, effective, and transparent, but rather as a slow, bureaucratic, and complex system. Just about everything you expect a defence and military related organ not to be. The reason for this organizational complexity can be

ascribed to the democratic, multilateral, intergovernmental approach (Vanhoonacker, 2010) what in itself is a distinctive capability.

Reputation

The EU doesn't exactly possess a distinctive capability in the area of reputation when it comes to EU defence. Bearing in mind the quote of the former Belgian Minister of Foreign Affairs Mark Eyskens that gave the incentive for the title of this study, we have to admit that the EU is still a minor actor in terms of defence on a global scale. The high expectations that were nourished after the Second World War and at the end of the 1980's haven't exactly been met. The EU's 'capability-expectations gap' in international relations hasn't been bridged (Hill, 1993). The EU is able to wield considerable influence in economic affairs, but has no authority in the domain of military/defence affairs (Smith, 2017). The Ukrainian crisis is a prime example of the EU's lack of authority as a global military power. The EU in international relations is primarily perceived as a soft power, and not a hard power (EEAS, 2016b). In terms of weighing on international security policy, the EU doesn't hold a seat at the UN security Council, as opposed to the US, Russia, China, the UK, and France, what also makes it less credible and relevant at a global level. An important precondition that needs to be fulfilled if you want a reputation as a global power.

Innovation

Innovation is an important area for defence to have distinctive capabilities in. The Ministry of Defence of the United Kingdom asserts that "innovation is key to maintaining [a] military advantage into the future. [One] must continue to adapt to stay ahead, finding ways to be more innovative [...]" (n.d., p. 2). Defence innovation for a country needs to be sought for in the defence expenditure.

The European Defence Agency (EDA) started gathering information on EU defence expenditure from 2005-2006 onwards. Important to bear in mind when interpreting the figures of the EDA is that Denmark, owing to its opt-out status, is not included since it's not an EDA member. Therefore, we'll refer - instead of EU 27+1 - to EU 26+1 member states. In the bar figure below we see the total defence expenditure and the breakdown in different components. At the top of the bar we find the total defence expenditure. The bar itself consists of, from top

to bottom, other expenditure (including infrastructure/construction), investment (equipment procurement and R&D), operation & maintenance, and personnel. The figure tells us that in the period 2006-2014 the total defence expenditure remained quite stable, around €200 billion. Concerning innovation as a distinctive capability our interest is drawn to investment in procurement (acquiring (military) equipment and supplies) and R&D (research and development). The percentages for investment remain stable around 20% with the exception of 2014. In 2014 the EU 26+1 member states invested the least in equipment procurement and R&D since 2006.

FIGURE 3.11: EU total defence expenditure and breakdown

(EDA, 2016, p. 20)

In the table below we benchmark the performance of the EU against the US in terms of expenditure. We notice that the US spends substantially more than the EU. In both 2010 and 2011 the US spent more than €500 billion on defence, which is more than 4,5% of the GDP and more than 11% of the total government expenditure. Whereas the EU 26+1 spent a bit less than 200 billion in 2010 and 2011, which is a bit more than 1,5% of the GDP and around 3,20% of the total government expenditure.

TABLE 3.11: EU-US defence expenditure (2010-2011)

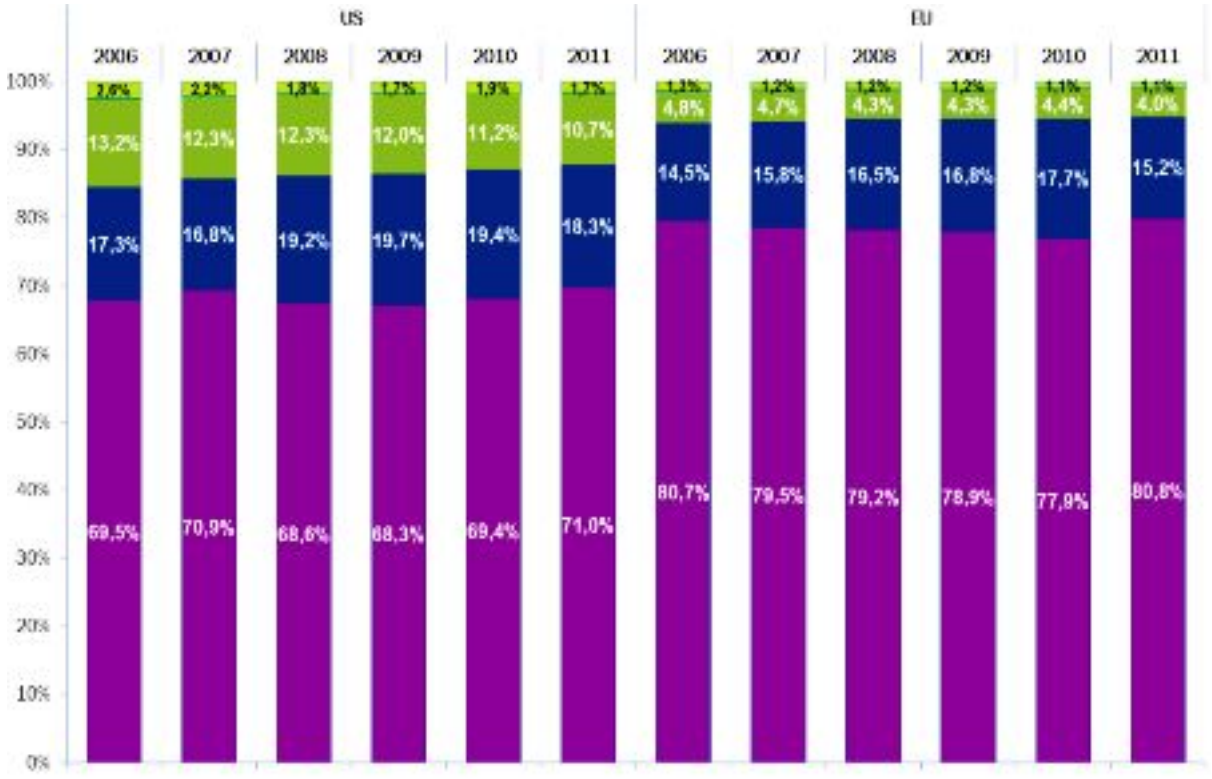
	2010		2011	
	EU	US	EU	US
Total	€194 billion	€520 billion	€193 billion	€503 billion
As % of GDP	1,61%	4,77%	1,55%	4,66%
As % of Total Government Expenditure	3,20%	11,23%	3,17%	11,18%
Per Capita	€390	€1 676	€387	€1 610

(EDA, 2013, p. 4)

The conclusion is that the US spent substantially more on defence than the EU 26+1. The consequence is that the US also invested considerably more in procurement, R&D, and R&T (research and technology, a part of R&D).

In the bar figure below we get a defence expenditure breakdown of the US, on the left, and the EU 26+1, on the right hand side. The bars consist of percentages on, from top to bottom: R&T (light green with blue frame), R&D (light green), equipment procurement (blue), and other defence expenditure (purple).

FIGURE 3.12: US-EU defence investment breakdown



(EDA, 2013, p. 11)

If we take the most recent year 2011, we notice that the US invests significantly more on equipment procurement (18,3%), R&D (10,7%), and R&T (1,7%). The total investment amounts to 30,7% on innovation for the US. The EU 26+1 invests significantly less on equipment procurement (1,1%), R&D (4,0%), and R&T (15,2%). The total investment is 20,3% on these ways of innovating EU defence. Bearing in mind the table above the US not only invests more in terms of percentages, but also in general. If we do the simple math, we arrive at a sobering difference between the US and the EU 26+1. The EU 26+1 invested in 2011 €39,18 billion and the US that same year a staggering €154,42 in innovation. Of course, these figures don't tell us anything about if the money was spent efficiently and effectively, but on the basis of these figures we can conclude the EU 26+1 doesn't hold a distinctive capability in the area of innovation compared to the US.

The European Defence Fund (EDF) as part of the 2016 *European Defence Action Plan* was launched on 7 June 2017 to boost among other things innovation in the European defence industry. Of course, it's too soon to create insight into the effects of these incentives. EDF and the *European Defence Action Plan* are more extensively discussed below[80].

3.2.2.5 Conclusion

Taking a closer look at the resources and capabilities the EU possesses, we have to admit that the EU, within the CSDP framework, only has limited hard power instruments. CSDP's focus has been primarily on the Petersberg tasks oriented domain of warfare (e.g. peacekeeping/peace monitoring, disarmament, military training, etc.). The EU has limited military resources at its disposal, since these are still in the hands of the EU member states. The EU 27+1 member states combined carry a great potential in the realm of military resources. If we compare the member states a great difference in expenditure is striking. The figure of deployable forces in relation to the total active military personnel is low (29,3%). 22 EU member states are part of NATO, the biggest military alliance of the world. On a less brighter note, the majority of the EU member states don't meet the NATO 2% threshold of share GDP. The distinctive capabilities of the EU, within CSDP, must be sought for in its inclusive, multilateral, and

[80] See 3.2.3.4 Processes: two case studies (European Defence Action Plan).

intergovernmental approach towards defence. The downside is that this, in the area of architecture, leads to institutional complexity and all the consequences in its wake, i.e. lack of efficiency and effectivity, bureaucratization, etc. The reputation of the EU on a global level is modest in terms of defence. In the domain of innovation it's clear the EU is lagging behind compared to the US, but recent initiatives to boost innovation are recently activated.

3.2.3 Structure and processes

This section tackles the structure and processes of EU defence. The disentanglement of what is perceived today as the whole of EU defence appears to be difficult since it's a complex system with various actors. Firstly, we're going to have a look at the structure in which the various military actors fit that ensures the EU's security and defence (3.2.3.1 Structure). Secondly, we'll have a look at the processes that are at play within and between those actors, especially with reference to efficiency and effectivity (3.2.3.2 Processes: efficiency & effectiveness in EU defence). Thirdly, we'll explore the costs and benefits of cooperation in military acquisition (3.2.3.3 Processes: costs & benefits of cooperation). Finally, we'll apply the knowledge of the previous subsections in two brief case studies (3.2.3.4 Processes: two case studies).

3.2.3.1 Structure

EU defence at the moment isn't characterized as a single, indivisible unit like most national ministries of defence. Of course, at the core we have the Common Security and Defence Policy (CSDP), but EU defence encompasses a variety of cooperative initiatives on various levels: strategy, capabilities, and operations (CEPS, 2015). EU defence is a patchwork of defence and military instruments that are heavily intertwined. In *More Union in European Defence* CEPS[81] (2015) distincts four patterns of behaviour: (1) unilateralism: individual member states take military or defence initiative without consultation of the EU and outside the CSDP framework; (2) bilateral ententes: two EU member states strengthen mutual defence by cooperation; (3) patchy multilateralism: multiple member states cooperate in terms of defence within a group sharing "mutual trust, geographic, or cultural proximity, and/or common threats" (CEPS, 2015, p. 7); (4) ad hoc coalitions: most often the EU member states are consulted by the EU or the United States if they want to participate in a NATO mission. The combination of all these initiatives form the current EU defence.

To understand how EU defence is currently organized, we need to have a look at defence on various levels. First, we'll explore the biggest actors at the supranational and intergovernmental level to see in what sense they contribute to EU defence. Second, we'll focus on the internal structure of CSDP. Third, we'll

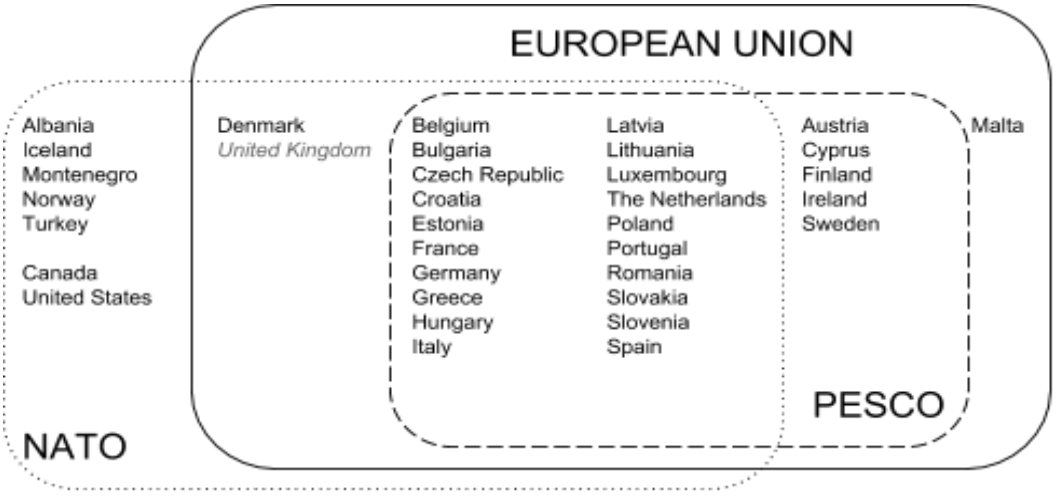
[81] The Centre for European Policy Studies.

elaborate on PESCO. Fourth, we'll have a look at the most important intergovernmental collaborations among EU and non-EU member states. Fourth, we'll briefly examine the national level.

NATO-EU-PESCO

Traditionally, the NATO-EU relations are seen as a complimentary alliance in which NATO delivers on high level conflict situations (e.g. NATO in Afghanistan) and the EU focuses on crisis management and peace-keeping operations[82] in its neighbourhood. The visualization below shows the complexity of EU defence at the highest level. Three defence entities run through one another causing a complex system of alliances: NATO, EU (including CSDP), and PESCO.

FIGURE 3.13: NATO-EU-PESCO



(source: based on Wolfstädter & Kreilinger, 2017)

In Europe the major military alliance continues to be the intergovernmental North Atlantic Treaty Organisation (NATO), erected in the wake of the Second World War. Currently, NATO consists of twenty two EU member states, five European non-EU member states, and the USA and Canada. Article 42.2 of the *Consolidated Version of the Treaty of the European Union* (2016) clearly states that the twenty two EU member states "see their common defence realised in the North Atlantic Treaty Organisation" (European Union et al., 2016, art. 42.2 C202/38). The Berlin Plus Agreement of December 2002 led to a comprehensive package of agreements between NATO and the EU. It also gave way for the EU to use NATO military assets for peacekeeping operations (e.g. EUFOR Concordia

[82] See FIGURE 3.8: CSDP missions and operations (1 March 2018), TABLE 2.1: list of completed CSDP missions and operations (2003-2016), and TABLE 2.2: list of current CSDP missions and operations (2003-2016).

in the Former Yugoslav Republic of Macedonia and EUFOR Althea in Bosnia and Herzegovina). As we have seen above[83], six EU member states aren't a member of NATO, five are part of the NATO Partnership for Peace program: Austria, Finland, Ireland, Malta, and Sweden. Cyprus is neither a NATO member, nor a Partner for Peace. Some NATO members have close ties with the EU: Albania, Montenegro, and Turkey are EU applicants; and, Iceland and Norway participate in the EU Single market.

More recently the EU reiterated its pledge of allegiance to NATO in the *EU Global Strategy*: "[w]hen it comes to collective defence, NATO remains the primary framework for most Member States" (EEAS, 2016b, p. 20). Nevertheless, at the same time it wants to strengthen its internal security and defence bond to "enable the EU to act autonomously" (EEAS, 2016b, p. 20). For the majority of the EU member states, the security and defence of the EU is ensured by the Common Security and Defence policy (CSDP). The CSDP allows the Union to use operational capacity relying on civilian and military resources for three goals: "peace-keeping (sic), conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter" (European Union et al., 2016, art. 42.1 C202/38). Article 42.3 clearly states that any military objectives are defined by the Council of the European Union[84] (European Union et al, 2016). At this level two countries carry a special status: the UK (Brexit) and Denmark (defence opt-out status). The CSDP command structure is discussed in the next subsection. Within the framework of CSDP we have the Permanent Structured Cooperation (PESCO) in which 25 EU member states[85] take part. Article 42.6 and 46 and Protocol 10 of the *TEU* (European Commission et al, 2016) carry the legal groundwork for this structural integration in the domain of defence.

CSDP

As explained above[86], the HR/VP is responsible for proposing and implementing decisions concerning CSDP and the Foreign Affairs Council (FAC) adopts these decisions. Both the HR/VP and the FAC are backed by various bodies. The HR/VP

[83] See FIGURE 3.9: NATO-EU-PfP.
[84] Referred to as 'the Council'.
[85] Only the UK, Malta, and Denmark have chosen not to be part of it.
[86] see 3.1.2 Mandates

is head of the European External Action Service (EEAS). The next EEAS bodies support the HR/VP in conducting CSDP:

TABLE 3.12: EEAS bodies for CSDP

Name (abbreviation)	**Explanation**
The Crisis Management and Planning Directorate (CMPD)	The directorate ensures the coherence of civilian and military missions within CSDP.
The European Union Military Staff (EUMS)	EUMS functions under the authority of the HR/VP and the EUMC as a source of military expertise. (see table below)
The Civilian Planning and Conduct Capability (CPCC)	Part of the EEAS supervises the planning, conduct, and implementation of civilian CSDP missions.
European Security and Defence College (ESDC)	ESDC offers education and training to promote a genuine EU security and defence culture.

(source: EEAS, 2016e)

The Council also has its preparatory bodies for the management of CSDP. These bodies are based in Brussels, Belgium.

TABLE 3.13: CSDP bodies for the Council

Name (abbreviation)	**Explanation**
The Political and Security Committee (PSC)	A preparatory body for the Council.
The European Union Military Committee (EUMC)	A military body that provides advice on military issues for PSC.
Committee for Civilian Aspects of Crisis Management (CIVCOM)	This body gives advice on civilian, not military, matter to the PSC.
The Politico-Military Group (PMG)	This group delivers preparatory work within CSDP for PSC.

(source: EEAS, 2016e)

To support CSDP there are also various agencies researching and analyzing relevant data.

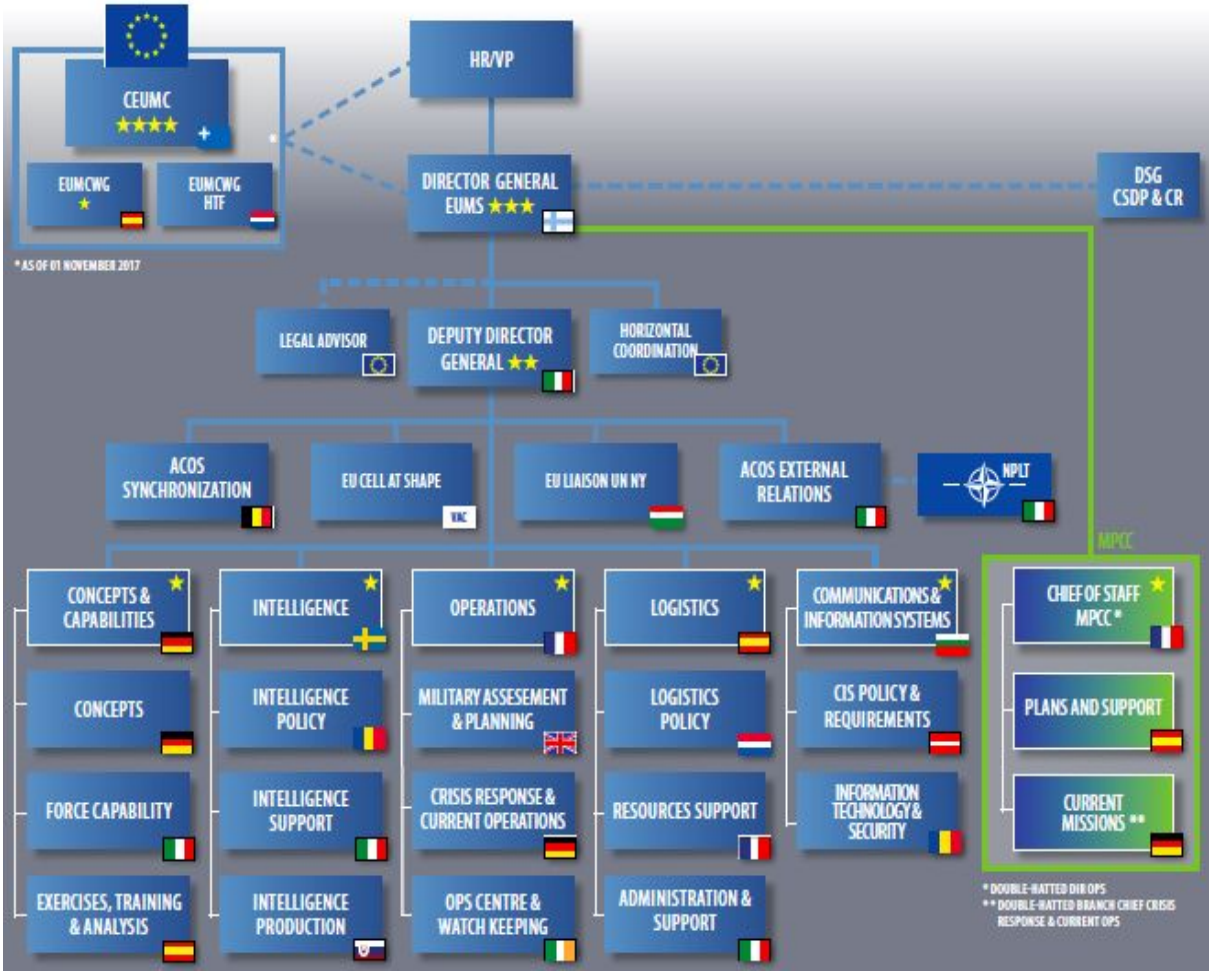
TABLE 3.14: CSDP agencies

Name (abbreviation)	**Explanation**
European Defence Agency (EDA)	The most famous agency is the EDA. It's even embedded in the *TEU* (European Union et al, 2016) and is responsible for the identification of operational requirements, the support of the European defence sector, the participation in the definition of European capabilities and armaments policy, and the assistance of the Council for the improvement of military capabilities (European Union et al, 2016).
European Union Institute for Security Studies (EUISS)	This institute deals with analyzing security, defence, and foreign policy issues.
European Union Satellite Centre (EU SATCEN)	This agency provides geospatial information and services to all EU institutes and the member states.

(source: EEAS, 2016e)

Other relevant instruments in this context are the EU Operations Centre (OpsCen) and the multiple partnerships. OpsCen is supposed to coordinate and strengthen civil-military synergies between CSDP missions if there's need for it. Concerning the partnerships, all missions take place respecting the agreements and often in close cooperation with UN, NATO, and other international organisations. Describing the internal structure of all these bodies and the external relations between them would be beyond the scope of this study, but to give an idea you find the EUMS internal structure and external relations below.

FIGURE 3.14: Structure EUMS



(source: EEAS, 2017b, p. 30)

In the the top left corner we have the EUMC supported by two working groups and in direct contact with the Council. At the top centre we see the HR/VP who has a direct line with the EUMS. Both the HR/VP and EUMS have contact with the EUMC. The interaction of these bodies is the first step towards CSDP decisions.

A last part of the structure of EU defence is the mission and operational headquarters. Striking is that the Council chooses a headquarters depending on the nature of and participating members for the intervention. If the intervention is within the CSDP framework, the choice is between a national headquarters or the Military Planning and Conduct Capability (MPCC), located in Brussels, Belgium. If it's a NATO operation the Supreme Headquarters Allied Powers Europe (SHAPE), based in Mons, Belgium, is the logical choice. Noteworthy is that there's no central headquarters for CSDP missions and operations.

PESCO

PESCO is characterized by a double layered structure. At a Council level policy and assessment, regarding the performance of the participating members, decisions are made. Since PESCO allows for a subset of member states to participate decisions are taken by those states by unanimity, with the exception of decisions concerning suspension or entrance of membership (EEAS, 2018c). At a project level the member states, overseen by the Council, manage the projects. Then there's also a PESCO Secretariat consisting of the EDA and the EEAS, including the EUMS, as point of contact for the participating member states (EEAS, 2018c). PESCO is linked with the Coordinated Annual Review on Defence (CARD) and the European Defence Fund (EDF). This triumvirate complements and reinforces each other in order to support the EU member states to enhance defence capabilities. On 6 March 2018 17 projects were adopted (EEAS, 2018c) : (1) European Medical Command; (2) European Secure Software defined Radio (ESSOR); (3) Network of Logistic Hubs in Europe and Support to Operations; (4) Military Mobility; (5) European Union Training Mission Competence Centre (EU TMCC); (6) European Training Certification Centre for European Armies; (7) Energy Operational Function (EOF); (8) Deployable Military Disaster Relief Capability Package; (9) Maritime (semi-) Autonomous Systems for Mine Countermeasures (MAS MCM); (10) Harbour & Maritime Surveillance and Protection (HARMSPRO); (11) Upgrade of Maritime Surveillance; (12) Cyber Threats and Incident Response Information Sharing Platform; (13) Cyber Rapid Response Teams and Mutual Assistance in Cyber Security; (14) Strategic Command and Control (C2) System for CSDP Missions and Operations; (15) Armoured Infantry Fighting Vehicle / Amphibious Assault Vehicle / Light Armoured Vehicle; (16) Indirect Fire Support (EuroArtillery); (17)

EUFOR Crisis Response Operation Core (EUFOR CROC). A roadmap till the end of 2018 was agreed upon to boost PESCO projects and keep the momentum going (EEAS, 2018c).

Other intergovernmental military initiatives

Since the emergence of the EU, there have been many collaborations between the various member states and non-EU member states under various umbrellas. These collaborations are the result of multilateral agreements, sometimes within sometimes without the EU or NATO. The most important ones are mentioned in the table[87] below:

TABLE 3.15: Other intergovernmental military collaborations

Name + Abbreviation	Branch	Brief description	Since	Head-quarters in	Participating countries
Nordic Defence Cooperation (NORDEFCO) (source: NORDEFCO, 2018)	Multi-component	Cooperation centre focusing on political and military cooperation	2009	/	Denmark, **Norway**, Sweden, Finland, and **Iceland**
Movement Coordination Centre Europe (MCCE) (source: MCCE, 2018)		Coordination centre for movement and transportation	2007	Eindhoven Military Air Base, The Netherlands	28 EU and **non-EU** member states: Belgium, **Canada**, Denmark, France, Germany, Hungary, Italy, Latvia, The Netherlands, **Norway**, Slovenia, Spain, Sweden, **Turkey** and the **United Kingdom**. Luxembourg, Estonia, Finland Poland, Romania, **the United States**, Austria, Portugal, the Czech Republic, Croatia, Slovakia, Lithuania, and Bulgaria
Central European Defence Cooperation (CEDC) (Müller, 2016)		Cooperation focusing on defence capabilities and training.	2010	/	Austria, Croatia, Czech Republic, Hungary, Slovakia, and Slovenia
Organisation for Joint Armament Cooperation (OCCAR) (source: OCCAR, 2018)		Organization for the management of cooperative defence equipment programmes	1996	Bonn, Germany	Belgium, France, Germany, Italy, Spain, and **the United Kingdom**.
European Corps (EUROCORPS) (source: EUROCORPS, 2018)	Terrestrial	Organization for planning and conducting military operations	1992	Strasbourg, France	France, Germany, Belgium, Spain, and Luxembourg

[87] The information in the table is taken from the official websites of the various organizations, with the exception of CEDC. Non-EU member states are in bold. Although Brexit negotiations are taking place at the time, the UK is already perceived as a non-EU member state.

European Gendarmerie Force (EUROGENDFOR) (source: EUROGENDFOR, 2018)		A Multinational Police Force	2004	Vicenza, Italy	France, Italy, The Netherlands, Poland, Portugal, Romania, and Spain
Finabel (source: Finabel, 2018)		Organization for the promotion of interoperability	1953	Brussels, Belgium	France, Italy, Luxembourg, Belgium, The Netherlands, Germany, **United Kingdom**, Spain, Greece, Portugal, Poland, Slovakia, Cyprus, Finland, Romania, Malta, Czech Republic, Sweden, Hungary, Latvia, Slovenia, and Croatia
European Air Group (EAG) (source: EAG, 2018)	Aerial	Organization for the promotion of interoperability	1995	Buckingham shire, United Kingdom	Belgium, France, Germany, Italy, The Netherlands, Spain, and the **United Kingdom**
European Air Transport Command (EATC) (source: EATC, 2018)		organisation for military air transport,air-to-air refuelling and aeromedical evacuation	1999	Eindhoven air base, the Netherlands	The Netherlands, Belgium, France, Germany, Luxembourg, Spain, and Italy
European Maritime Force (EUROMARFOR (source: EUROMARFOR, 2018)	Naval	non-standing, multinational military force	1995	Lisbon, Portugal	France, Italy, Portugal, and Spain

EUROCORPS, EUROGENDFOR, EATC, and EUROMARFOR are forces that can be activated under Article 42.3 of the *TEU* (European Union et al, 2016).

National level: the terrestrial, aerial, and naval state forces

A detailed analysis of the structure of every EU member state force would be outside the scope of this study, but section 3.2.2 (resources and capabilities) gives insight in various components of the terrestrial, aerial, and naval state forces. All civilian missions and military operations conducted under CSDP rely on the armed forces that are under the auspices of the EU member states. It's only from the moment the member states allow their forces to participate in a CSDP intervention, that these forces could be perceived as part of the EU.

3.2.3.2 Processes: efficiency & effectiveness in EU defence

The 'guns versus butter trade-off' described above[88] is a huge simplification of the complex balancing act that every government needs to undertake when

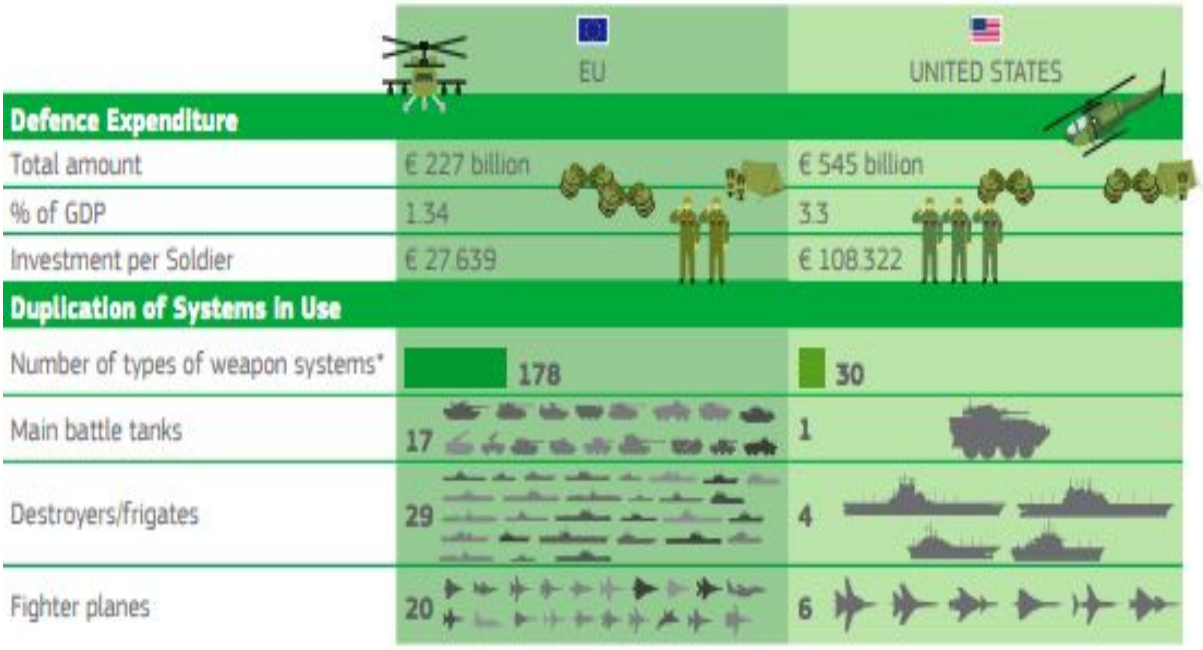
[88] See 1.3 Understanding the economics of defence policy.

drawing up the budget, but it touches upon the sensitivity and the importance of defence expenditure. The logical reaction of every government is finding ways to improve efficiency and to save costs by focusing on "more competition, contracting-out, privatisation, international collaboration, rationalisation and cuts in civilian manpower." (Hartley, 2011, p. 40). This tendency gives pride of place to basic management principles like economy, efficiency, and effectiveness. A principal understanding of these concepts is necessary when studying EU defence. The European Court of Auditors (ECA) defines these principles in the *Court Audit Policies and Standards* (CAPS) as follows:

- "the principle of ECONOMY requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;
- the principle of EFFICIENCY concerns the best relationship between resources employed and results achieved;
- the principle of EFFECTIVENESS concerns the attainment of the specific objectives set and the achievement of the intended results." (European Court of Auditors, 2015, p. 7)

When looking at EU defence globally these principles seem fundamentally ignored. Within the EU 27+1 member states, there are huge duplications in defence expenditure. In *Defending Europe: The case for greater EU cooperation on security and defence* the European Commission (2017e) denounces the lack of efficiency and effectiveness by uncovering all areas that need to be tackled.

FIGURE 3.15: EU-US defence comparison



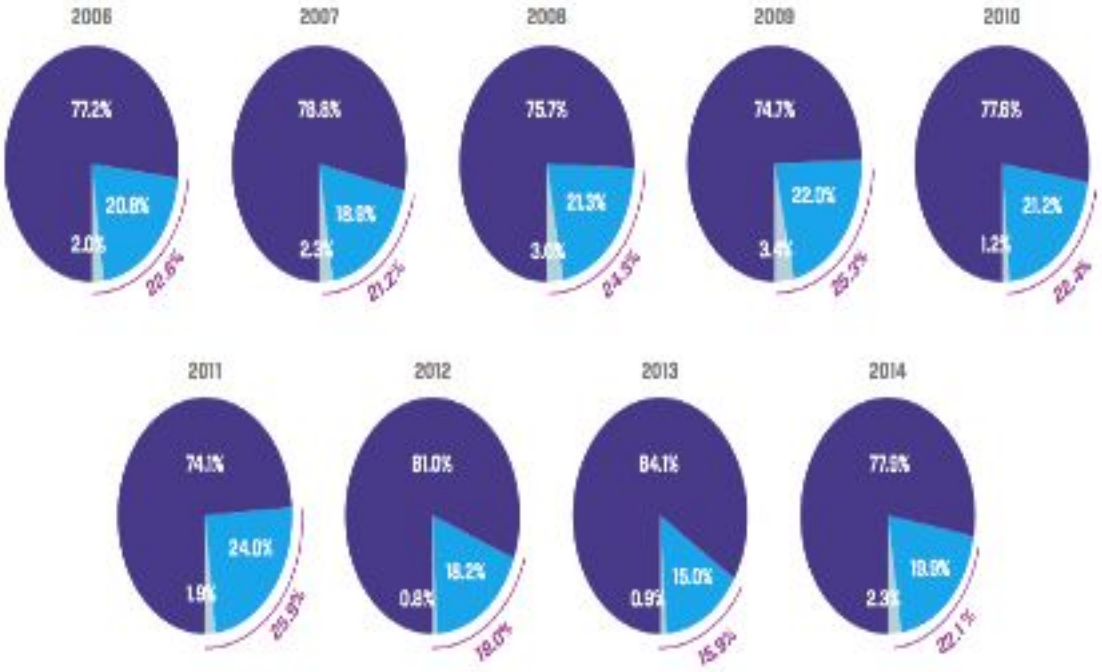
(source: European Commission, 2017e, p. 1)

As we have already seen in the previous section[89] the US has a higher defence expenditure and share of GDP than the current EU member states. The investment per soldier is also substantially higher in the US (€ 108.322) than the EU (€27.639). Major differences can also be found in the duplication of systems in use. In all four areas the EU excels in lack of efficiency: number of types of weapon systems (EU:178 vs. US: 30), main battle tanks (EU: 17 vs US: 1), destroyers/frigates (EU: 29 vs US: 4), and fighter planes (EU: 20 vs US: 6). On the basis of these figures we can conclude that the cost of duplication compared to the US is shockingly high for the EU. If these figures are correct than the EU doesn't only spend less than the US, but at the same time does it less efficiently, and probably also less effectively. According to the European commission, the difference in these results must be sought for in "inefficiencies, lack of competition and lack of economies of scale for industry and production" (European Commission, 2017e, p. 2).

The suggestion of the European Commission to overcome this lack of efficiency is stimulating cooperation and avoid duplication by pursuing standardisation between the EU member states in security and defence. According to the European Commission, the opportunity cost owing to lack of standardisation and interoperability annually is between "€ 25 billion and € 100 billion" (European Commission, 2017e, p. 2). At this point it needs to be mentioned that as to how the European Commission came to these figures is nowhere indicated in the document *Defending Europe: The case for greater EU cooperation on security and defence* (2017e). In the pie chart FIGURE 3.16 of the European Defence Union (EDA) we find the national and collaborative[90] Defence equipment procurement between 2006-2014. On every pie the next items are indicated: national defence procurement (purple), European collaborative defence equipment procurement (light blue), other collaborative defence equipment procurement (grey), and total collaborative defence equipment procurement (magenta line).

[89] See 3.2.2.3 Resources & capabilities analysis: benchmarking.
[90] Data of 2012 are partial (EDA, 2016, p. 26).

FIGURE 3.16: National and collaborative defence equipment procurement



(EDA, 2016, p. 26)

On average the ratios are 80% national and 20% collaborative defence equipment procurement. On the basis of these figures one might conclude there's a lot of progress to be made in the collaborative sphere. Bearing in mind that with a cooperative attitude the budgets are higher and synergies might occur (European Commission, 2017e).

3.2.3.3 Processes: costs & benefits of cooperation

The allround conclusion of the previous subsection is that the EU as a whole is lacking in efficiency which could be overcome if cooperation between the EU member states would be increased. According to the Dutch Advisory Council on International Affairs (2012), there are four types of cooperation on a practical level in EU defence: (1) the chartering of military and civil capabilities (e.g. satellite communication); (2) the pooling of military capabilities in joint education and training (e.g. Belgian-Netherlands Naval Mine Warfare School), joint maintenance and logistics (e.g. BENESAM[91]), and joint command (e.g. Admiral Benelux); (3) operational cooperation (e.g. EU battlegroups); and, (4) joint procurement, and joint military acquisition, and sharing of military capabilities (e.g. Belgium and the Netherlands signed an MoU for the

[91] Belgian-Dutch naval cooperation ('BElgisch-NEderlandse SAmenwerking').

collaborative procurement of new frigates and MCM Vessels[92] in 2016). The focus of the following subsections will go to the last type of cooperation, but first we need to take notice of the difference between procurement and acquisition. Acquisition in the private sector refers to the takeover of a firm by another firm (Grant & Jordan, 2015). Military acquisition refers to the long process from conceptualization over development and deployment till disposal of military goods or services. Public procurement[93] for defence matters is then the initial phase of acquisition.

In a previous section[94], we already touched on the five challenges the European Defence Equipment Market (EDEM) faces, according to the European Commission (2017d): because of the fragmented markets defence research and programmes are unnecessarily duplicated making it irrelevant on a global scale and causing the ineffectiveness of CSDP; owing to the European trend of reduced defence expenditure no country can carry the cost to develop and maintain a substantial national defence industry; the current EU market lacks qualified and skilled labour; the majority of the defence companies are SMEs in need of support in order to remain competitive; and, the national defence industry is organized at a state level and has been operating outside the internal market. The effects of cooperation in the field of military acquisition have been studied in academic writing. First, we'll have a brief look at the benefits of cooperation in military acquisition. Then, we're going to study the costs of cooperation. The last part focuses on the academic consensus in terms of cooperation between nations.

Benefits

In the article *Defence Acquisition Cooperation Benefits* the British scholar Richard Ford (2016) proposes a typology of seven benefits of defence acquisition cooperation between defence partners.

First, we have the 'political benefit' that emerges from a common project and results in stronger international ties between the partners to serve mutual

[92] Mine Counter Measure vessels.
[93] Procurement can also refer to the purchase of a product 'off the shelf'.
[94] See 3.1.1.4 Stakeholder analysis: preferences (subjects).

interests[95]. Acquisition projects are often successful because they are tangible, last a long time and transcend political mood swings. The political bonds that are established between partner states are of a more sustainable nature. Striking is that grand, high profile projects arouse more political interest owing to the supposedly bigger political return on investment. Conversely, smaller scale projects enjoy a smaller political support. Another observation is that too many partners in a certain project, for the strengthening of international relations, compromises the possible success of such an initiative because of relational complexity (Ford, 2016).

Second, the 'military benefit' of cooperation focuses on the improvement of the effectiveness of equipment through interoperability and standardisation. According to the NATO Standardization Office, interoperability in general is the "ability to act together coherently, effectively and efficiently to achieve allied tactical, operational and strategic objectives." (2017, p. 64). But in this context, Ford refers to interoperability and standardization in defence equipment: the "harmonisation of applied defence standards in Europe is a key enabler for interoperability of material used by European forces." (EDA, 2015, par. 1). The goal is to cooperate with EU member states during the entire life cycle of defence material from the initial phase of development up to the disposal in order to achieve not only product cost savings, but also higher standards and more performant equipment for military activity (Ford, 2016).

The other benefits can be briefly summarized (Ford, 2016): (3) financial savings: programme costs can be reduced by cooperation and lead to similar outputs; (4) enhanced industrial capability: the industrial capability is sustained, new markets become accessible, profit is increased, and jobs are kept and at best created; (5) improved technology: new technologies and knowhow are acquired or accessible; (6) increased export: opportunities arise in the form of manufactured goods that can be exported; (7) organisational learning: knowhow and skills regarding information exchange, synergies, intellectual property and interaction.

[95] "Not to be conflated with party or departmental political gains" (Ford, 2016, p. 11).

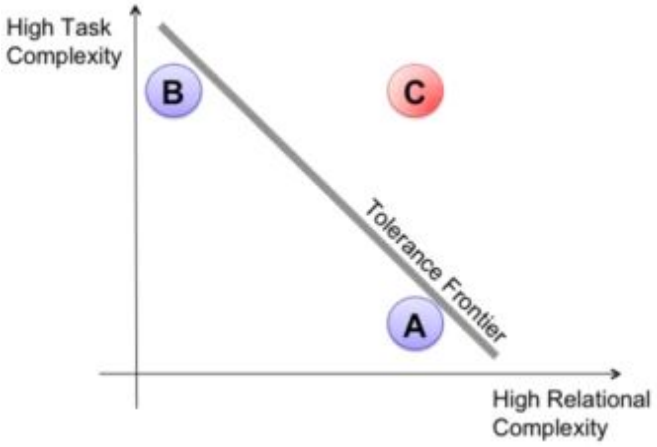
Costs

In his article *Understanding the cost of cooperating* Ford (2015) examines the costs that emerge when nations cooperate in the military sphere. Ford, building on the insights of the scholars Steven White and Steven Siu-Yun Lui, distinguishes two sorts of costs. On the one hand, we have the 'control costs' that emerge from managing the potential risk of opportunism by one or more of the partners in a certain project. On the other hand, we have the 'cooperation costs' that come from making the joint project work. The cooperation costs focus on creating common ground, reaching objectives, and establishing mechanisms for cooperation. Imagine if the control costs were zero, all partners in the project would trust each other and there would be no opportunism. Even in that case cooperation costs set outspoken limits to cooperative initiatives (Ford, 2015).

Two factors determine cooperation costs: the dissimilarity between partners in a cooperative project and the intricacy of the cooperative task at hand. The first one is referred to as 'relational complexity' and the second one as 'task complexity'. Relational complexity "covers a large range of factors that affect the ability of the partner nations' acquisition systems to work together in a successful cooperation." (Ford, 2015, p. 2), i.e. legal constraints, administrative constraints, political constraints, methods, use of standards, professional competences, cultural differences (norms and values, etc.), language barriers, and geographical limitations. Task complexity refers to the complexity of the planning, organizing, leading, and controlling a joint initiative or project, i.e. the degree of technical challenge, time management, and misaligned requirements.

Ford (2015) claims that if relational complexity and task complexity are plotted against each other, 'tolerance frontiers' can be distinguished with regard to how these two complexities relate to one another. These 'tolerance frontiers' explain that when there are major differences between partners, only less complicated tasks or activities can be carried out. Contrariwise, when the task is really complex, it can only be pursued by comparable partners. Three possible scenarios emerge from this observation.

FIGURE 3.17: Tolerance frontier



(source: Ford, 2015, p. 2)

The figure above visualizes the three scenarios. Scenario A shows a high relational complexity opposed to a low task complexity. Conversely, scenario B illustrates a high task complexity in combination with a low relational complexity. The last scenario shows both a high relational and task complexity way beyond the tolerance frontier. Therefore, scenario C is most likely to fail compared to scenarios A and B. The question then arises of how to widen the tolerance frontier.

Paradox

The EU Commission is pushing the EU member states in the direction of more intense cooperation in the field of public procurement or military acquisition. They claim that there are major possibilities of cost savings from equipment standardisation. The British scholar Keith Hartley (2011) believes this hypothesis to be untrue and speaks of the 'pot of gold[96] paradox' for the simple reason: if standardisation is so beneficial, why hasn't it occurred more often? Hartley draws on the example of NATO, as a solid alliance, but unsuccessful in the field of equipment standardisation. The main argument he uses is difference between the NATO members: "Nations have different tastes and preferences for defence and varying comparative advantages in the production of equipment and the provision of armed forces. They differ in their views about the most efficient combinations of different types of equipment and manpower needed for achieving national 'protection' and security" (Hartley, 2011, p. 144). He continues this line of reasoning stating that there are three explanations why

[96] A pot of gold is a substantial, but distant, absent, or often purely fictitious reward.

equipment standardisation is a failure: (1) the cost savings are not that big. Independent procurement can be more interesting since nations have economic devices to reduce the cost savings. (2) The benefits of the current situation, without standardisation, might be higher than the costs it brings along, i.e. maintaining independence. (3) In case of standardisation the private markets are not able to function properly. Economic competition leads to the highest quality for the consumer.

The question of course is: do these explanations apply do the EU? The first explanation might be true. In the documents of the EU concerning the economic return on investment from standardisation of the diverse weapon systems, main battle tanks, destroyers/frigates, and fighter planes there's no calculation how the Commission arrived at these figures. The figures also tend to shift: in the document *Defending Europe: The case for greater EU cooperation on security and defence* (European Commission, 2017e) the figure was between 25 and 100 billion euros and in the *Reflection Paper on the Future of the European Union* (European Commission, 2017b) the figure was brought down to "at least €30 billion" (p. 8). It would be interesting if the European Commission shed a light on how they arrived at these numbers. The second explanation, according to Hartley, applies less to the EU. Depending of course on the level of trust, the control cooperation costs can be brought down. And depending on the project and partners at hand the task and relational complexity can avoid surpassing the tolerance frontier. In that case the benefits as given by Richard Ford (2016) are higher than the costs. The third explanation is a tricky one because it touches upon the paradigmatic differences of perspectives on economic theory. It boils down to the eternal discussion of state intervention versus free market. Bearing in mind the profile of the EU as a liberally inspired free market, it has in the past taken un-liberal measures. The 'One Mobile Charger for All' campaign proved to be a huge success. Why wouldn't a similar project, un-liberal as it might be, prove relevant in the domain of defence?

3.2.3.4 Processes: two case studies

In the previous subsection we discussed the benefits and costs of cooperation in case of a military acquisition. In this subsection[97] we're going to put the theory into practice and have a brief look at a case study in which various EU member states took part and reflect on the consequences.

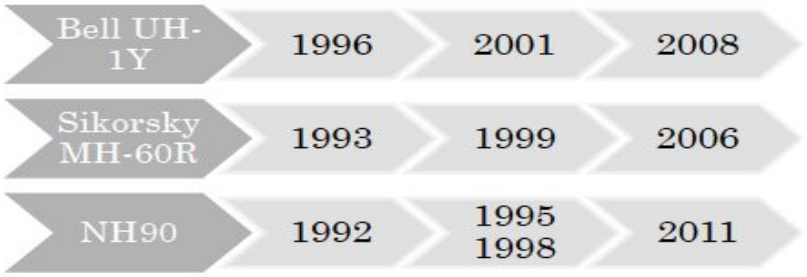
NH90

In response to NATO's needs, not the EU's, the NH90 was developed as a multirole, twin-engine, medium sized helicopter standardized to the execution of both land and maritime operations. The manufacturer was a joint venture called NHIndustries owned by three European companies: Franco-German Airbus Helicopters (62,5%), Italian Leonardo (32%), and Dutch Fokker Aerospace (5,5%). The core partner countries were France, Germany, Italy, and the Netherlands. They signed the NAHEMO[98] charter in 1991. In a later phase also Belgium engaged in the project amounting to the total of five NAHEMO countries. Portugal also engaged in the project at a later phase, but had to bail out because of the economic crisis. In 2004 the 'NH90 Community' was created for other countries[99] wanting to buy a helicopter. Initially, it was agreed that the helicopter would have two versions: Tactical Transport Helicopter (TTH) and Navy Frigate Helicopter (NFH). Eventually, the helicopter entered into service in 2007. Currently, it has been deployed in the military forces of thirteen countries and has been used by the Belgian army in the UN-operation MINUSMA[100] in Mali (Coghe, 2018).

Looking back on this joint initiative, a few obvious conclusions can be drawn. Firstly, the timescales weren't that opportune, certainly if we benchmark the entire manufacturing process of the NH90 to that of similar helicopters.

[97] This subsection is partially indebted to the work of Onderluitenant Kandidaat Beroepsofficier Felix Coghe (2018) and was pointed out by Professor Dr. Head Chair of Economics C. Dubois at the Royal Military Academy of Belgium (KMS/RMA). Many thanks to both for the valuable information.
[98] Members of the NATO HElicopter Management Organization (NAHEMO).
[99] Members of the 'NH90 Community' are Norway, Finland, Sweden, Spain, Greece, Oman, Qatar, Australia, and New Zealand.
[100] Both CSDP missions EUCAP Sahel Mali and EUTM Mali fall under MINUSMA (see TABLE 2.2).

FIGURE 3.18: NH90, BELL UH-1Y, and Sikorsky MH-60R



(source: Coghe, 2018, p. 77)

The process described above consists of the R&D phase, the first test flight, and the eventual deployment. Both the Bell UH-1Y and the Sikorsky MH-60R are similar to respectively the TTH and NFH variant of the NH90 (Coghe, 2018). Both helicopters were manufactured in the US and took considerably less time to produce. The US helicopters were manufactured in 13 years, whereas the NH90 in 19. The NH90 witnessed many problems causing delays in its manufacturing. Secondly, the intent of creating an interoperable helicopter for multiple NATO members was eventually ignored causing the military benefit to shrink. Currently, the NH90 has 22 different variants in circulation (Coghe, 2018), not exactly a prime example of standardisation and interoperability. Thirdly, the NAHEMO countries had the intent to deploy 615 helicopters, but owing to manufacturing problems eventually contracted the substantial lower rate of 324 (53,2% of the original rate). The project was eventually saved by the procurement of NH90 Community countries, leading to a significant export of helicopters. Currently 497 helicopters have been contracted. Fourthly and lastly, the NH90 project encompasses also many benefits: highly technological equipment is used (Coghe, 2018); neglecting the minor differences the helicopter is generally the same and therefore adds to a certain extent to the interoperability of military equipment; the gathered knowhow and experience in a major European project; and, in the end the NH90 is a very decent and performant military helicopter.

Although this European project had its setbacks, it’s a promising start for many future initiatives.

A400M

The A400M is a medium sized airplane, in between the Lockheed C-130 and the Boeing C-17. The plane was designed for three specific roles: a logistical role (transporting a big cargo), a tactical role (being able to land/operate in difficult circumstances), and an air-to-air refuelling role. The plane was developed as part of the A400M program between Belgium (and Luxembourg), France, Germany, Turkey, and the UK to replace their ageing transport fleet. The joint program was managed by OCCAR-EA[101] at the benefit of the participating countries. The program started in the early eighties, but was quickly abandoned by the American aviation company Lockheed owing to the high task and relational complexity of the project. Lockheed went on to construct a follow up to the C-130, the C-130J Super Hercules. Spain will eventually also take part in the project. Initially, the partner countries signed up for the acquisition of 297 airplanes, but due to various types of setbacks currently only 174 planes are contracted. At this moment 53 planes are in service. In 2030, the last 8 of 170 planes are supposed to come into service (Coghe, 2018).

On the basis of the current state of affairs, we can draw a few preliminary conclusions. Firstly, owing to technical problems and biased decision making in the advantage of participating countries and not the project as a whole, there have been major temporal and financial setbacks. The delivery date of the planes has been delayed a few times and although at first the total costs were estimated on €18 to 20 billion Euros, the present costs amount to more than €27 billion. Secondly, since there's only one version of the plane, we can speak of 100% interoperability. Thirdly, notwithstanding the high costs there still is an economic return adding to the political benefit of the project. Fourthly, thanks to the developed knowhow and skills accumulated by this program there's an increase in technological capital. Fifthly, since many countries, with a different profile, participate in the project there has been a high relational complexity. Sixthly, owing to a suboptimal use of OCCAR many costs are duplicated. A textbook example of control costs owing to a lack of trust among partner countries. Lastly, the cost per unit is really high and at the same time the C-130J Super Hercules has proven to be a tough competitor that has significantly

[101] Organisation for Joint Armament Cooperation - Executive Administration (for more information see TABLE 3.15: Other intergovernmental military collaborations).

reduced the market share for the A400M. Whereas the A400M costs somewhere between €110 and 120 billion, the C-130J costs approximately only €60 billion (Coghe, 2018).

To conclude, the A400M program was established to replace the ageing European transport fleet. Although there have been major financial and temporal setbacks, it's the first time a certain European project is established and it has undoubtedly amounted to an increase in knowhow and skills.

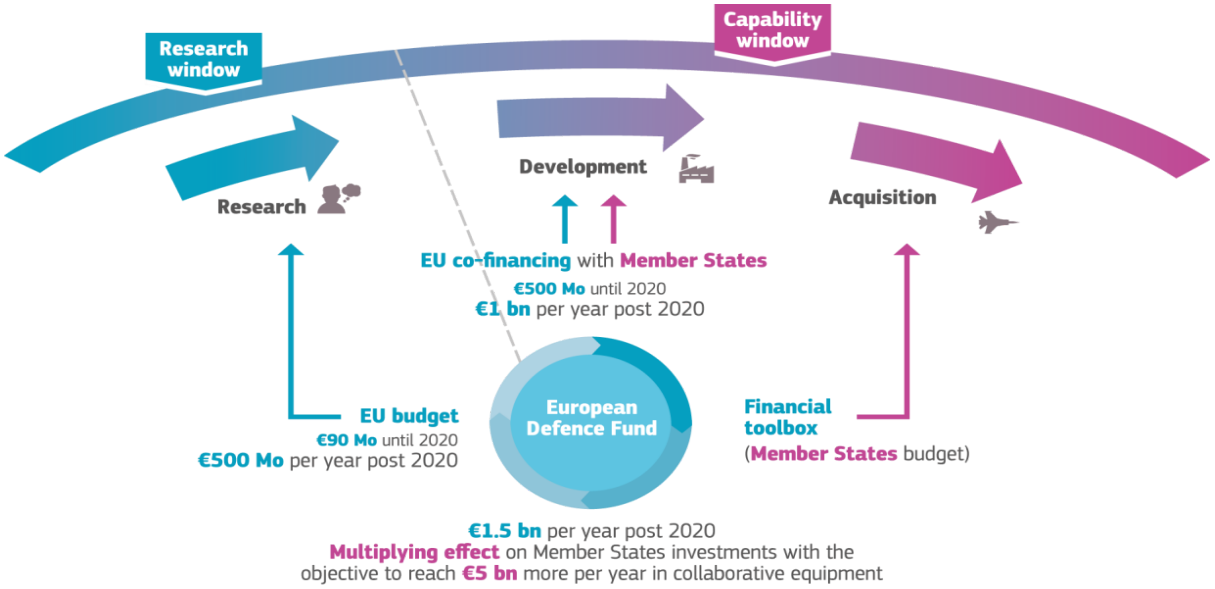
European Defence Action Plan

The EU isn't blind for the needs of the European defence industry. On 30 November 2016 the *European Defence Action Plan* was adopted. The document contained proposals for not only defence capability focal points of EU member states, but also for strengthening and innovating the European defence industry. The idea is to use EU tools to prepare the European defence industrial base for future defence and security issues. In general three measures are proposed: (1) the creation of a European Defence Fund (EDF) for joint research projects and for the collaborative development of defence capabilities, fully owned by the EU member states; (2) the support of Small and Medium-sized Enterprises (SMEs) by investing in supply chains; and, (3) the assurance that the EU stays faithful to its ideal of an open and competitive single market for defence. The EDF was launched on 7 June 2017. The aim is threefold: (1) the coordination, the supplementing, and the amplification of national investments in the research of defence; (2) the development of prototypes; and, (3) military acquisition of equipment and technology. The EDF consist of two windows: a research window and a capability window focusing on development and acquisition.

The research window offers grants for joint research in defence technologies and products that are innovative. For 2017 €25 million was allocated and till 2019 €90 million is budgeted. From 2020 onwards €500 million is budgeted annually. The capability window offers financial incentives from the EU budget for the EU member states to engage in collaborative development, military acquisition of equipment and technology, and the encouragement of cross-border participation of SMEs. For 2019 and 2020 a budget of €500 million is available. The consecutive years €1 billion is budgeted. To conclude, for both the research and

capability window a budget of €1,5 billion is expected on a yearly basis with a multiplying effect on member state investments as high as €5 billion (European Commission, 2017f).

FIGURE 3.19: The European Defence Fund



(source: European Commission, 2017f)

So the financial incentive to improve joint military acquisition among member states may rise as high as €1,5 billion. If we compare the EU incentives to the average sums that are invested in these projects, we notice that they will amount for only a modest proportion of these joint initiatives. The next table[102] draws a picture of the Design and Production Phase (DPP) of the OCCAR guided A400M project.

TABLE 3.16: Maximum financial dedication DPP of A400M

Country	**Maximum Financial Commitment**	**Cost Prediction**
Belgium	€890	€1.032
France	€6.436	€6.088
Germany	€6.210	€6.192
Spain	€3.453	€3.197
Turkey	€1.332	€1.305
United Kingdom	€3.181	€2.986
Total	€21.502	€20.800

(source: Coghe, 2018, p. 86)

[102] According to the economic conditions of 2012 and the sums are in millions of Euros.

On the basis of this table for one project the EU incentive is a welcome relief, but in this context is a modest financial injection.

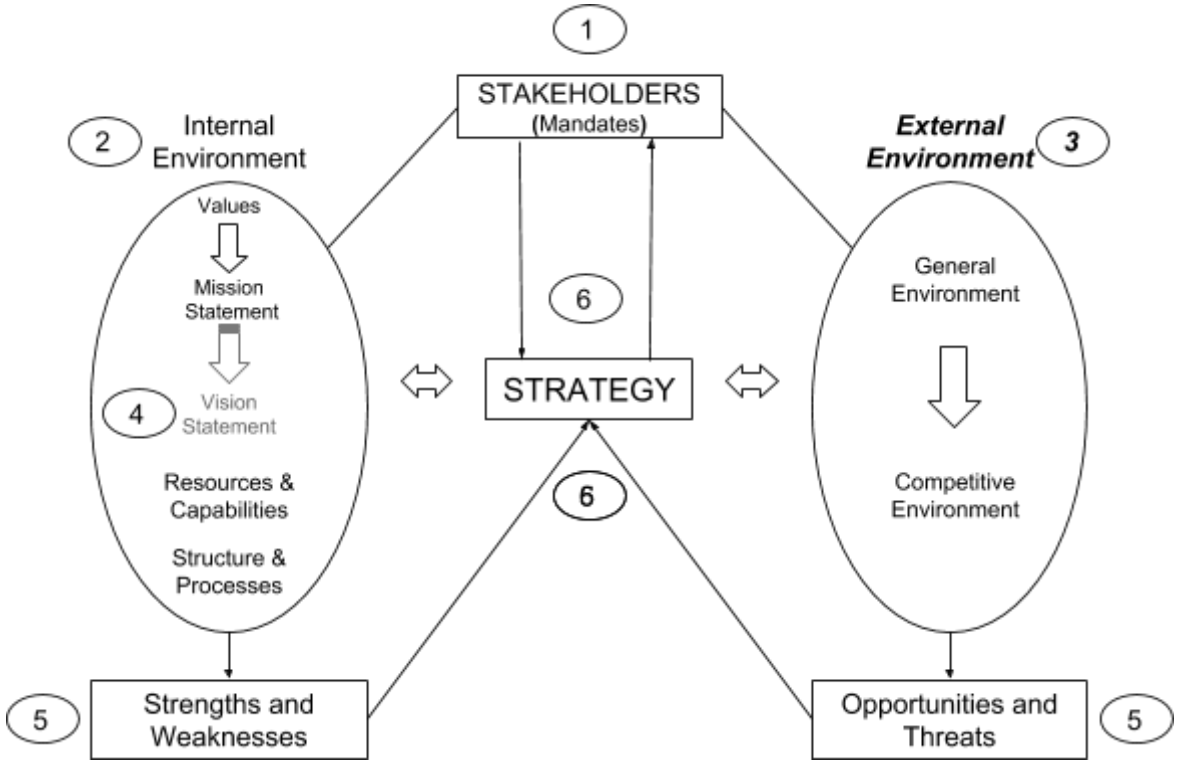
3.2.3.5 Conclusion

In conclusion, it has become clear that there are positive and negative aspects to the structure of EU defence, and more specifically CSDP. A positive aspect is that CSDP has a multilateral, 'democratic' approach with respect for all EU member states. All member states are allowed to have their say or, with reference to PESCO, determine to what extent they want to participate in military action. The consequence, and negative aspect, is a complex, 'democratic' decision making process. The fact that there still is no centralized operational headquarters for EU missions even further slows down the already cumbersome deliberation and consultation process. In terms of EU defence processes the attention went to ways of making EU defence more efficient and effective. A positive tendency is the many initiatives between member states in the field of chartering, pooling, sharing, operational cooperation, sharing of military capabilities, and joint military acquisition. About the last topic we can conclude that it still has a long way to go to arrive at the preferred outcome if we benchmark EU with US initiatives. Financially, these projects haven't proven their full potential yet. The EU has offered the prospect of the European Defence Fund as an incentive to boost joint military acquisition, but the EU budgets are fairly modest compared to the sums that are needed to get a project up and running. Although current joint initiatives had their setbacks, they prove promising.

3.3 Strategy analysis: the external environment

After the internal environment, we need to examine the external environment[103]. In order to create a strategic fit, we have to examine the outlook of the external environment. First, we're going to determine the general environment of EU defence (3.3.1 The general environment). Next, we'll study the competitive environment in which EU defence functions (3.3.2 The Competitive environment).

FIGURE 3.20: Strategic management framework for the public sector (3)



(source: based on Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011)

3.3.1 The general environment

The events[104] that occur in the general environment have a profound impact on the organization. Changes that take place in the general environment might point towards trends that are important for the competitive environment and the organization. These changes will be studied in this section. First, we're going to discuss a framework to tackle the general environment (3.3.1.1 PEST analysis:

[103] Number 3 in the figure.

[104] Since the division between the external and internal environment is of artificial nature and doesn't entirely correspond with the complexities of reality, there might be slight overlap in the discussions below with topics discussed in the internal environment.

theory). Then, we'll study the drivers that influence EU defence (3.3.1.2 PEST analysis: the drivers).

3.3.1.1 PEST analysis: theory

A PEST analysis is a useful tool for scanning the general environment. It gives a comprehensive list of influences on the possible success or failure of a certain strategy. PEST is an acronym that stands for **P**olitical, **E**conomic, **S**ocial, and **T**echnological (Henry, 2011; Grant & Jordan, 2015). The meaning of the elements of a PEST analysis speak for themselves: politics stresses the governmental role; economics alludes to changes in the economy and management; social factors refer to demographics and changing cultures; and, technological influences include innovations, e.g. new innovations in weaponry or new fabrics used for military uniforms, etc. With the advice of Grant & Jordan[105] (2015) in the back of our minds, we need to modify the PEST analysis slightly in order to make it productive to study EU defence. 'Political' focuses also on geopolitics, the game of international relations influenced by geographical factors. For decision-makers it's important to track the current and future events in these domains to derive what the implications for the organization might be. It's important to notice that some of these factors are interlinked (Henry, 2011). For instance, an innovation in technology might have economic consequences. The production of cheaper, but more effective military material will definitely impact the annual budget talks.

3.3.1.2 PEST analysis: the drivers

Instead of getting submerged in an overload of data and details, it's important to get a general overview to identify the 'drivers for change'. Key drivers for change are "the high-impact factors likely to affect significantly the success or failure of strategy" (Johnson, Scholes, & Whittington, 2008, p.56). In our PEST analysis we're going to focus on the political, economic, social, and technological drivers in the general environment.

[105] "[...] many of the same concepts and tools of strategic analysis are readily applicable to not-for-profits, albeit with some adaptation" (Grant & Jordan, 2015, p. 25).

Political drivers

Before we start our analysis we have to distinguish political and geopolitical drivers impacting a common EU defence.

In the introduction and subsection 3.1.1.4 (Stakeholder analysis: preferences), we saw that there's division in EU member state politics concerning a common EU defence initiative. This political schismatic line functions as a political driver and runs further in European politics where we find political groups favouring or opposing a collective EU defence. Handing over, or the sense of handing over, the authority of the national army seems like giving up national sovereignty. We saw that at both ends of the political spectrum, and especially the right, a common EU defence is rejected while centre political groups seem to favour a joint project. In subsection 3.1.1.4 (Stakeholder analysis: preferences), we have discussed the ambiguous political attitude of the UK towards a common EU defence initiative (Boffey, 2017; Boffey, 2018). The British scholar and EU expert Simon Hix once dubbed the UK's attitude towards EU politics, after the rejection of an EU treaty, as "perfidious albion" (Hix, 2011, par. 2), an archaic pejorative phrase referring to the British as an extremely unreliable and selfish partner in international relations. This concept also applies to UK positioning in EU defence. If the UK is to leave the EU after Brexit, it will no doubt have a tremendous impact on the collective security and defence issue. A collective EU defence with or without the resources and capabilities of the British plays a paramount role in the current state or the future of the EU compared to other global powers, as we will find out below[106]. Brexit is undoubtedly a political driver impacting the future of EU defence.

On a geopolitical level, there are various drivers that have destabilizing effects on the EU and weigh on its security. As "an arc of instability" (CEPS, 2015) around the EU and beyond, we find external events causing internal insecurity. These security issues and their policy implications were first tackled by the European Commission in 2003 with the launch of the European Neighbourhood Policy (ENP) focusing on steady relations with in the East Armenia, Azerbaijan, Belarus, Georgia, Moldova, Turkey, and Ukraine and in the South Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. The policy

[106] See 3.3.2.3 Global powers benchmark.

has subsequently been updated till the most recent effort of the EU in terms of external relations, the *European Union Global Strategy* (EEAS, 2016b). Further below[107], we'll discuss social drivers destabilizing the Union as a cause of external state and societal lack of resilience around the Mediterranean and beyond. On a geopolitical level the biggest threat is undoubtedly the aggressive behaviour of the Russian federation: "Russia's violation of international law and the destabilisation of Ukraine, on top of protracted conflicts in the wider Black Sea region, have challenged the European security order at its core" (EEAS, 2016b).

Following the events of the Ukrainian crisis, the perceived threat is that big that there have been massive NATO troop deployments in the Baltic States (Batchelor, 2017). Also in Scandinavia, fear for an imminent Russian attack is that big that the Swedish Government has chosen to distribute a leaflet with the title *If Crisis or War Comes* (MSB, 2018) to all 4,8 million homes in late May 2018. The Swedish public information leaflet explains how people can contribute to Sweden's defence, how people need to react to an external threat in order to survive, what warning signals signify, and where they can find bomb shelters (Henley, 2018). Russia's geopolitical behaviour serves as a political driver for EU defence.

Also the uncertain transatlantic partnership serves as a political driver for EU defence. In subsection 3.2.2.3 (Resources & capabilities analysis: benchmarking), we discussed the 2% threshold that NATO members need to reach in order to arrive at an equal 'burden sharing' of NATO's, and including that of the majority of the EU member states, security and defence. At the same time, the current American president Donald J. Trump has dubbed the EU's "collective defence [...] primary framework" (EEAS, 2016b, p. 20) repeatedly as being "obsolete" (Santora, 2018, par. 6). What the exact motives of the current US president are, is unclear, but these exclamations have without doubt implications for the collective EU defence. Through the NATO platform, the US as biggest and most important member of the alliance weighs on EU defence.

[107] See 'social drivers'.

In the geopolitical domain, we also need to mention China and Turkey. The former as a rivalling global power that has primarily economic influences that pose a viable threat to the security of the EU. The latter is a neighbour of, a long time applicant for an EU membership, and a NATO member since 1952. Nevertheless, the current Turkish president Recep Tayyip Erdoğan follows a domestic and foreign political course that is at odds with the core values of the EU (Kingsley, 2017). Further complicating the EU-Turkey relations is the high degree of EU citizens from Turkish origin in certain EU member states.

Economic drivers

Some major economic drivers have already been touched upon. These drivers emanate from the external environment and impact the internal environment of EU defence. In former sections[108] we studied the impact of the guns versus butter trade-off on defence expenditure. This trade-off in combination with the willingness of the EU member states to work together on an economic level has led to cooperation in various forms (chartering, pooling, operational cooperation, joint military acquisition, and sharing) to achieve greater efficiency and effectiveness. A last economic driver are the fluctuations in the global economy impacting EU defence. Owing to the 2010-2014 Portuguese financial crisis, Portugal had to retreat from the NH90 project because of financial problems (Perry, 2012).

Social drivers

Social drivers impacting European security come from conflict and instability at the EU's borders. Across the Mediterranean Sea and beyond, various countries are confronted with military, political, and economic threats. The consequence is that crime and terrorism thrive in these parts, leading to an increase in civilian casualties and refugees fleeing these countries (European Commission, 2017b). In combination with climate change and a lack of resources a mass migration is taking place towards the EU (Eurostat, 2018). These events blur the boundaries between internal and external security (European Commission, 2017b). Events taking place outside of the EU have effects inside its borders causing the need for the use of military resources and capabilities. The two key social drivers

[108] See 3.2.2 Resources and capabilities and 3.2.3 Structure and processes.

externalize a stance on current EU society: trying to become a part of it (migration) or rejecting its current state (terrorism).

On 20 April 2015 the European Commission launched a ten point action plan on migration (European Commission, 2015), three points are relevant for EU security and defence organization. Firstly, the action plan calls on various EU organizations to cooperate intensively to tackle the migration problem. One of the organizations is Frontex[109] or the European Border and Coast Guard Agency, responsible for the control of the borders that fall within the jurisdiction of the Schengen Agreement in cooperation with the border and coast guard of the neighbouring countries. Secondly, the reinforcement and extension of the operational area of the joint operations of Poseidon and Triton that fall within the mandate of Frontex. Operation Poseidon aides Greece in tackling the migration issue and Triton provides Italy with the necessary resources and capabilities. The table below offers data on these two military operations for humanitarian aid between January and August 2016.

TABLE 3.17: Operation Poseidon and Triton (January-August 2016)

(source: European Commission, 2016, p. 1)

Thirdly, the Commission's action plan speaks of setting up a joined effort for Libya between the neighbouring countries of Libya and the Commission and EEAS (European Commission, 2015). After the fall of the Muammar Gaddafi regime, the country plunged into a brutal civil war and became a gateway for Sub-Saharan refugees seeking a way to Europe (Sakuma, 2018). The lack of stability in Libya is a major threat to EU security.

[109] Frontex stands for the French 'FRONtières EXTérieures' and is headquartered in Warsaw (Poland).

The second social driver threatening EU stability is terrorism. According to Europol, the largest terrorist threat emanates from jihadist terrorism: "none of the reported activities in any terrorist category have been as lethal and have had such an impact on society as a whole as those committed by jihadist terrorists" (Europol, 2018, p. 4). The first major jihadi terrorist attack on EU soil was the 2004 Madrid train bombings claimed by Al-Qaeda resulting in the death of 192 people. The past years has seen various violent eruptions of jihadist terrorism in EU society of which the deadliest were: the 2015 Paris attacks (137 deaths), the 2016 Brussels airport attacks (35 deaths), and the 2016 Nice attacks (87 deaths). Although the majority of the attacks committed in the EU are claimed by the Islamic State of Iraq and the Levant (ISIL)[110], and to a lesser extent Al Qaeda, jihadist "attacks are committed primarily by [EU] homegrown terrorists, radicalised in their country of residence without having travelled to join a terrorist group abroad" (Europol, 2018, p. 5). Nevertheless, there's a strong ideological bond between the domestic jihadist attacks and the happenings in Syria and Northern Iraq through the use of online media: "[o]nline propaganda and networking via social media are still essential to terrorist attempts to reach out to EU audiences for recruitment, radicalisation and fundraising" (Europol, 2018, p. 6). The threat of terrorism, how unsubstantial it might be sometimes, is extant in EU society and is translated into the presence of soldiers in crowded and tourist hotspots causing, according to some critics, to weaken the EU armies for military operations regarding geopolitical threats (Birnbaum, 2017).

Technological drivers

The first technological driver worth mentioning is the search for nonexistent, improved, enhanced military equipment. Above[111], we discussed the cases of the NH90 and the A400M.

The second technological driver is the latest craze in defence innovation, disruptive capabilities. Dr Panagiotis Kikiras, the head of the Unit of Innovative Research of the European Defence Agency defines the disruptive innovation as "one which radically changes the way of operation ('of doing things'), and therefore has a significant impact on market, on economic activity of firms, and

[110] Also called Islamic State (IS), Islamic State of Iraq and Syria (ISIS), or Daesh (Islamic acronym for 'al-Dawlah al-Islamīyah fī l-ʿIrāq wa-sh-Shām')
[111] In 3.2.3.4 Processes: two case studies.

as far as the defence sector is concerned, on the way in which armed forces operate." (Kikiras, 2017, p. 8). In issue 14 of *European Defence Matters* (Brüls, 2017) the EDA's Tech-Watch experts present 10 disruptive technological developments that will profoundly influence the defence capabilities for the years to come: (1) Artificial Intelligence (AI) & Cognitive Computing in defence; (2) Defence Internet of Things; (3) Big Data analytics for defence; (4) Blockchain technology in defence; (5) Artificial Intelligence (AI) enabled cyber defence; (6) Robotics in defence; (7) Autonomy in defence: systems, weapons, decision-making; (8) Future advanced materials for defence applications; (9) Additive manufacturing in defence; (10) Next Generation Sequencing (NGS) for biological threat preparedness. These niches that are expected to play an important role in future warfare need to be appropriated by the EU in order to stay relevant.

The third change, tendency, or technological driver worth discussing is the influence of civil technology in military equipment. In this context we speak of 'dual-use items'. These items refer to computer software, state-of-the-art technology, or just goods in general that can be applied both in civilian and military equipment. Some of the disruptive capabilities mentioned in the previous paragraph emerged from civilian R&D. A consequence of dual-use is that potentially dangerous technology or knowledge is in the hands of non-military actors: "having such relatively accessible technology also enables the rapid rise of non-conventional, transnational and asymmetric threats, such as hybrid, terrorist, cyber, chemical, biological and radiological attacks" (European Commission, 2017b, p. 10). The rapid rise of Internet usage for cybercrime or terrorist activities has made the world wide web a new military battleground (European Commission, 2017b). In this context, we need to refer to the Russian hackers' collectives 'Fancy Bear' and 'Cozy Bear' and the use of the 'dark web'. However, according to Europol, there has been no evidence of chemical, biological, radiological, or nuclear weaponry being used to create terror in EU society up-to-date (Europol, 2018).

3.3.1.3 Conclusion

In this section we have used the PEST analysis method to study the drivers that impact EU defence. On a political level, we briefly discussed the schismatic line

that runs through national and European politics dividing those who favour or oppose common EU defence initiatives. On a geopolitical level we studied the forces at play. As "an arc of instability" (CEPS, 2015) around the EU we find various countries that experience internal turmoil. The biggest threat to the EU remains the unpredictable behaviour of the Russian Federation. The transatlantic partnership with the US and NATO also impacts EU security and defence. The rise of China as a global power and the difficult relations with the present Turkish administration also weigh on EU defence. On an economic level, the major drivers are 'guns versus butter trade-off' and the willingness of EU member states to cooperate emanating on the basis of economic considerations. A last economic driver is the fluctuations of the global economy impacting EU defence expenditure. On a social level, the two key drivers are migration and jihadist terrorism. On a technological level, the search for improved military equipment supported by disruptive capabilities and dual-use items serve as driver for an EU security and defence.

3.3.2 The competitive environment

In the private sector, the competitive environment plays a key role in shaping the strategy of an organization, even a more important role than the general environment (Henry, 2011). For an analysis of the public sector, the competitive environment plays a less fundamental role since the goal is creating public value and not economic value in a purely competitive environment. In sections 1.2.1 (An 'organisation' in the public sector) and 1.2.2 (Creating public value in strategic management), we discussed the nature of public value in the public sector. In the terminology of Desmidt & Heene[112] (2013) we should perceive EU defence as a 'purely public/social organization' in which the emphasis lies on the achievement of a societal goal, in this case ensuring the security and the defence of the EU's territory and its citizens. Therefore, an analysis in the light of Porter's five forces framework, as Henry (2011) proposes for the study of the competitive environment in the private sector, would lead us too far away from the basic assumption concerning public value that was the starting point of this study.

Nevertheless, there are two competitive elements overtly present in EU defence, playing a paramount role in shaping current and future EU defence. The first one is the competitiveness in global military spending, in which countries try to outspend neighbours/rivals possibly leading to an 'arms race' (3.3.2.1 Global powers benchmark). The second element is the complexity of the EU-NATO relations (3.3.2.3 CSDP, PESCO & NATO) starting from the theory of 'strategic groups' (3.3.2.2 Strategic Groups).

3.3.2.1 Global powers benchmark

To get an idea of where the EU member states as a collective stand on a global scale, it's interesting to have a look at the leading global powers in terms of defence expenditure. In the table below you find the top 5 of the world and the EU when it comes to military spending.

[112] See figure 5.

TABLE 3.18: EU and global top 5 defence expenditure (2015)

Country	Expenditure ($ mn.) in 2015	Per capita ($) in 2015	% of GDP in 2015
China, P.R.	214093	155,6	1,9%
India	51295	39,1	2,4%
Russian Federation	6.6419	463,0	4,9%
Saudi Arabia	87186	2764,3	13,5%
United States	596010	1852,3	3,3%
Total EU 27+1	246470	347,1	1,3%
UK	53862	832,3	1,9%
Total EU 27	192608	329,1	1,3%
France	55342	859,4	2,3%
Germany	39813	493,4	1,2%
Italy	25295	423,0	1,4%
Spain	14937	323,9	1,2%

(source: SIPRI, 2018)

The biggest spender on a yearly basis in 2015 was without a doubt the United States ($596010 mn.). Surprisingly per capita the US is nowhere near Saudi Arabia ($2764,3), who spent a staggering 13,5% of the GDP on defence[113]. Depending on the interpretation there are two contestants for the follow up of biggest spender. From a traditional perspective, the People's Republic of China is in second place ($214093 mn.). If we take the EU into account we notice that the EU 27+1 member states together have spent the second highest budget on defence in 2015. Striking is the substantial difference between the EU member states with and without the UK. Apart from France the UK spent the highest sum on defence. So a collective EU defence with or without the UK makes a substantial difference in military resources and will lead to a competitive advantage in a rivalrous situation.

3.3.2.2 Strategic group analysis: theory

The theory of strategic groups, based on the work of Michael Porter, focuses on the internal behaviour of organizations within a certain industry. An industry is

[113] Rising tensions in the Middle East with neighbour Iran and the Yemini Civil War are probably the root cause for this excessive military spending.

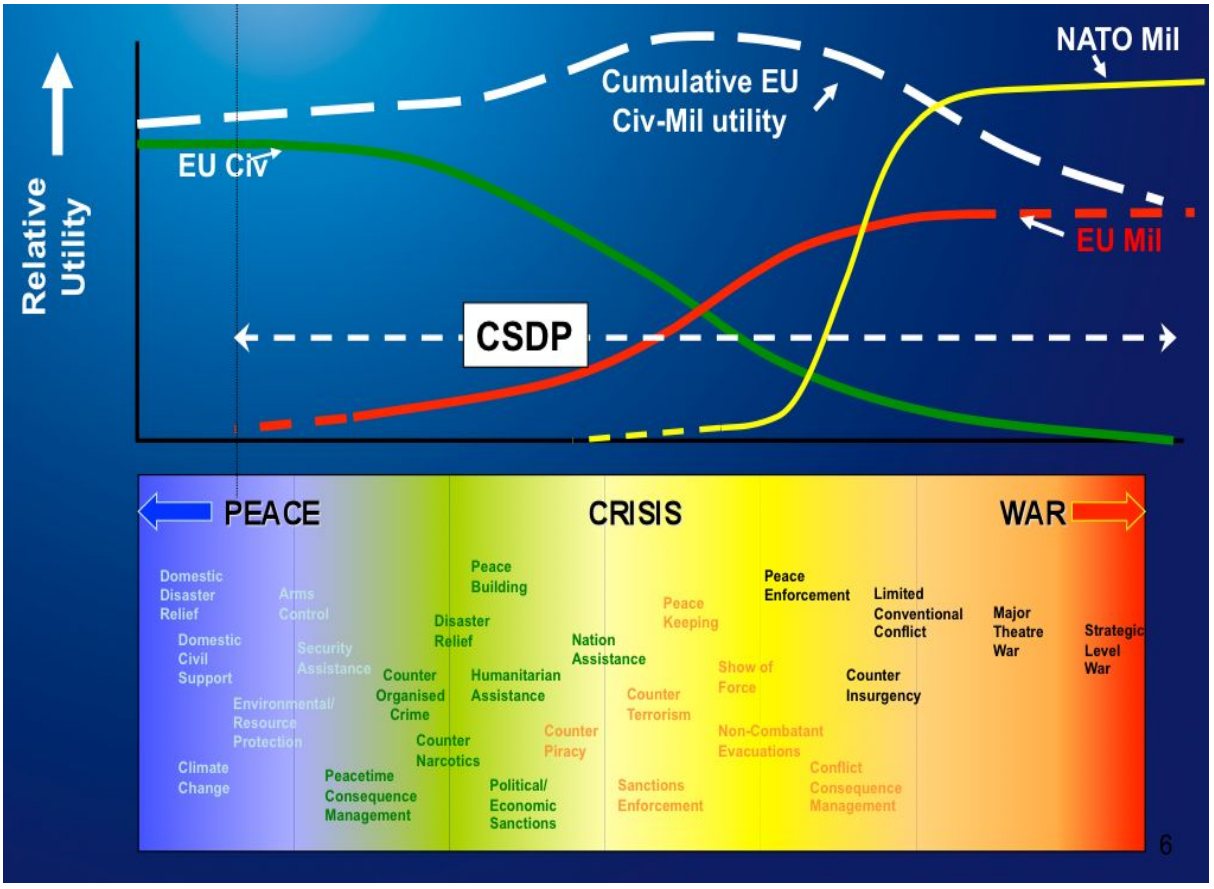
defined as a "group of organizations producing a similar product or service" (Henry, 2011, p. 87). In other words, an industry is a group of organizations that supply a market of certain goods and services. To find out what the boundaries are of an industry we need to pinpoint the exact market that is targeted. This exercise allows us to distinguish the competing organizations in the industry. According to the theory of strategic groups, not all organizations are competitors within an industry. A simple example from the automobile industry is that a Renault Kangoo does not compete with a Rolls Royce Phantom although both are part of the same industry. A more thorough analysis learns that within an industry clusters of organizations exist, the so called strategic groups. A strategic group "is a group of [organizations] in an industry following the same or a similar strategy" (Henry, 2011, p. 88). If we continue the automobile example, then the Citroen Berlingo would be part of the strategic group of the Renault Kangoo and the Bentley Mulsanne of the Rolls Royce Phantom. Strategic group analysis focuses on the identification of organizations that have a similar profile, meaning a similar strategy, similar resources and capabilities, and a focus on a similar niche of a market. Just like entry barriers to enter a certain industry, 'mobility barriers' make it difficult for an organization to move freely from one strategic group to another within an industry. It will prove difficult, maybe not impossible, for Renault to compete with the strategic group of Rolls Royce and Bentley owing to the mobility barrier. Currently, the EU finds itself confronted with the mobility barrier in the domain of security and defence.

3.3.2.3 Strategic group analysis: CSDP, PESCO & NATO

In his Defence Attaché brief of 29 March 2012 the Dutch Director General of the EUMS LtGen Ton van Osch envisaged the relations between, on the one hand, CSDP civilian missions and military operations and, on the other, NATO operations. The two figures below should be perceived as complementary in which the top figure indicates the relative utility of the various EU security and defence instruments[114] and the bottom figure explains the context (peace, crisis, or war) and type (from domestic disaster relief to strategic level war).

[114] The abbreviations guiding the lines on the top figure refer to (from left to right): EU Civ (relative utility for EU Civilian missions), CSDP (relative utility for CSDP missions and operations), Cumulative EU Civ-Mil utility (relative utility for a cooperative approach of all EU member states), EU Mil (relative utility for EU military operations), and NATO Mil (relative utility for NATO military operations).

FIGURE 3.21: CSDP-EU-NATO Relations (2012)



(source: Van Osch, 2012, sl. 6)

The dotted line indicates the relative utility of CSDP over the entire range of civilian missions and military operations. It's striking how low it is compared to the other lines. In other words CSDP has a low range on the conflict spectrum. The 'EU Mil' line represents the utility of EU member states military capacity. This line is evolving towards the right, the war zone of the spectrum. The 'NATO Mil' line indicates NATO utility and is a lot higher than all the other lines. NATO possesses more capabilities for high-intensity conflict situations. The top dotted line represents the cumulative effect of an EU member states civilian and military utility. This line indicates the potential of an integrated EU approach.

Of course, this visualization is a major abstraction from reality, but it gives a few interesting insights into how a high official of the EEAS regards the CSDP-EU-NATO relations. Firstly, the figures indicate the high potential of an integrated EU approach. Secondly, CSDP has limited utility for missions at the entire range of the spectrum. Thirdly and lastly, at the right hand side of the spectrum, it's clear that NATO has the monopoly if the EU needs to engage in

high-intensity conflict operations. In this context the last conclusion is the most noteworthy one.

When it comes to the security and defence of the EU, NATO clearly has the competitive advantage. NATO and CSDP seem to belong to other strategic groups in the industry/domain of conflicts. Whereas CSDP focuses on low-intensity conflict management, NATO focuses on high-intensity conflict management. With the emergence of PESCO within the CSDP framework at the end of 2017 the equilibrium has been challenged. The mobility barriers keep PESCO from entering the strategic group of NATO. The mobility barriers need to be sought for in the internal environment where there's lack of a common approach, but at the same time also NATO and the US don't allow for an easy entrance into the strategic group of high-intensity conflict management. On the NATO Defence Ministers meeting in Brussels of 14 and 15 February 2018 both US ambassador Kay Bailey Hutchison "issued a warning about the direction of Europe's plans for growing defence co-operation", she expressed her worries that "EU countries' co-operation shouldn't be protectionist, duplicative of Nato work, or distracting from their alliance responsibilities" (Peel, Manson, & Khan, 2018, par. 2). The concerns of Hutchison and the US were underscored by Secretary-General Jens Stoltenberg (Peel et al, 2018). This reaction seems quite contradictory since at that same meeting the US emphasized the need for burden sharing to defend the NATO alliance against the Russian threat (Manson & Peel, 2018). Isn't a stronger EU a means to an end for a stronger NATO?

Apparently, PESCO is not what the US had in mind when they were steering for a more equal burden sharing within the NATO alliance. The US would rather see the EU member states, and all other NATO partners, raise their share of GDP for defence expenditure to reach the NATO 2% threshold (Hicks et al, 2018). The Belgian professor dr. Sven Biscop of the Egmont Institute suggests there might be an economic logic behind this contradictory reasoning of the US: "[...] perhaps that is because of its strong focus on trade and a fear that PESCO will negatively affect American defence exports to Europe" (Biscop, 2018, p. 177). One of the initiatives of PESCO is the more intense cooperation in the European defence industry. A possibility is that the US sees this as a threat for the own defence industry. Putting aside possible mercantile motivations of the US, the

NATO alliance is enshrined in the *TEU*, any reservations of the US towards a deepening of the defence cooperation between the EU member states is entirely unnecessary. A stronger EU security and defence union should be seen as purely complementary towards the NATO alliance.

PESCO, within the framework of CSDP, should be seen as complementing and even supplementing the NATO alliance instead of a possible competitor that focuses on the same niche of high-intensity conflict management.

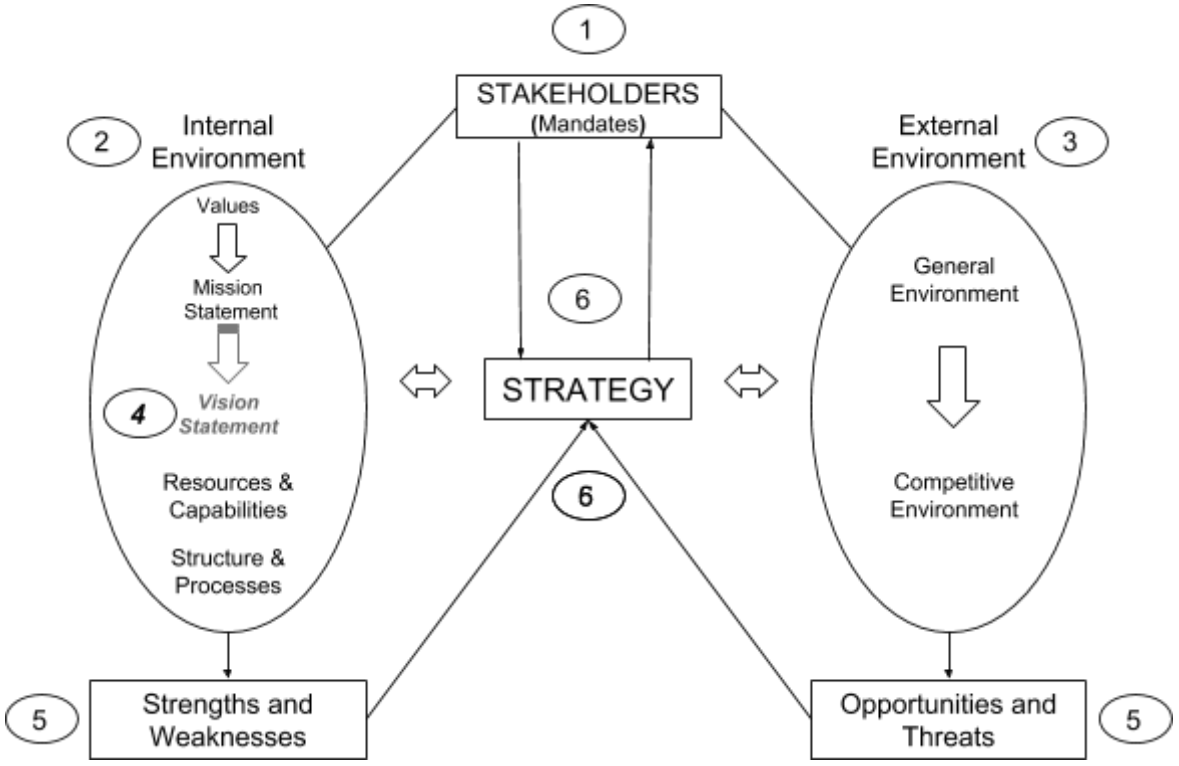
3.3.2.4 Conclusion

In this section we explored two situations of competitiveness with regard to EU defence. Firstly, if we benchmark EU member states with other global powers on the basis of expenditure, we find out that the US has an outspoken competitive advantage. The EU member states currently spend the second most in total when we include the UK on a global scale. Without the UK the EU 27 spend less than China. In terms of share of GDP per capita the EU, including the UK, spends significantly less than the US, China, and Russia. With or without ally the UK makes a considerable difference for EU defence in competition with other global powers. Secondly, the activation of PESCO has drawn the EU and NATO into a competition for high-intensity conflict management. The EU is confronted with mobility barriers that are raised by NATO and the US while the latter two should rather see PESCO as complementary to the NATO alliance in the light of burden sharing.

3.4 Strategy analysis: vision statement

In this section, we're going to unfold a vision statement[115] for EU defence. Contrary to what you might expect, the vision statement isn't discussed in the section of the internal environment. It holds an exceptional status - hence, the grey typography. A vision is based on the internally located mission statement, but also on the expectations of the external environment. It'll offer us direction to determine a suitable strategy.

FIGURE 3.22: Strategic management framework for the public sector (4)



(source: based on Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011)

3.4.1 Defining vision statement

Just like the mission statement, the vision statement is surrounded by a conceptual fog. There's no outspoken academic consensus on how to define and how to arrive at the concept (Desmidt & Heene, 2013). We're going to tap into the concept as defined by Bauer et al. (2016), Desmidt & Heene (2013) and Raynor (1998). These authors claim that the mission statement in combination with the external environment offers the basis and the precondition to develop a vision statement. To clearly define a vision statement we have to contrast it with the mission statement.

[115] Number 4 in the figure.

TABLE 3.19: The mission and vision statement

	Mission statement	**Vision statement**
Question(s)	Who are we? What does our organization value?	Where is this organization going?
Temporal focus	Past & present	Future
General focus	- Communicating the organization's reason for being. - Communicating how to serve its key stakeholders. - Stressing the organization's values.	- Declaring the organization's aspiration and purpose.
Conclusion	The vision statement sets the scene for the organization to evolve and realize the mission statement within an ever changing external environment.	

(source: Bauer et al., 2016, Desmidt & Heene, 2013; Raynor, 1998)

To conclude, a vision keeps the organization in motion and avoids indecisiveness that might lead to external events making the organization obsolete (Desmidt & Heene, 2013; Raynor, 1998).

3.4.2 Defining a vision statement for EU defence

To develop a vision statement, it's necessary to not only have a panoramic view on the internal environment, but also on the external environment. Desmidt & Heene (2013) offer advice for the creation of a vision statement: (1) develop a vision statement that, on the one hand, covers all opportunities and possible evolutions, but, on the other hand, is rooted in the reality of the organization; (2) be careful not to confuse your vision with your mission statement; (3) try to involve the decision makers in the process; (4) try to escape daily organizational reality in order to create new, fresh perspectives; (5) use brainstorming to collect as many viewpoints and ideas as possible; (6) see to it that the vision entails various aspects: values, desired results and a mental image of the realized vision; (7) make a distinction between a 'planning vision' and a 'PR vision'. The former needs to be extensive and detailed, the latter short and catchy; (8) use the vision to develop strategies that tend to close the gap between the mission and the vision; (9) inform the members of the organization of all changes to the vision in advance in order to avoid the uncertainty that comes with every organizational change; (10) keep the vision statement alive. Clarify the vision in every publication and make it a part of daily planning.

With this advice of Desmidt & Heene in the back of our mind, we're going to determine the outlook of a possible vision statement for EU defence. Since a vision statement realizes the mission statement within the external environment, we have to refresh our memory with the preliminary mission statement that we arrived at above[116]: "based on the CSDP and grounded within the EU's core beliefs, the common EU defence promotes global peace and guarantees the security of the EU citizens and its territory, using a wide array of instruments and techniques (including soft and hard power)." The vision statement of EU defence has to build on the mission statement tackling the key-drivers active in the external environment. Looking back on the analysis of the external environment and aside from other political, economic, social, and technological drivers, we concluded that there is "an arc of instability" (CEPS, 2015) that runs around the EU causing internal disruptions. A possible vision statement for EU defence should incorporate these threats while projecting a vision on the future. On the basis of elements taken from four EU documents, we are going to puzzle together a vision statement.

In the *TEU*[117] (European Union et al, 2016) the option of a common defence policy for all EU member states is enshrined with the notion of "progressive framing" (European Union et al, 2016, art. 42.2 C 202/38). This concept allows for a progressive approach towards a security and defence union, but only if the European Council unanimously allows for it (European Union et al, 2016). Also in the *EUGS*[118] (EEAS, 2016b), a unity, with respect for diversity, in approach of the EU member states is projected on the future of the EFSP[119], within which we have the CSDP[120]: "The people of Europe need unity of purpose among our Member States, and unity in action across our policies" (EEAS, 2016b, pp. 4-5). The EU is presented as a "global security provider [...] with the [potential] strength to contribute to peace and security in our region and in the whole world." (EEAS, 2016b, pp. 3-5) and with a respect for partnerships. These elements of internal unity, a global responsibility, and respect for partnerships in

[116] See 3.2.1.4 Conclusion.
[117] TEU stands for *Treaty on the European Union*.
[118] EUGS stands for *European Union Global Strategy*.
[119] EFSP stands for European Foreign and Security Policy.
[120] CSDP stands for Common Security and defence Policy.

terms of security and defence are essential concepts for the construction of a vision statement.

Since the EU is an artificial construct that initially emerged from an economic bond with geopolitical inspirations, and has evolved in an enormous complex system with intergovernmental and supranational elements, it's constantly questioning itself on what it is and what it wants to become. On the 1st of March 2017, president of the European Commission Jean-Claude Juncker presented the *White Paper on the Future of Europe* (European Commission, 2017) to the European Parliament. The paper looks back on the achievements, but also looks forward to the challenges the EU is facing and presents five possible scenarios or pathways towards 2025. These five scenarios hover somewhere between wildly ambitious and lacking any ambition, or in other words between a neofunctional and an intergovernmental inspiration:

- Scenario 1: Carrying On - The 27 member states carry with Juncker's positive reform agenda *New Start for Europe* from 2014 and the Bratislava Declaration agreed by the EU27 in September 2016.
- Scenario 2: Nothing but the Single Market – Since the EU27 find it difficult to find common ground in many policy areas, they tone down the entire European project to focus solely on the single market.
- Scenario 3: Those Who Want More, Do More – The EU27 continues the current work, but it offers the option for a 'coalition of willing' Member States to push forward, especially in areas such as internal security, social matters or defence.
- Scenario 4: Doing Less, More Efficiently - The EU27 limits its leeway to the bare essence, in the hope of delivering more and faster in crucial policy areas.
- Scenario 5: Doing Much More Together – Member States decide to share more power, resources and decision-making across the board. Decisions are agreed faster at European level and rapidly enforced.

Juncker's scenarios are just an outline, they're neither exhaustive nor mutually exclusive. In the wake of the presentation a host of series of 'Future of Europe Debates' across Europe's cities and regions were organised to create an input for a series of reflection papers on: developing the social dimension of Europe; deepening the Economic and Monetary Union; harnessing globalisation; the

future of Europe's defence; and the future of EU finances. The penultimate paper is interesting for the creation of a vision for EU defence.

The fourth paper following the *White Paper on the Future of Europe* (European Commission, 2017) is the *Reflection Paper on the Future of European Defence* (European Commission, 2017b). The paper offers an interesting contribution on strengthening the safety of the European citizens and outlines three possible scenarios of Europe's defence. The three scenarios run from moderately ambitious to very ambitious.

1. Security and defence cooperation scenario: in this scenario the EU27 would cooperate more often than is currently the case. EU member states would have the final decision on an ad hoc-basis whether to participate in security and defence issues. The role of the EU would be limited to complementing the national efforts. The current EU/NATO cooperation would remain unchanged, but defence cooperation among the member states would be strengthened.
2. Shared security and defence scenario: this scenario takes the cooperation a step further. The EU27 would gradually tend towards shared security and defence. The EU would actively engage in defence and security issues of internal EU policies like energy, health, customs, or space. The EU would play a more important role in domains like cyber protection, border protection, or the fight against terrorism. In this scenario EU and NATO would increase mutual cooperation and operate in more issues.
3. Common defence and security scenario: the third scenario is the most ambitious one. It foresees the progressive framing of a common union defence policy. The EU27 would make greater commitments in each other's security, making Europe's safety a shared EU/NATO responsibility. The EU would be able to conduct security and defence missions, backed up by a level of integration of the national armed forces.

Just like in the *White Paper on the Future of Europe* (European Commission, 2017) the three scenarios are neither exhaustive nor mutually exclusive, but they give a good view on the options that lie on the table. Whatever scenario that'll prove to be closest to reality in 2025, the vision that should be pursued stays the same. Since a vision statement is a projection of an unrealizable future that has to be striven for.

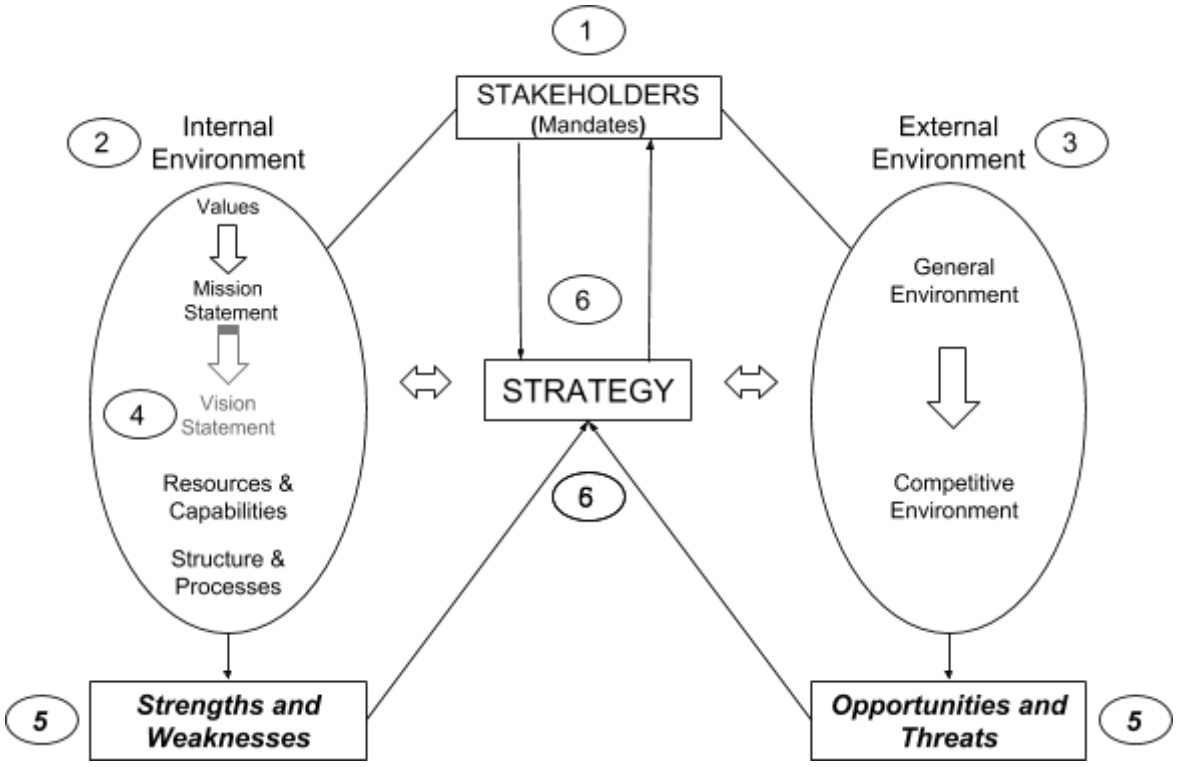
3.4.3 Conclusion

Desmidt & Heene (2013) claim that vision statements have an added value both externally and internally. A vision statement incorporates the image the organization has of its external environment. It gives the organization a sense of purpose and direction in its surroundings. If dealt with properly the vision statement can help mould the future to the expectations of the organization. A preliminary vision statement for EU defence on the basis of the information above would be: EU defence, as part of a security and defence union, creates a safe and stable world in which the EU and its core values can prosper. This vision statement could not serve as an actual vision statement because it doesn't live up to the marketing criteria of a successful vision statement (Bryson, 2018; Desmidt & Heene, 2013), but it is acceptable to serve our purpose.

3.5 Strategy analysis: SWOT-analysis

After our exploration of the internal and external environment, we need to take a look at the strengths, weaknesses, opportunities, and threats[121] that emerge from these environments for EU defence. The tool par excellence is the SWOT analysis.

FIGURE 3.23: Strategic management framework for the public sector (5)



(source: based on Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011)

First, we'll briefly discuss the theory (3.5.1 SWOT analysis: theory). Second, we're going to streamline the output of the previous sections to create a sense of overview (3.5.2 SWOT analysis: EU defence). Third, we'll use the input of the previous section for a SWOT confrontation matrix and attempt to formulate a few preliminary strategies (3.5.3 SWOT analysis: confrontation matrix). Fourth and last, we'll counter the criticism that accompanies a SWOT analysis in scientific literature (3.5.4 SWOT analysis: criticism). After this conclusive section of the strategy analysis, we have all the elements to answer the question: what is the state of current EU defence? In the following section, we're going to formulate a strategy to optimize EU defence.

[121] Number 5 in the figure.

3.5.1 SWOT analysis: theory

The origins of the SWOT analysis can be traced back to the late 1950s when Harvard Business School professor Kenneth R. Andrews developed it as a tool for corporate business strategy. In his authoritative work *the Concept of Corporate Strategy* (1971) the SWOT analysis tool is explained. SWOT stands for **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats. Strengths and weaknesses refer to the internal environment of an organization, in other words over which an organization has control. Strengths refer to those domains where an organization creates value, while weaknesses refer to organizational areas that need to be compensated. Opportunities and threats refer to the external environment, where the organization has less control. Opportunities are possibilities that arise pertaining a certain potential. Threats are the external challenges an organization is confronted with.

3.5.2 SWOT analysis: EU defence

On the basis of the output of our analysis of the internal and external environment, we're going to formulate a non-exhaustive list of the most important strengths, weaknesses, opportunities, and threats.

Strengths

First, if we accumulate the resources and capabilities of the individual EU member states, we arrive at an enormous potential waiting to be seized (S1: Potential of common EU defence). Second, 22 EU member states are part of NATO the strongest and biggest military alliance in the world. NATO is even enshrined in the *TEU* (S2: Alliance with NATO). Third, the present architecture of CSDP allows for an inclusive, multilateral, and intergovernmental approach towards defence. All member states can actively participate in the CSDP structures (S3: CSDP inclusive decision making process). Fourth, the European Defence Fund (EDF) as part of the 2016 *European Defence Action Plan* was launched on 7 June 2017 to boost among other things innovation in the European defence industry (S4: Financial incentive EDF for innovation defence expenditure). Fifth, PESCO is a promising initiative that could give a new boost to CSDP and allow for a more comprehensive approach towards defence, including high-intensity conflict capabilities (S5: Activation of PESCO). Sixth, the urge for efficiency and effectiveness translates into standardization and

interoperability and various forms of cooperation (chartering, pooling, sharing, operational cooperation, and joint military acquisition and sharing of military capabilities) (S6: Awareness of efficiency and effectiveness). Seventh, joint military projects like NH90 and A400M show potential (S7: Potential of joint military acquisition projects). Eighth, in the domain of defence, the EU has found renewed impetus with the publication of the *EUGS* leading to the launch of the Implementation Plan on Security and Defence (IPSD) and the European Defence Action Plan (EDAP) resulting into a multitude of projects and initiatives: PESCO, EDF, CARD, etc. (S8: Renewed impetus in CSDP)

Weaknesses

First, the EU under CSDP possesses little resources and capabilities, but is dependent on member states willingness to contribute (W1: CSDP access to limited defence capabilities). Second, the general conclusion of the EU member state defence expenditure is that there's no equality among EU member states (W2: No comprehensive CSDP framework on defence spending). Third, the average rate of deployable soldiers in relation to the military personnel active of all the EU member states is below 30% (W3: low average rate deployable vs active military personnel). Fourth, most EU/NATO members do not reach NATO's 2% spending threshold of share GDP (W4: NATO threshold not met by majority of EU member states). Fifth, the current CSDP architecture leads to institutional complexity and all the consequences in its wake, i.e. lack of efficiency and effectivity, bureaucratization, etc. (S5: CSDP complex, bureaucratic decision making process). Sixth, the EU, based on CSDP, has a weak reputation in terms of military/defence affairs (W6: EU weak reputation as military actor). Seventh, the EU member states are lagging behind in terms of defence innovation expenditure (W7: Innovation defence expenditure is too low). Eighth, there are no centralized headquarters for CSDP mission and operations. This complicates efficient and effective coordination of all interventions (W8: Absence of centralized CSDP missions and operations headquarters). Ninth, experience learns that there are limits to efficiency and effectiveness translating into standardization and interoperability and various forms of cooperation (chartering, pooling, sharing, operational cooperation, and joint military acquisition and sharing of military capabilities) in EU defence (W9: Limits to 'endless' possibilities of efficiency and effectiveness in EU defence). Tenth, the

case studies of joint military acquisition projects (NH90 and A400M) show that there are high control costs and cooperation costs, the tolerance frontier puts a lid on too optimistic forecasts in terms of cooperation in its present form. On top of that, they appear to be very expensive (W10: Limitations to joint military acquisition in its current form). Eleventh, there's a lack of trust between EU member states to fully integrate in terms of defence owing to the loss of sovereignty (W11: Distrust among member states).

Opportunities

First, the political support for a common EU defence initiative is gaining momentum (O1: Political momentum for a common EU defence approach). Second, the UK leaving the EU owing to Brexit is good for a common EU defence approach. The absence of 'perfidious albion' is an opportunity since past exclamations of prominent government officials were quite unsupportive of a common EU defence approach (O2: Away with 'perfidious albion'). Third, external geopolitical threats, i.e. the Russian threat at the EU borders and the Ukraine, the rise of global power China, and the unsteady EU-Turkey relations are an opportunity for bringing together EU member states to create a strong EU defence project (O3: Geopolitical threats create sense of urgency for common EU defence). Fourth, the deterioration of the transatlantic partnership opens up the necessity for cooperation between the EU27 member states in order to safeguard the security and defence of the EU (O4: NATO reluctance urges for common EU defence). Fifth, the need for military support in tackling mass migration towards EU and terrorism, owing to the 'arc of instability' (O5: Migration and terrorism create need for common EU approach with role for common EU defence). Sixth, the EU's interest for disruptive capabilities creates interesting opportunities (O6: EU interest in disruptive capabilities). Seventh, 'dual use' items can lead to synergies between EU defence and civilian organizations (O7: 'Dual use' leads to civilian-military synergies).

Threats

First, there's still substantial political division on a common EU defence approach (T1: Political division on common EU defence). Second, without the military resources and capabilities of the UK, the EU is less strong (T2: EU defence without UK disadvantage). Third, uncertainty on NATO and US alliance, the US

shows reluctance towards a common EU defence (T3: NATO alliance under pressure). Fourth, the guns versus butter trade-off forces EU governments to make decisions not in favour of defence (T4: Guns versus butter trade-off). Fifth, the fluctuations in global economy impacts common EU defence (T5: Negative influence of global economy on common EU defence).

Summary

In the table below you find all the strengths, weaknesses, opportunities, and threats that were enumerated above.

TABLE 3.20: SWOT analysis EU defence (non-exhaustive list)

	Internal	**External**
Positive	Strengths: 1. Potential of common EU defence 2. Alliance with NATO 3. CSDP inclusive decision making process 4. Financial incentive EDF for innovation defence expenditure 5. Activation of PESCO 6. Awareness of efficiency and effectiveness 7. Potential of joint military acquisition projects 8. Renewed impetus in CSDP	Opportunities: 1. Political momentum for common EU defence 2. Away with 'perfidious albion' 3. Geopolitical threats create sense of urgency for common EU defence 4. NATO reluctance urges for common EU defence 5. Migration and terrorism create need for common EU approach with role for common EU defence 6. EU interest in disruptive capabilities 7. 'Dual use' leads to civilian-military synergies
Negative	Weaknesses: 1. CSDP access to limited defence capabilities 2. No comprehensive CSDP framework on defence spending 3. Low average rate deployable versus active military personnel 4. NATO threshold not met by majority of EU member states 5. CSDP complex, bureaucratic decision making process 6. EU, based on CSDP, weak reputation as military actor 7. Innovation defence expenditure is too low 8. Absence of centralized CSDP missions and operations headquarters 9. Limits to 'endless' possibilities efficiency and effectiveness in EU defence 10. Limitations to joint military acquisition in its current form 11. Distrust among member states	Threats: 1. Political division on common EU defence 2. EU defence without UK disadvantage 3. NATO alliance under pressure 4. Guns versus butter trade-off 5. Negative influence of global economy on common EU defence

(source: Desmidt & Heene, 2013; Vermeylen, 2006)

3.5.3 SWOT analysis: confrontation matrix

According to the Belgian scholar Simonne Vermeylen, it is appropriate to organise the various components of the SWOT analysis into a SWOT confrontation matrix once they are known. A SWOT confrontation matrix gives an indication of how a strategy needs to be formulated to achieve a strategic fit between the internal and external environment (Vermeylen, 2006). Notwithstanding that the SWOT analysis in the previous section is a non-exhaustive list of the most important strengths, weaknesses, opportunities, and threats, it's still too extensive for a SWOT confrontation matrix. Therefore, we reduced the lists, ranked them according to importance, created a top five and injected them into the SWOT confrontation matrix. The result will deliver us a few preliminary strategies on the basis of the factors that are used.

The various strategies that emerge from the confrontation matrix need some explanation (Vermeylen, 2006). Firstly, offensive strategies are proactive: one doesn't wait, but takes initiative. They start from a thorough knowledge of one's own possibilities, mixed with a visionary ambition. Secondly, a defensive strategy is acquired in threatening situations. Confidence and a strong belief in resources and capabilities will steer an organization in the direction of new ideas and a new approach. Thirdly, a turnaround strategy is based on opportunities that lie ahead, but which are in need of a different approach in the internal environment. Fourthly, a survival strategy is the most deplorable situation in which an organization finds itself and calls for survival in the form of a crisis management approach. On the basis of the EU defence input in the SWOT confrontation matrix below, we'll discuss an offensive, turnaround, defensive, and survival strategy by linking the strengths, weaknesses, opportunities, and threats.

TABLE 3.21: SWOT confrontation matrix EU defence

FACTORS	**Opportunities (O)**	**Threats (T)**
	1. Geopolitical threats create sense of urgency for common EU defence 2. NATO reluctance urges for common EU defence 3. Migration and terrorism create need for common EU approach with role for common EU defence 4. 'Dual use' leads to civilian-military synergies 5. Away with 'perfidious albion'	1. NATO alliance under pressure 2. Political division on common EU defence 3. EU defence without UK disadvantage 4. Guns versus butter trade-off 5. Negative influence of global economy on common EU defence
Strengths (S)	*SO-strategies*	*ST-strategies*
1. Potential of common EU defence 2. Alliance with NATO 3. Renewed impetus in CSDP 4. Activation of PESCO 5. Awareness of efficiency and effectiveness	OFFENSIVE: explore the chances	DEFENSIVE: defend against attacks
Weaknesses (W)	*WO-strategies*	*WT-strategies*
1. Distrust among EU member states 2. CSDP access to limited defence capabilities 3. NATO threshold not met by majority of EU member states 4. EU, based on CSDP, weak reputation as military actor 5. Absence of centralized CSDP missions and operations headquarters	TURNAROUND: improve, change	SURVIVAL: Crisis management, prepare

(source: Desmidt & Heene, 2013, p. 238; Vermeylen, 2006, p. 45)

The offensive strategy that should be explored is the potential of a common EU defence approach. Geopolitical threats, NATO's attitude of reluctance, migration, terrorism create a sense of urgency for a common approach. In combination with the renewed impetus, of which the activation of PESCO is a part, there's a strong need for an integrated approach that can safeguard the EU from external and internal threats. Seize the moment. A turnaround strategy is the distrust or lack of trust among the EU member states that needs to be turned around. An opportunity to raise trust among EU member states is the UK's leaving of the EU. Since, in the words of professor Simon Hix, the UK is known to behave itself as "perfidious albion" (Hix, 2011, par. 2) a security and defence union without the UK would generate trust among the EU member states. A defensive strategy

needs to be appropriated against the 'guns versus butter' trade-off. It's necessary that sufficient state funds go to defence. A survival strategy needs to be implemented regarding the NATO alliance. The fact that the NATO alliance is under pressure owing to public remarks of the current US president in combination with the NATO 2% threshold that isn't met by the majority of the member states asks for a crisis management approach.

These four preliminary strategies already touch upon essential issues in the formulation of suitable strategies to work towards a strategic fit between the internal and external environment. A more complete approach towards strategy will be applied in the next section[122] when we add other elements of our strategy analysis in order to create a complete picture of the current situation of EU defence.

3.5.4 SWOT analysis: criticism

The SWOT analysis has its limitations. The British scholar Anthony Henry (2011) mentions five flaws to the SWOT analysis. We'll complete the list with a personal addition.

First, a SWOT analysis isn't an end in itself, but more part of a process. The analysis will provide interesting insights to the organization, but it won't supply strategic decisions. The strength of a SWOT analysis is that it offers an overview. The interpretation or the strength of the interpretation, and the strategic decisions that are derived, rely on the interpreter. With the addition of the SWOT confrontation matrix, we have tried to counter this criticism. Second, it is important to realize when engaging in such an analysis that all strengths, weaknesses, opportunities, and threats don't carry the same weight. For instance, some threats might have a more detrimental effect to the organization than others. It's important to rank them according to importance. In our confrontation matrix, we ranked them according to importance. Third, strengths and weaknesses might not be easily converted into opportunities and threats. The EU member states possess resources and capabilities for classical warfare what might be perceived as a strength of the EU. At the same time, the general environment is evolving in the direction of cyber attacks committed by Russian

[122] See 3.6 Strategy formulation.

hacker's collectives that are linked to the Russian government. Fourth, there might be ambiguity concerning the status of a certain item. One can perceive it as a strength and a weakness at the same time or an opportunity and a threat. For our analysis, the UK plays this role. On the hand is the UK said to behave at times as an unreliable partner and, on the other hand, in terms of defence its one of the strongest member states. Brexit leaves the EU with mixed emotion when it comes to defence. Fifth, the analysis might be too focused on within the boundary of the industry to miss the "*weak signals*, *strategic inflexion*, or *tipping points* (sic) which can restructure the firm's industry" (Henry, 2011, p. 124). In our SWOT confrontation matrix, we haven't inserted disruptive capabilities which might play a decisive role in future warfare. Or, a new global power might emerge that shakes up the current geopolitical balance.

A sixth and last limitation that springs to mind when using a SWOT analysis is that it remains an abstraction of reality. In the abstraction process elements might be subordinated or even disappear making the SWOT analysis less reliable. In this case all the policy initiatives that are taking place giving renewed. The SWOT analysis gives a current state of affairs and doesn't include changes in the near future. If the initiatives taken by the Commission and Council will take effect, the SWOT analysis would have an entirely different outlook.

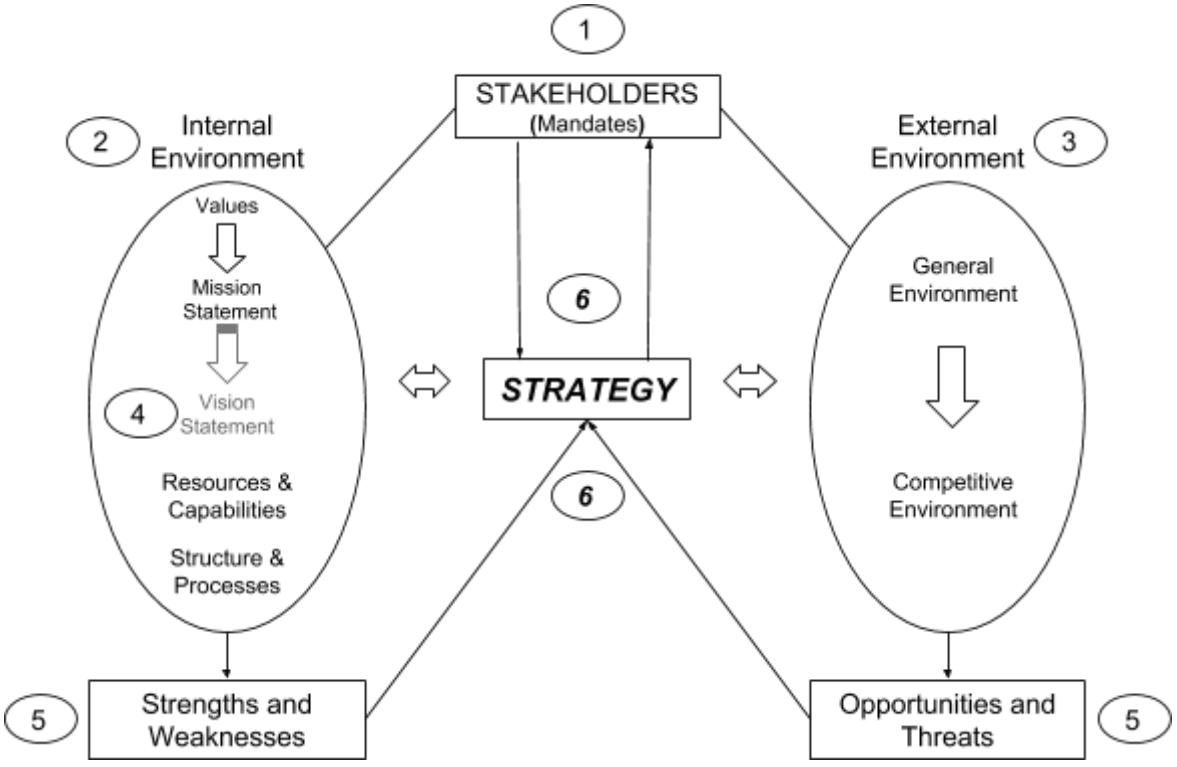
3.5.5 Conclusion

At this point, we have a clear view on the current state of EU defence. The SWOT analysis helped us list the strengths, weaknesses, opportunities, and threats that emerged out of the internal and external environment. This step of the process gives us a sense of overview. At the end we attempted formulating a few strategies on the basis of a SWOT confrontation matrix. The SWOT analysis above does not aim to be complete, but it does aim to indicate the most important factors at play in EU defence.

3.6 Strategy formulation

After the strategy analysis that we have conducted in the previous sections, we now find ourselves in the phase of the strategy formulation[123]. We have arrived at the last step of our strategic management framework, in which we're going to formulate strategies[124] that tackle the problem statement that instigated this study. In the previous sections of our strategy analysis, we've applied various tools and techniques to get insight into and assess the current state of EU defence. Strengths and opportunities, and weaknesses and threats have been unveiled in the process that need to be, respectively, exploited and dealt with.

FIGURE 3.24: Strategic management framework for the public sector (6)



(source: based on Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011)

Traditionally, the strategy formulation phase consists of two parts (Bryson, 2018; Desmidt & Heene, 2013): (a) the development of the strategy that is necessary to achieve the vision and (b) the conversion into a concrete plan of action that is implemented in the next phase, the strategy implementation phase. In this section the focus will be mostly on the first part. Only from the moment there's a consensus on the development of a strategy one can translate it into a concrete plan with achievable goals. The question that initiated this part

[123] See FIGURE 1.3: The strategic management cycle.
[124] Number 6 in the figure.

of our study was: what's necessary? In this conclusive section we're able to answer this question.

First, we're going to make a brief recap of elements that we've touched upon and that are important for the formulation of a strategy (3.6.1 Strategy formulation: recap). Next, we'll formulate our strategies (3.6.2 Strategy formulation: the strategies).

3.6.1 Strategy formulation: recap

The SWOT confrontation matrix used in the previous section[125] allows for a multitude of strategies to be distilled from it. The problem that arises is to choose the correct strategy. In this context it's wise to fall back on the values, mission, and vision defined in an earlier stage, but also the formal mandate that describes the contours within which strategies need to be formulated to be legally acceptable. It is equally important to clearly restate the problem statement (Bryson, 2018; Desmidt & Heene, 2013; Vermeylen, 2016). For the formulation of strategies, we'll go beyond the limited scope of the SWOT confrontation matrix and include as many elements as possible from the internal and external environment, but also from the stakeholder analysis.

The problem statement[126] that was defined at the beginning of this study was: 'the EU needs to reorganize its military and defence capabilities in order to bridge Hill's capability-expectations gap towards an effective Security and Defence Union.' The enormous potential present in EU defence still arouses great expectations. But in order to leverage this potential and bridge the capabilities-expectations gap, changes need to be made. The primordial question [127] that led us in this study was: 'what is necessary to transform the present EU defence in all its complexity into a fully functioning operating system, a so called Security and Defence Union?' This question should be kept in the back of our minds when assessing the strategies below. The values[128] of EU defence were mentioned in the mission statement and are based on the core beliefs of the EU as enshrined in the *TEU* and on the core values of external relations as defined in

[125] See 3.5.3 SWOT analysis: confrontation matrix.
[126] See 0. Introduction, par. 8.
[127] Idem.
[128] See 3.2.1.3 Defining a mission statement for EU defence (values).

the *EUGS* ('focus on (international) rule of law; a multilateral inclusive approach towards international relations; a respect for partnerships (NATO, etc.); and, a view on international politics not in terms of a zero-sum game, but based on investing in win-win solutions'). The preliminary mission statement[129] that we decided on was: 'based on the CSDP and grounded within the EU's core beliefs, the common EU defence promotes global peace and guarantees the security of the EU citizens and its territory, using a wide array of instruments and techniques (including soft and hard power).' The vision statement that we settled on was: 'EU defence, as part of a security and defence union, creates a safe and stable world in which the EU and its core values can prosper.' The strategies need to be formulated within the formal mandate[130] that is given to CSDP as described in the *TEU*.

Lastly, the strategies below are formulated with in the back of our minds the new CSDP initiatives[131] that emerged in the wake of the *EUGS*.

3.6.2 Strategy formulation: the strategies

On the basis of the stakeholder analysis and the analysis of the internal and external environment, the next strategies have emerged.

3.6.2.1 Strategy #1: Generate unity by trust

The lessons that need to be learned from the history of EU defence is that the top down approach towards the integration of EU defence or the creation of a military force doesn't work. If we bear in mind the failures of the 1952 European Defence Community (EDC) and the Headline Goal 2010 for the creation of a military force for crisis management operations of the whole spectrum, we notice that both initiatives were forced upon the EU member states in a quite definitive and very ambitious form and were as a consequence rejected or partially pursued. It seems wiser to start from a bottom up approach building on current initiatives under the umbrella of CSDP to generate unity by trust. Trust is a crucial concept that in the context of defence cooperation, integration, pooling, sharing, joint military acquisition, etc. is commonly used. Also, the current initiatives of HR/VP Federica Mogherini concerning the *European Defence Action*

[129] See 3.2.1.4 Conclusion.
[130] See 3.1.2.1 Mandates: analysis.
[131] See 3.5.2 SWOT analysis: EU defence (S8: Renewed impetus in CSDP).

Plan (European Commission, 2016b) focus in similar philosophy. Through investing in the European defence industry, European technologies, and a European defence market, she hopes to create a united base to build an EU defence upon (EEAS, 2018d). A bottom up approach to generate unity by trust.

In his article, quoted extensively above[132], *Understanding the cost of cooperating* the scholar Richard Ford explores the tolerance frontier in joint military acquisition projects. He states that the level of control and cooperation costs results in the possible success or failure of a project. Regarding the cooperation costs, he concludes that the 'tolerance frontiers' explain that when there are major differences between national partners, only less complicated tasks or activities can be carried out. Contrariwise, when the task is really complex, it can only be pursued by comparable partners. Trust has a profound impact on the outcome of a project and should be consequently invested in:

> "Investing in trust is not an appeal to a utopian idealism – it involves taking seriously the intangible assets that are embedded in individual and organisational relationships, the need to invest in personal relationships and the hard grind of transparency and openness on the hard topics of motivations, plans, strategy, positioning, behaviours, norms and values. [...] Once trust starts to take root, there is a shift from the predominant use of (inefficient) formal mechanisms towards predominantly (efficient) informal mechanisms." (Ford, 2015, p. 4)

To carry out great projects, be it in strategy, capabilities, or operations the level of trust is a recurring theme. Currently, the EU consists of 27+1 member states. To expect that EU-wide projects in defence will result in a positive outcome is a sign of superficial 'unrealistic' liberal reasoning of the past. The way forward is starting from existing defence structures, in close contact with EU organizations, that are strengthened. In due time a spillover effect from a common external threat is bound to result in cooperation and integration on a higher level.

At this point, it's interesting to have a closer look at what the Centre of European Policy Studies (CEPS) condescendingly refers to as "patchy multilateralism" (2015, p. 7) and the British scholar Jolyon Howorth calls the "clusters approach" (2017, p. 357):

[132] See 3.2.3.3 Processes: costs & benefits of cooperation (Costs).

TABLE 3.22: The clusters approach

Name	Concept	Definition	Examples
CEPS	patchy multilateralism	"[...] member states advance their defence cooperation in groups, out of mutual trust, geographic or cultural proximity, and/or common threats. This behaviour has emerged in capabilities generation, for example, through new initiatives aimed at fostering pooling and sharing within regional sub-groups [...]" (2015, p. 7)	NORDEFCO, CEDC
Jolyon Howorth	clusters approach	"[...] cooperation among geographically close and like-minded member states." (2017, p. 357)	NORDEFCO, CEDC, BALTRON, etc.

Both concepts bear great resemblance. Both authors refer to similar examples, e.g. NORDEFCO and CEDC which are mentioned above[133]. The Nordic Defence Cooperation (NORDEFCO) is a recent initiative between Scandinavian countries Denmark, Norway, Sweden, Finland, and Iceland, who hold differing relations to EU and NATO. It has been extended to the three Baltic States for an integrated naval minesweeping force, the Baltic Naval Squadron (BALTRON), and they share the control of their airspace (Howorth, 2017). The Central European Defence Cooperation (CEDC) is also a recent initiative between Austria, Croatia, Czech Republic, Hungary, Slovakia, and Slovenia, with an observer status for Poland. Howorth (2017) continues to enumerate various other common defence initiatives. Poland, Hungary, the Czech Republic, and Slovakia form the cooperative cluster of the Visegrad countries. Furthermore, we have the BENELUX countries (Belgium, the Netherlands, and Luxembourg) that cooperate intensively in various areas, but also in the military domain[134]. This cluster is often expanded with France, Germany, and other EU member states for EUROCORPS[135], EUROGENDFOR[136], and EATC[137]. In this context also the European Maritime Force (EUROMARFOR) between France, Italy, Portugal, and Spain needs to be referred to. Also the 'Weimar Triangle' between France, Germany, and Poland shows examples of joint defence initiatives. Between Germany and France, there are also various forms of military cooperation. The majority of these initiatives are bottom up initiatives based on "mutual trust,

[133] See TABLE 3.15 in 3.2.3.1 Structure (Other intergovernmental military initiatives).
[134] See 3.2.3.3 Processes: costs & benefits of cooperation, par. 1 for a few examples of military cooperation.
[135] See TABLE 3.15: Other intergovernmental military collaborations.
[136] Idem.
[137] Idem.

geographic or cultural proximity, and/or common threats" (CEPS, 2015, p. 7). Bearing in mind Ford's remarks on trust and the 'tolerance frontier', these initiatives have a high degree of success.

A last defence cluster worth mentioning is between France and the UK. As we have seen above[138], the UK is a strong ally to have on your side in terms of defence. At the same time, the UK has proven to be an unreliable partner in EU context, including defence - hence, Hix's perfidious albion. As we have seen above[139], there's a strong political disapproval, in government and opposition, when it comes to EU defence cooperation or integration. The UK's very public rejection of opening a permanent CSDP military headquarters on British soil is one of many examples, notwithstanding that it was proposed by the first HR/VP, and British citizen, Baroness Catherine Ashton (Little, 2011). If trust is to be at the centre in the future of EU defence, then a security and defence union is better off without the British. A common enemy might create an opening between the UK and the EU. UK Prime Minister Theresa May concluded in March 2018 following the Amesbury Novichok poisonings that "[t]here is no alternative conclusion other than that the Russian state was culpable for the attempted murder of Sergei Skripal and his daughter - and for threatening the lives of other British citizens" (Dearden, 2018, par. 1). Russia might be the suitable candidate to play this role. Nevertheless, if the UK is to play a part in the future of EU defence, it needs to reposition itself and earn the EU's trust.

A last element that could lead to a higher level of trust and unity is a redefinition of the 'solidarity clause' in the *TEU*. This proposal would entail rewriting the *TEU* and is therefore beyond the scope of the current formal mandate. For the moment, article 42.7 (European Union et al, 2016) states that if an EU member state is attacked the other member states are forced to offer merely "aid and assistance" (European Union et al, 2016, art. 42.7 C202/39). Article 222 of the *Consolidated Version of the Treaty on the Functioning of the European Union* (European Union et al, 2016b) elaborates on the issue clearly defining the nature of the attack: "if a Member State is the object of a terrorist attack or the victim of a natural or man-made disaster" (European Union et al, 2016b, art. 222

[138] See TABLE 3.9: EU Defence expenditure 2014-2015 (est.) and TABLE 3.10: EU Military personnel and branches 2014-2015 (est.).
[139] See 3.1.1.4 Stakeholder analysis: preferences (Subjects, par. 2).

C202/148). This article has been invoked once by the French president Francois Hollande following the November 2015 Paris attacks. Noteworthy of both EU articles is that they steer clear of any references to geopolitical rivals. The 'solidarity clause' bears resemblance with the infamous article V of NATO on collective defence: "[...] an attack against one Ally is considered as an attack against all Allies" (NATO, 2018, par. 2). Here, the article is clearly directed towards geopolitical rivals. Article V was invoked for the first time with 9/11, but subsequently has been used for the Syrian and Ukraine crisis. The EU 'solidarity clause' when rephrased has the potential to become something similar to article V of NATO, but for the moment remains a less articulated version. A stronger version could stress unity and ignite trust in between EU member states.

3.6.2.2 Strategy #2: Increase centralization

EU defence is in dire need of a more centralized approach. In this study EU defence has been described repeatedly as a patchwork of various defence entities: NATO, EU, CSDP, PESCO, the multilateral intergovernmental initiatives, etc. An increase of centralization with respect for the core beliefs of the EU would undoubtedly make EU defence more effective and performant. Of course, the intergovernmental spirit of the EU and the sovereignty of the EU member states should be respected at all times.

Howorth's clusters approach could be more centralized by bringing these defence initiatives under the umbrella of the EU. PESCO would be the instrument par excellence to bring these initiatives together. PESCO allows for a subset of the 25 participating members to engage in military cooperation. The practical implementation would be that the EU under CSDP/PESCO holds an observer status at every cluster. At the same time the coordination can be facilitated, duplication can be ruled out, and more efficiency and effectivity can be striven for. For the moment EUROCORPS, EUROGENDFOR, EATC, and EUROMARFOR can be activated under Article 42.3 of the TEU (European Union et al, 2016). Why can't these initiatives be permanently brought under PESCO? PESCO even allows for third states participation in projects (EEAS, 2018c). Other intergovernmental military initiatives can be brought under the umbrella of PESCO, e.g. the Organisation for Joint Armament Cooperation (OCCAR) including soon to be

former EU member the UK. Of course, a conflict of geopolitical interests on both sides needs to be avoided.

Currently, of the 17 projects that were launched on 6 March 2018, the last one mentioned, the EUFOR Crisis Response Operation Core (EUFOR CROC), is probably the most ambitious one. EUFOR CROC is meant to go further on the path that was laid out by the 1999 Helsinki Headline Goal culminating in the EU Battlegroups. The project would provide a whole catalogue of military capabilities that are deployable on short notion. The two leading members of the project are Germany and France, but at the same time these countries are exploring other similar defence initiatives outside the framework of PESCO (Biscop, 2018; Major & Mölling, 2017). Germany launched the Framework Nations Concept (FNC) under the umbrella of NATO, and not PESCO, focusing on defence cooperation and even integration. Likewise, France, due to the initiative of French president Emmanuel Macron, is pursuing the European Intervention Initiative (EII) outside the structures of the EU or NATO, a territorial defence initiative including British participation notwithstanding Brexit negotiations. The Belgian scholar Sven Biscop believes that the "emergence of CROC, the FNC and EII suggests that at least some European states are convinced of the need to build more integrated force packages. But too many parallel initiatives risk undermining each other" (Biscop, 2018, p. 170). Of course, in both German and French schemes strategic and geopolitical motives are at play that aren't always too clear for the outside world, but if possible centralization under the PESCO umbrella should be pursued. Or, as Biscop asserts: "France could bring EII under the PESCO umbrella, merge it with the CROC project, and take the lead in building an integrated multinational force package geared towards expeditionary operations, from which forces could be generated quickly in times of crisis. Germany could likewise bring the FNC group under the PESCO umbrella and continue with the integration of a force package geared toward territorial defence" (Biscop, 2018, p. 175). The need for a permanent EU military force is probably the highest item on the geopolitical agenda of the EU.

The general conclusion of the two case studies NH90 and A400M that were examined above[140] was that there's need for more coordination on a higher level.

[140] See 3.2.3.4 Processes: two case studies.

Based on the A400M project, Belgian Onderluitenant Kandidaat Beroepsofficier Felix Coghe concludes that "there's an urgent need for a European project where countries have less say and the project is managed on a European level. [...] Either a large part of sovereignty needs to be relinquished to arrive at a good and successful project or we need to continue on this path and the taxpayer will see a lot of money disappear by a lack of efficiency"[141] (2018, p. 92). So the EU can play a paramount role in the military defence industry if the EU member states are willing. An important role in this context could be given to the European Defence Agency (EDA). According to the *TEU*, one of the tasks is to "promote harmonisation of operational needs and adoption of effective, compatible procurement methods" (European Union et al, 2016, art. 45 C202/40). Project management, like currently performed by the Organisation for Joint Armament Cooperation (OCCAR) in the case of A400M, could be organized at a European level with an important role for the EDA.

A last initiative belonging to this strategy is the centralization of all CSDP missions and operations in one central military/defence headquarters. For the moment a headquarters is still chosen on the basis of the nature of the intervention and the participating members. An option would be to permanently choose for the EU's Military Planning and Conduct Capability (MPCC). In 2011, we were close to an EU military headquarters on British soil, but the plan was quite bluntly rejected (Little, 2011).

The idea of the centralization under the CSDP/PESCO umbrella is that of diversity in inclusion. This seemingly contradictory notion allows for difference within an inclusive approach, or in other words intergovernmental action within the established framework of the EU.

3.6.2.3 Strategy #3: Strive for more efficiency and effectiveness

EU defence needs to continue along the path of efficiency and effectiveness. Duplication needs to be avoided by striving for standardization and interoperability. Although there's some unclarity as to how financially rewarding

[141] Translated from the original text: "[...] er dringend nood is aan een Europees project waar de landen minder inspraak hebben en het project wordt beheerd op Europees niveau. [...] Er moet dus ofwel een deel van de soevereiniteit afgestaan worden om tot een goed en geslaagd project te komen ofwel moet men verder op dit niveau en zal de belastingbetaler veel geld zien verdwijnen in een niet efficiënte werking." (Coghe, 2018, p. 92)

this path is, cooperation in the field of chartering, pooling, sharing, operational cooperation, sharing of military capabilities, and joint military acquisition is the way to go. Again, the clusters need to play an important role in this matter in combination and cooperation with EU structures and instruments.

3.6.2.4 Strategy #4: Establish ambitious, comprehensive budgetary targets

When benchmarking EU defence in all aspects it's clear that the US has the competitive advantage, but also that China and other global powers are catching up with the so-called Western dominance in the sphere of military/defence affairs. If the EU wishes to stay relevant funding needs to be increased. Only pulling the card of efficiency and effectiveness won't be cutting it. The EU needs to be more ambitious in its defence spending.

NATO, alongside the US, is pushing the EU to increase its military/defence expenditure to meet the 2% threshold share of the GDP under the guise of burden sharing. As explained above[142], defence expenditure is an indicator of political willingness in the NATO alliance, but also has its demerits. Firstly, it doesn't tell us anything if the money is spent effectively. Secondly, the entire defence narrative of the EU must be located within a wider story of security and defence, hence Mogherini's security and defence union. The EU's attitude on defence is based on an inclusive approach in which low-intensity conflict tools, e.g. statebuilding activities, peacekeeping, etc., have major importance next to high-intensity conflict tools. The EU has always been presenting itself as a soft power, but wants to complement the picture with the necessary hard power means. During the March 2017 NATO meeting US president Donald J. Trump came down hard on German chancellor Angela Merkel by stating that Germany's contribution to NATO isn't sufficient. Merkel replied that "mutual security goes beyond military spending. International development aid on things like hospitals and schools does as much for peace as warheads in Europe" (Erickson, 2017, par. 8). Merkel continued her line of reasoning saying that Germany's "bearing the brunt of the Syrian refugee crisis, spending 30 to 40 billion euros a year. If that was included in the tally, [we'd] be putting more than 2 percent of [the] budget a year toward security" (Erickson, 2017, par. 9). From an EU perspective, there's the need to draw up a comprehensive framework for

[142] See 3.2.2.3 Resources & capabilities analysis: benchmarking (NATO benchmark).

defence expenditure focusing on the entire spectrum of security and defence from development aid to weapons. To be a faithful NATO ally, it's necessary for the 22 EU and NATO members to incorporate as much as possible the NATO threshold.

A last budgetary target that needs to be discussed is the current EDA budget. In 2017, the EDA budget was €31 million (EDA, 2017). If the EDA is to get a more important role, i.e. supervising military acquisition projects amounting to billions of euros, the budget and the agency needs to be enlarged.

3.6.2.5 Strategy #5: Maintain respect for partnerships

The international partnerships in terms of security and defence that are enshrined in the *TEU* (European Union et al, 2016) and reinforced in the *EUGS* (EEAS, 2016b) with especially NATO, the UN, and the African Union (AU) need to be thoroughly respected. This inclusive approach on the international platform is characteristic for the EU and in line with its core beliefs. Especially, the role of NATO in the future of EU defence can't be stressed sufficiently.

Above[143] we described the necessity of inclusion by using Howorth's clusters approach within the EU. It's necessary to establish a direct link, in the form of mutual observer status, between all the intergovernmental military initiatives and the EU to keep a sense of overview and inclusion. In the external relations of the EU with partners a same attitude needs to be implemented. In our analysis of the competitive environment[144], we discussed the reluctant attitude of NATO and the US towards PESCO. We concluded that PESCO can fulfil a complementary function in the EU-NATO relations. If the EU, under the veil of PESCO, could take matters into their own hands, the burden is shared. According to Biscop (2018), before PESCO was officially launched members of US Defence Secretary James Mattis' entourage discussed the option of observer status in PESCO. Such a measure would create trust at both sides of the table: "Offering NATO permanent-observer status within PESCO's central governance bodies would serve to solidify PESCO's role as the sole platform for multinational European capability development for both the EU and NATO. At the same time,

[143] See 3.6.2.1 Strategy #1: Generate unity by trust and 3.6.2.2 Strategy #2: Increase centralization.
[144] See 3.3.2.3 Strategic group analysis: CSDP, PESCO & NATO.

the EU could be given a permanent-observer seat at the North Atlantic Council, thus creating full mutual transparency" (Biscop, 2018, pp. 177-178). Granting NATO observer status in PESCO and vice versa would strengthen the transatlantic partnership. On balance, NATO remains the EU's "collective defence [...] primary framework" (EEAS, 2016b, p. 20). At the same time, if PESCO would serve as the intermediate between the cluster defence initiatives and the EU's global partners, i.e. NATO, the UN, and the AU, the EU bond would be strengthened and its reputation in the international political arena would be boosted. A change the EU member states would definitely benefit from.

3.6.2.6 Strategy #6: Create broad stakeholder support

A last strategy focuses on the maintenance and strengthening of a broad stakeholder support for a common EU defence under CSDP/PESCO. Using Ackermann & Eden's stakeholder power/interest matrix[145], we concluded that those stakeholders in favour of a common initiative need to be supported and those opposing it need to be converted or neutralized. Some stakeholders have already been discussed at length in the previous strategies (NATO, the UK, and the US) and will be not dealt with here.

Firstly, the two absentees of PESCO - if we exclude the UK - Denmark and Malta need to get on board. Denmark needs to review its opt-out status. Bearing in mind the Russian threat breathing down the neck of Scandinavia, it might be the perfect moment to review its defence opt-out status. Notwithstanding Malta's very modest status in terms of defence, it would be interesting if they participated in PESCO for the sake of unity. Secondly, the resistance towards CSDP and PESCO in the European Parliament (EP) from both left and right wing political groups needs to be converted or neutralized as much as possible. The Greens/EFA have shown to bear a more nuanced perspective on an intergovernmental approach towards EU defence, but might be able to be convinced towards a consequent supportive attitude. Important is that the centre political groups remain undivided and large to sustain support. Thirdly, an important stakeholder is the entire EU defence industry. As long as they see the benefits of a common approach the common EU defence has a big chance of succeeding.

[145] See FIGURE 3.5 and 3.1.1.5 Stakeholder analysis: stakeholder interaction.

Fourthly, on the basis of the TNS Opinion surveys (European Commission, 2017c) there seems to be a big support for a common defence and security policy among EU member states and to a large extent even an EU army. Ways of activating this stakeholder support and, simultaneously, bringing the EU closer to its most fundamental shareholders - not the EU member state governments, but the EU citizens - must be taken into account. In this context, the Belgian writer David van Reybrouck (2016) has suggested an interesting proposal in an open letter to the president of the European Commission, Jean-Claude Juncker. Van Reybrouck (2016) argues that the current political system is malfunctioning allowing dangerous populists to rise to power and insensible decisions to be taken. He claims that our democratic election system seems to strengthen the political base of right wing populist fractions. Referenda also are not the best path to go down upon since it unnecessarily polarizes an electorate and culminates in unbalanced choices. Instead, he suggests a citizen's assembly based on 'sortition', drafting by lot, since a "cross-section of society that is informed can act more coherently than an entire society that is uninformed" (Van Reybrouck, 2016, par. 17). Van Reybrouck's idea is a type of thinking out-of-the-box that might suit the EU and will lead to more sensible decisions. An idea for Denmark's defence opt-out status?

Fifthly and lastly, the stakeholders that should carry the current most important EU defence initiative, i.e. PESCO - considering the UK is leaving the EU - are the process champions France and Germany. The Franco-German engine should take the lead over PESCO (Biscop, 2018). At the end of 2017, the scholars Claudia Major and Christian Mölling described France's disapproval of PESCO in favour of the EII because the latter is "the opposite of PESCO. It is flexible, linked to operational readiness, and exclusive, as it is supposed to be comprised only of states that are truly interested in defense. It takes place outside EU and NATO, thus seeking to circumvent their slow and cumbersome processes and the miniscule contribution of some members that are symbolically valuable, but of little military use" (Major & Mölling, 2017, par. 9). Germany can play a paramount role in the France-Germany-PESCO triangle by putting its defence weight in the scale and "delivering relevant capabilities in the EU" probably "the only thing that could keep France interested in EU defense." (Major & Mölling,

2017, par. 15) and not 'European' defence. Only if the process champions are willing to put their shoulders under PESCO, it has the possibility to succeed and deliver those aspects that have currently been absent in a common EU defence approach.

3.6.3 Conclusion

In this conclusive section we've tried to answer the question of what's necessary for EU defence. We have searched for strategies that create a strategic fit between the internal and external environment that is in line with the values, mission, and vision and within the boundaries of the formal mandate. The next strategies are proposed: generate unity by trust; increase centralization; strive for more efficiency and effectiveness; establish ambitious, comprehensive budgetary targets; maintain respect for partnerships; and, create broad stakeholder support. These strategies have been explained and are supported by suggestions for concrete measures.

4. Conclusion

The question that triggered this study was: how to turn a worm into a giant? More prosaically, this question was paraphrased as: what is necessary to transform the present EU defence in all its complexity into a fully functioning operating system, a so called security and defence union? After an extensive reflection on EU defence from a stakeholder, inside-out, and outside-in point of view, a string of six strategies were suggested: generate unity by trust; increase centralization; strive for more efficiency and effectiveness; establish ambitious, comprehensive budgetary targets; maintain respect for partnerships; and, create broad stakeholder support. In retrospect of the body[146] of this work, a few critical reflections need to be made on methodology and topic.

From a methodological point of view, EU defence has proven to be a dysfunctional organization and a managerial nightmare. Nevertheless, it's proven that EU defence can easily be perceived as an organization. As repeatedly been argued throughout this study, in essence EU defence under the complex coordination of the EU member states and the various EU bodies (European Council, Council of the European Union, European Commission, HR/VP, EEAS, etc.) resembles your average ministry of defence. So, why not perceive it this way? And, why not pinpoint from a managerial point of view the inaccuracies that prevent a strategic fit between the internal and external environment from taking place? Strategic management has offered the necessary tools to analyze and formulate strategies, notwithstanding that the majority of strategic management books for the public sector focuses on the audit or assessment of smaller topics, like departments, NGOs, etc. (Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011). We've countered possible criticism by manipulating the mid-range methodology to broad-range standards. Another possible critical reflection that could emerge from a strategic management point of view is the approach that was used towards the topic. The choice was made at the conceptualization phase of the study to not conduct field interviews, but to remain as close as possible to the official EU documents and cut out the middle men as much as possible. Strategic management often relies on the interaction of managers, or specialists in the field, and strategists that apply the Delphi

[146] With body, we refer to the entire part '3. Strategic management in EU defence'.

method or nominal group technique to arrive at new insights. Despite these two remarks, a strategic management approach clearly has its advantages.

Although strategic management has been existing for decades in the private sector and a bit less in the public sector (Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011; Joyce, 1999), it has been gaining interest[147] quite recently in the field and the academic world surrounding defence. The major benefit of a strategic management approach towards a broad topic like EU defence is that it offers a holistic framework for a broad topic. In our strategy analysis we created insight into the current state of EU military/defence affairs and at the same time we were streamlining it towards the formulation of a strategy. We've tried to approach EU defence from various points of view in the hope of being able to formulate a comprehensive solution at the end. Of course, the work doesn't stop here. The internal and external environment are constantly shifting and, therefore, the quest for a strategic fit is a constantly ongoing exercise (Bryson, 2018; Desmidt & Heene, 2013; Henry, 2011). On top of that, our analysis stopped within the strategy formulation phase.

In our analysis of EU defence from a strategic management point of view, we completed the strategy analysis and, according to the writings of Bryson (2018) and Desmidt & Heene (2013), conducted the first half of the strategy formulation. The second part - in which the strategy, or strategies, is converted into a concrete plan of action - has been left out, notwithstanding that concrete measures have been alluded to. After formulating strategies the question arises: how do we rank the various strategies? In order to objectify, systematize, and prioritize the process, Vermeylen (2006) proposes to give pride of place to two criteria, urgency and importance. Urgency refers to, on the one hand, the problems that need to be dealt with right away and, on the other hand, the opportunities that need to be seized before they disappear. Concerning importance, we can prioritize strategies by asking ourselves: does this strategy offer the true answer? Or, how does this strategy score in terms of efficiency, effectiveness, and speed? Strategies that are neither urgent nor important can be put on hold or implemented in a long term plan.

[147] See 1.4 Using strategic management in defence.

Desmidt & Heene (2013) distinct three different techniques that can help translate the strategic intentions of an organization into a plan of action: (1) Bryson's Five-Step Process: the focus is on the identification of barriers to achieve the goals and the possibilities to overcome these barriers (Bryson, 2018); (2) The Strategic Options Development and Analysis (SODA) method: this method identifies the relations between the actions mutually and the goals; (3) Scenario Planning: the stress is on environmental contingencies and how to deal with uncertainty. The strategic management cycle[148] doesn't stop there. Having a plan is an important starting point, but it is not enough. Plans need to be implemented and evaluated. Of course, here we enter the complex EU legislative cycle that is beyond the scope of this study.

The observation that prompted this study was a critical reading of the *Reflection Paper on the Future of European Defence* by the European Commission (2017b). In this document, scenario planning - the third approach for strategy formulation as proposed by Desmidt & Heene (2013) - is applied. Three scenarios, that were briefly discussed in the section on vision statement[149], describe a possible future for EU[150] defence: security and defence cooperation, shared security and defence, and common defence and security. These scenarios go from mildly to boldly ambitious and are presented as a matter of choice depending on what the EU citizens want. The stress seems to lie on the question: what is achievable? Instead of, what's necessary? The first question probably emerges from - as we have seen in our stakeholder analysis - the substantial political division when it comes to a common EU defence, or an EU in general. Many member states choose the perception of sovereignty above an integrated EU project, often inspired by right wing politics who denounce the entire EU project (Boffey, 2017). If we put aside politics and focus on what's necessary, we have to conclude that the first scenario isn't sufficient to tackle the current threats that arise from the "arc of instability" (CEPS, 2015) and beyond.

[148] See FIGURE 1.3: The strategic management cycle.
[149] See 3.4.2 Defining a vision statement for EU defence (par. 5).
[150] For semantic reasons, we've chosen throughout this study not for 'European' defence as is used in the title of the document, but for the more appropriate 'EU' defence.

TABLE 4.1: Three scenarios for the future of EU defence

	Principles	Actions	Capabilities	Efficiency
Scenario (a) Security and defence cooperation	The EU complements Member State efforts, solidarity remains ad hoc and interpreted individually by Member States	Capacity-building missions, small crisis-management operations, greater exchange of intel, EU support to Member State resilience. EU-NATO cooperation continues as it is now.	Capacity-building missions, small crisis-management operations, greater exchange of intel, EU support to Member State resilience. EU-NATO cooperation continues as it is now.	Initial economies of scale.
Scenario (b) Shared security and defence	EU supplements Member State efforts, operational and financial solidarity between Member States becomes the norm.	Crisis management, capacity-building & protection at internal-external nexus. Member States monitor/assist each other on cyber issues and share intel, European Border and Coast Guards protect external borders. EU-NATO coordinate on full spectrum of hard/soft security areas.	Joint financing of key capabilities and joint purchase of multinational capabilities supported by the European defence fund; common planning and development of value chains.	Considerable economies of scale in defence market at European scale, favourable financing conditions across the defence supply chain.
Scenario (c) Common defence and security	Solidarity and mutual assistance, common defence as set out in the Treaty.	Demanding executive EU-led operations; joint monitoring/ assessment of threats and contingency planning. EU level cybersecurity; European Border and Coast Guards protect on standing maritime forces and European intelligence assets such as drones/ satellites; European civil-protection force. Complementing NATO, Europe's common security and defence would enhance Europe's resilience and protect against different forms of aggression against the Union.	Common financing and procurement of capabilities supported by the EU budget. Technological independence.	Efficient defence spending through more economies of scale, specialisation, sharing of expensive military assets and technological innovation aimed at reducing defence costs, and becoming better equipped to face international competition.

(source: European Commission, 2017b, p. 16)

It's necessary to stress the urgency for an effective and coherent EU security and defence policy with military capacities. Currently, the EU is under pressure both internally and externally. Contemporary geopolitical, political, social,

economic, and domestic shifts have caused a delicate situation for the EU that needs to be addressed: the current United States president, Donald Trump, has shown an ambivalent attitude towards the North Atlantic Treaty Organisation (NATO) agreements causing instability and uncertainty within the NATO-EU alliance; the EU experiences turmoil at its eastern and southern borders: EU's distant neighbours Syria and Libya face a brutal ongoing civil war; EU-Turkey relations have worsened under Erdoğan; terrorist attacks have taken place in various member states of the EU; the refugee crisis continues to unfold; many member states experience a rise in nationalism, culminating in the Brexit for the United Kingdom (Burns, 2017; Delputte 2017; Moravcsik, 2017). But most of all, the Russian threat hangs like a dark cloud above the EU. The realpolitik conducted by Russia in the Ukraine crisis with the annexation of the Crimean Peninsula has led to grave panic. The fact that Sweden is handing out pamphlets in case of an attack (Henley, 2018) and NATO troops are gathering in the Baltic States (Batchelor, 2017) shows that the EU is in need of coordinated and cooperating, but preferably integrated, military capabilities. The cry for a more coherent EU defence strategy, supported by the necessary military capabilities has become louder. For that reason, the 'shared security and defence' and the 'common defence and security' scenarios from the *Reflection Paper on the Future of European Defence* (European Commission, 2017b) ought to be pursued.

At present, the EU has found renewed impetus in the domain of EU defence with the publication of the *European Union Global Strategy* (EEAS, 2016b) leading to the launch of the *Implementation Plan on Security and Defence* (Council of the European Union, 2016) and the *European Defence Action Plan* (European Commission, 2016b) resulting into a multitude of projects and initiatives. At the moment, it's difficult to predict if these plans will harvest from the 'impetus' or remain 'impotent'. At the core of these plans lies the Permanent Structured Cooperation in defence (PESCO). PESCO carries the potential to bridge the capability-expectations gap in military/defence affairs, but only if it's put to proper use. The process champions of EU defence, France and Germany, need to focus their military efforts within PESCO instead of schemes outside the EU. The role of the current French and German heads of state, respectively Emmanuel Macron and Angela Merkel, isn't to be underestimated, just like the role of the prominent EU leaders Jean-Claude Juncker and Federica Mogherini. The outcome

of the upcoming elections of May 2019 will decide if present momentum will be kept or halted. The US's stance, supported by NATO, is also decisive for the success of PESCO. Hopefully, the words of the director of Carnegie Europe Tomas Valasek carry great weight when he said in response to American reservation towards PESCO that "the ship has sailed" and that Americans "better [...] channel the initiative than to stop it" (Manson & Peel, 2018, par. 10).

In conclusion, EU defence is history in the making and the last chapter isn't to be written soon. The EU has come a long way from the attempt to create the 1952 European Defence Community (EDC), over the Petersberg tasks and the CSDP missions and operations to the current prospect of the cautiously intergovernmentally inspired security and defence union of Mogherini. Although the latter initiative tries to steer clear of the concept of integration, it's already taking place on a sublevel within the EU with all the current military and defence clusters based on mutual trust, geographic proximity, cultural similarities, and/or common threats (CEPS, 2015). Sensible integration only takes place when there's a common incentive. The EU needs to put its shoulders under these initiatives and guide them towards unity, bearing in mind the strategies suggested in this study. At this point, it has to be said that integration should not be a why-question, but rather a when-question if the EU - together with its individual member states - is to maintain and expand, instead of losing its geopolitical relevance. Notwithstandingly the almost physical aversion of our British neighbours, PESCO is currently laying the groundwork for that old ghost of an EU army. It might take some time - bearing in mind the duration of joint military acquisition projects and the search for common ground within the whole of the EU -, probably multiple decades in time. Rome wasn't built in a day. Or, to remain within the imagery of Eyskens that triggered this study, it takes some time to feed a worm for it to become a giant.

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