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# The European institutions dealing with crises

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It is often said, and rightly so, that Europe only moves forward under the effect of crises. It is only in dramatic circumstances that the European Union manages to make real progress in terms of its integration. We saw this, for example, with the financial crisis of 2008 or, more recently, the Covid pandemic when, in 2020, for the first time, the 27 Member States agreed to pool their debts to revive their economies<sup>[1]</sup>.

The war in Ukraine provides a new tragic illustration of this. The return of war to European territory has already changed Europe:

- by bringing to an end an overly idealised - some would say naïve - vision of international relations in which, thanks to trade and economic interdependence, the instincts of conquest and domination would spontaneously diminish due to the virtues of trade: this war has shown that it was high time to reduce our vulnerabilities with regard to Russian energy and our excessive dependency on the Chinese market!
- by bringing back to the fore the conventional high-intensity conflict between states, combined more and more with hybrid threats (such as the instrumentalization of migrant and refugee flows, disinformation and cyber-attacks) whereas, since the end of the Cold War, we thought we had to carry out mainly expeditionary-type interventions, far from Europe, and to face terrorist attacks.
- by pushing Europeans to defend an international order, more than ever before, based on rules and multilateral cooperation - stemming from

the United Nations Charter - in the face of powers that openly contest it, nostalgic for their imperial past and adept at the sole use of force.

Even before the outbreak of the war in Ukraine, the High Representative for Foreign Affairs and Security Policy/Vice-President of the Commission, Josep Borrell, had emphasised the extent to which Europe was in danger. In his view, if the European Union still wanted to count on the international scene, it had to overcome its timidity, face up to the world as it was and not as we had dreamed it would be, set itself the ambition of becoming a real geopolitical player and equip itself with the tools to speak the "language of power".

Russia's invasion of Ukraine has amplified and accelerated this new awareness. The spectacular decisions taken by several Member States, which would have been inconceivable before 24 February 2022, bear witness to this: Sweden and Finland's applications to join NATO, the referendum in Denmark allowing this country to join the Union's Common Security and Defence Policy - CSDP - (after 30 years of "opt-out") or the announcement of a €100 billion increase in defence spending by the German Chancellor. The war in Ukraine has therefore been a stark reminder of the need for Member States, in an increasingly dangerous and unpredictable strategic environment, to increase their military budgets and stand together.

## EUROPEAN RESPONSE

The European Union was able to respond quickly and forcefully: the Council adopted several packages of sanctions of unprecedented scope against Russia;

[1] This text was originally published in « Schuman Report on Europe, the State of the Union 2023 » Marie B éditions, Paris May 2023

it broke its energy dependence on Moscow; and it has provided massive support to Ukraine through humanitarian, economic and financial assistance and, of course, political assistance, with the European Council's recognition in June 2022 that Ukraine and Moldova were eligible to join the Union. But it is through its military support that the European Union has been most innovative in its response to the Ukrainian crisis. For the first time, it decided to use the European Peace Facility (EPF) to finance the delivery of arms and ammunition to a third country. The EPF, launched in 2021, is an intergovernmental fund (the Treaties prohibit the Community budget from financing operational military expenditure), financed by contributions from each Member State and calculated according to a GDP key. This fund, initially endowed with a budget of €5.7 billion for the period 2021/2027, aims on the one hand to finance the cost of the Union's military operations and missions and, on the other, to finance military equipment, including of a lethal nature, for the benefit of the Union's partners (this may concern regional organisations such as the African Union as well as individual countries). In the case of Ukraine, the use of the EPF has been massive: by the beginning of 2023, more than half of the overall envelope (€3.6 billion out of a total of 5.7 billion) was devoted to it. This is why, in view of the success of this instrument, the 27 Member States have decided to top up the EPF by €2 billion, with the possibility of adding a further €3.5 billion by 2027 if necessary.

In practice, Member States provide their military equipment directly to Ukraine and can then claim reimbursement from the EPF. The EU Military Staff checks that the arms or equipment transfers correspond to the requests expressly made by Kyiv and that these deliveries have indeed taken place; it then forwards the validated files to the EPF Committee (comprising the 27 EU countries) responsible for approving the reimbursements. By offering to pay for all or part of their military equipment transfers in this way, this instrument of financial solidarity has clearly encouraged Member States to donate more of the equipment required by Ukraine faster.

This example illustrates the importance of the EPF in the range of instruments available to the Union to tackle a crisis. The EPF is undoubtedly a "game changer" in the way the European Union can help third countries in the defence sector: it is no longer just a question of the Union advising or training armed forces, but also of supplying equipment (vehicles, soldier protection equipment, possibly weapons) enabling our partners to deal more effectively with the threats weighing on their stability and security.

In addition to financing the supply of arms to Ukraine *via* the EPF, the European Union launched a military assistance mission (EUMAM) in November 2022 to help Ukraine regenerate its troops over the long term. Here too, the European Union was quick and creative, since for the first time a CSDP military mission is being deployed not in the recipient country (as provided for in the Treaties and as has always been the case with our military training missions - mainly in Africa until now) but on the territory of the Member States themselves. Indeed, it was out of the question to deploy European military trainers in Ukraine, unless they were to be seen as taking a direct part in the conflict. This mission, under EU military command, will train 30,000 Ukrainian soldiers by the end of 2023 through collective and specialised training (e.g., mine clearance), helping Ukraine to prepare its spring offensives. Almost all Member States are participating in this mission, offering tailor-made training on their soil or on that of countries closer to the Ukrainian border (notably Poland): once again, by proposing to pool the resources and instructors of the various Member States, by allowing better synchronisation of training offers, by ensuring close coordination with our main allies (United States, United Kingdom and Canada) who are themselves involved in such programmes, the European Union is illustrating its added value in amplifying national efforts.

Europe's response to the Ukrainian crisis is part of a more global approach, the one adopted by the 27 Member States in March 2022 through the "*Strategic Compass*", which aims to make the European Union a more effective and credible provider of security in the

world and to take greater responsibility for protecting its own interests. This first "*White Paper on European Defence*" is not only an analysis, shared by the 27 states, of the threats, risks and challenges facing the Union: it is a real guide for action, with a list of some 80 concrete objectives with precise deadlines spread over the rest of the decade. High Representative Josep Borrell and his team at the European External Action Service (EEAS) were the driving force behind it (in close coordination with the Commission and the European Defence Agency) and are therefore the guarantors of its successful implementation. In March 2023, on the occasion of the anniversary of the adoption of the Compass, the Union's Foreign Affairs and Defence Ministers will meet together in Brussels to take stock of the situation and, if necessary, to draw up new perspectives and to discuss the next steps to take.

One of the Compass' main objectives is to ensure that the European Union is able to act faster and more robustly in the event of crises. Hence the creation, by 2025, of the Union's 'Rapid Deployment Capacity', which could consist of up to 5,000 troops and be used, for example, for an evacuation operation of European citizens or to come to the aid of a country threatened by destabilisation. This new crisis management instrument will be reserved exclusively for situations where European interests are threatened outside the Union; this Capacity will not therefore intervene in the collective defence of European territory, which is the sole responsibility of NATO for the States that are members. Between now and 2025, the Member States will need to agree on all the parameters necessary for the success of this new tool: definition of scenarios of use; agreement on the capabilities required in terms of, for example, strategic transport or UAVs to support the battlegroups and force modules making up this capacity; recourse to full-scale exercises, from 2023 onwards, notably to test the EU chain of command; agreement on its funding arrangements, etc. There is no doubt that this instrument has the potential to help the European Union respond more effectively to an external crisis if the Member States all play their part.

It is clear, however, that if the European Union wants to act more effectively to defend its interests

by acquiring a projection capability, to strengthen its resilience in the face of hybrid threats, to be able to gain free access to the new strategic spaces that are increasingly contested (maritime, cyber, space), it must invest more than before in its defence capabilities. This is key to any serious and credible European defence policy. Yet it is clear that, despite recent progress, Europe is lagging behind. Over the last 20 years, the EU's combined military spending has increased by 20%, while that of the United States has risen by 66%, that of Russia by almost 300% and that of China by 600%. If, during the period 2000/2020, Europeans had met the target of allocating 2% of their GDP to military spending, they would have spent an additional €1.3 trillion. Not only have Member States underinvested in the defence sector, but they have done so primarily according to purely national logic: in 2021, only 18% of military equipment purchases were made in the framework of European cooperation, whereas the objective is to reach the 35% threshold; moreover, 60% of purchases were made outside the European Union.

The shock of the war in Ukraine has prompted Member States to significantly increase their defence budgets (more than €230 billion have been announced), which marks the beginning of a welcome boost. This effort is all the more essential as their arms stocks have been largely emptied in recent months in favour of deliveries to Ukraine. The challenge is therefore to know how these stocks will be replenished and, in order to do so, to encourage Member States to spend more, but above all better, i.e., together.

It was in this context that, following the Versailles summit in March 2022, the EEAS, the Commission and the European Defence Agency set up a task force to identify all Member States' requirements following the reduction in their stocks and to approach the European defence industry to see how it could best meet them. Hence also, in parallel, the Commission's proposal to promote joint armaments procurement through a new instrument with a budget of €500 million (for the period 2022/2024), the aim of which is to strengthen the European Defence Technological and Industrial Base (EDTIB). The approach followed for defence is in

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fact the one adopted for vaccines against Covid and the one currently adopted for gas: by buying together, the aim is to achieve economies of scale, to have better controlled prices and to avoid the "every man for himself" approach that always benefits the same countries.

The extent of the progress made in recent months should not be underestimated: after the European Defence Fund, which has been financing research and development projects since 2020, the Community budget will now cover part of the costs of joint purchases of military equipment. This is a new and considerable step forward in the gradual establishment of a European system of defence. Each Member State will of course remain sovereign to buy what it needs for its own defence and to do it as it wishes. But if several countries decide to pool their orders and ask for EU budgetary support, it would be a good idea to ensure that European taxpayers' money is also used to develop the European defence industry.

Undeniable progress has therefore been made in recent years in the way European institutions have responded to crises. And it cannot be repeated often enough that all these efforts to make the European Union a stronger player with enhanced military capabilities are complementary to those made by NATO, because a Europe that invests more in its defence and knows how to act faster is ultimately a stronger Alliance with more balanced burden-sharing. Faced with rising geopolitical tensions and increasingly disordered multipolarity, the European Union has understood the urgent need to demonstrate "strategic responsibility" so that it can better defend its security interests, in partnership whenever possible and autonomously whenever necessary. Of course, there is still a long way to go, but the European Union now has a compass that is setting the right course!

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