NEW DEFENSE FRONTIER OF THE EU

PROSPECTS FOR UKRAINE

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"UKRAINIAN PRISM"
The EU’s approach to developing joint defense capabilities before Russia’s full-scale war on Ukraine

The EU is a strategic partner for Ukraine when it comes to countering Russian aggression. When the occupation of Crimea began in February-March 2014, the official Brussels declared unwavering support for Ukraine’s territorial integrity and sovereignty and political and economic pressure on Russia to push the Kremlin to stop its aggressive actions.

At the same time, Russia’s war against Ukraine over eight years posed a task for EU institutions and member-states to strengthen their own defense and security capabilities that would meet the scale of new conventional and hybrid threats emanating from Russia.

The Global Strategy for the European Union’s Foreign and Security approved in 2016 gave a political impetus to further development of a common institutional framework that was supposed to encourage and incentivize the development of new defense initiatives of the EU. It was then that the Permanent Structured Cooperation (PESCO); Coordinated Annual Review on Defence, CARD;¹ and European Defence Fund² were initiated. Keeping in mind political guidelines of the Global Strategy, the European Defence Agency jointly with the EU member-states prepared an updated Capability Development Plan with the current audit of EU member-states’ defense capacity and suggested 11 Capability Development Priorities for the EU.³

From 2020, the EU has been preparing a Strategic Compass for Security and Defense. It was supposed to be built on systemic and comprehensive cooperation of EU member-states in defining a joint coordinate system and approaches to present-day global and regional challenges faced by the EU. Importantly, work on this new strategic document in the EU relied on the capacity for the new financial period of 2021-2027.

The first 2019-2020 Coordinated Annual Review on Defence provided a perspective on the priority areas for strengthening defense cooperation. Based on the priority of joint initiatives, EUR 8bn was allocated to the European Defence Fund for the period until 2027. Of this sum, EUR 2.7bn will go to R&D in this area, and EUR 5.3bn should go to the joint projects to develop defense capabilities of EU member-states.

In 2021, the European Peace Facility (EPF) was launched to strengthen the initiatives of the Common Defence and Security Policy. This is an extra-budgetary instrument to fund the EU’s initiatives under the Common Security and Defence Policy that was first enacted in March 2021. The previous planned budget of the fund was around EUR 5.7bn. This mechanism has two dimensions for channeling financial resources. The first dimension is supporting the operations of the EU’s military missions. The second dimension covers measures to provide military assistance, including arms, to third countries. Director of the

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1 Coordinated Annual Review on Defence, https://eda.europa.eu/what-we-do/EU-defence-initiatives/coordinated-annual-review-on-defence-(card)
Service for Foreign Policy Instruments is responsible for administering military assistance. Overall, the European Council listed the following elements of the common security and defense architecture in its conclusions as of the end of 2021:

- given the complex security challenges and global strategic competition, the EU will undertake more responsibility for ensuring its own security and defence and pursue increased capability to act autonomously
- the EU expects to adopt the Strategic Compass in 2022 that should offer a common strategic vision on the EU toolkit, including civilian and military policies
- EU-NATO transatlantic relations are key in security and defense. More capable and united in security and defense, the EU will strengthen transatlantic security but NATO remains the foundation of collective defense for its members.

The EU’s new defense tools and initiatives

It is possible to state that more initiatives to strengthen the European defense capability did not translate into a significant impact on the EU's readiness for new challenges which the EU and its member-states faced in February 2022.

The informal meeting of the European Council in Versailles in March 2022 can be seen as the starting point of the new approach to determining the EU's position in the system of securing common defense. The EU leaders approved the Strategic Compass as the EU’s long-term document for security and defense through 2030.

The ambitious proposals of the Strategic Compass included the establishment of the EU Rapid Deployment Capacity, a military formation of 5 thousand people to respond to various types of crises. In parallel, the efficiency and mobility of Common Security and Defence Policy missions should be strengthened, and the European Peace Facility used proactively.

The document proposes strengthening cooperation in countering cyber and information threats, developing strategies for strengthening the EU’s role as a security actor in space and in the sea. A strong focus is on investment in defense and security and support of partnership and coalitions. Unfortunately, it does not mention Ukraine individually in the section on partnerships. Geographically, cooperation with Ukraine is in the Eastern Neighborhood region.

Apart from that, the Versailles declaration as the summary document of the informal March 10-11, 2022 EU summit prioritizes defense capability development. Among other things, the EU leaders tasked national governments and EU institutions to increase investment in defense capabilities and innovation technology and to work out additional

incentives for joint investment projects at the level of EU member-states. Jointly with the European Defence Agency, the European Commission was offered to conduct a detailed analysis of vulnerabilities in the system of defense investment.\(^7\)

Based on the work done, the European Commission and the EU High Representative presented a joint position on the analysis of gaps in defense investment and further steps to fix them. Statistics of the European Defence Agency can illustrate the poor state of joint investment: its data shows that EU member-states spent only nearly EUR 4bn on joint purchase of military equipment in 2020. This is just 11% of the total spending on defense purposes, and 13% below the rate of 2019.\(^8\) Overall, the underfunding of defense spending resulted in serious gaps in EU member-states’ military industrial capacity and a mismatch between how the armies of EU countries are supplied and the scale of threats that emerged with Russia’s war against Ukraine.

In July 2022, the European Commission proposed the **European Defence Industry Reinforcement through the common Procurement Act** (EDIPRA) as an instrument to fix the situation. The European Commission and High Representative established it to cover the most urgent needs in defense procurements and to motivate European defense companies to restock their arms and munitions that emerged as a result of military support to Ukraine. This instrument has to be harmonized with the current defense cooperation mechanisms within the EU, such as the European Defence Fund and Permanent Structured Cooperation, PESCO, and match the objectives of the Strategic Compass.\(^9\)

This instrument is supposed to make sure national governments of EU member-states have an interest in organizing joint procurement of arms. On December 1, the Council of the European Union approved a common approach to regulating the launch of EDIPRA that will serve as the basis in talks with the European Parliament. From the official enactment until the end of 2024, the Council of the European Union proposes allocating EUR 500mn from the EU budget to joint arms procurement initiatives. These joint projects should meet critical defense needs. EU funding can only be accessible if at least three member-states participate in the consortium. The overall funding scheme can only be accessible when 70% of components in defense products have EU origin or that of associated states (EFTA members). At the same time, the Council of the European Union takes into account the fact that EU member-states have serious established practices of cooperation with transatlantic partners and other democratic states in order to cover urgent needs and practice a flexible approach.

While EDIRPA creates short-term incentives for joint procurement, another instrument called the European Defence Investment Programme (EDIP) is intended to prepare long-
term foundation for joint initiatives at the level of EU member-states. This program should be approved in 2023 and active implementation should start in 2024.

Additionally, the European Commission proposed an updated Action Plan on Military Mobility 2.0 in November. It aims to improve interconnectivity and protection of infrastructure that will improve the mobility of troops and faster movement of armaments across the EU territory. Compared to the first Action Plan that appeared in 2018, the new Action Plan was designed in line with the Strategic Compass where European institutions are tasked with strengthening the mobility of EU member-states’ armed forces as a result of Russia’s full-scale aggression against Ukraine. This plan is not part of the effort to build joint European military formations. However, it intends to streamline bureaucratic procedures that slow down the deployment and movement of armed formations and military equipment. Also, it aims to improve information sharing among EU member-states, harmonize customs procedures and rules of military cargo transportation. The objective of the plan is to strengthen the EU’s capability to respond to crises near the EU’s frontiers and in other regions faster and more adequately.

Also, the plan aims to reveal gaps in the transportation infrastructure and integrate logistical corridors of fuel supply for military needs. Improving mobility will enhance cooperation with NATO partners, such as the US, Canada and Norway, and strengthen dialog with Ukraine and Moldova.10

The EU budget has nearly EUR 1.7bn planned for dual-purpose transport infrastructure. The European Commission will channel an additional EUR 9mn from the European Defence Fund to support the Secure Digital Military Mobility System (SDMMS) that should support communication of the EU’s national governments in agreeing on the movement of cargo and personnel for military purposes.

Military mobility initiatives are increasingly interesting for the EU’s external partners. In October 2022, the UK expressed its interest in joining the military mobility project under the Permanent Structured Cooperation (PESCO) program. This was the fourth application from a non-EU member-state to join the project coordinated by the Netherlands and joined by the US, Canada and Norway earlier.11

### Threats for the EU’s common position on defense

After Russia launched its aggression against Ukraine in 2014, national defense budgets of EU member-states were growing incrementally. However, this can partially be attributed to the recovery of EU member-states after the 2008 financial crisis. In 2021, defense spending grew 6% in the EU to EUR 214bn, based on the EU’s estimates. Russia’s full-scale war since February 2022 created an impetus for further increase of total defense

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spending of EU member-states by EUR 70bn by 2025.\textsuperscript{12} However, the actual fighting and material and technical needs of the sides in the Russia-Ukraine armed conflict show that this investment is insufficient for building systemic and efficient defense of the EU in case of a possible scenario of a direct clash with Russia or other wide-scale conventional challenges along the EU’s frontiers.

On the other hand, insufficient budget investment in defense is coupled with the depleting stocks of armament and munitions in EU member-states as they provide military assistance to Ukraine. This situation has already drawn the attention of EU institutions that, too, suggest that national governments approach this issue in a systematic way, relying on defense industry capabilities within the EU. Fragmentation can deal more damage to common European interests.

According to the Coordinated Annual Review on Defence (CARD) published in November 2022 by the European Defence Agency, defense planning of EU member-states is predominantly isolated. Only 18% of defense project investment contains cooperation among EU member-states. At the same time, joint EU projects do not enjoy much demand in the domestic EU market. EU member-states are willing to cooperate on the EU level when such initiatives match their national defense plans, benefit their military industry or strengthen strategic relations with other EU member-states. According to the European Defence Agency (EDA), national governments prefer ready-made armaments, often from companies beyond the EU – mostly from the US, South Korea or Israel – over time- and resource-intensive projects. This trend expanded with Russia’s full-scale aggression against Ukraine, which creates risks for common European defense initiatives and deepens dependence on foreign actors.

Unfortunately, many defense cooperation initiatives proposed by the European Commission in 2017 – such as the European Defence Fund and PESCO programs did not create sufficient impetus to strengthen common initiatives in the military domain. Despite interest in some PESCO projects, as mentioned above, it is safe to say that the expectations of European institutions and national governments about PESCO mechanism have not been met. 2022 data from PESCO joint project implementation shows that most of the launched joint initiatives fail to accomplish the state goal and sufficient project capacity. This is the result of low engagement of EU member-states and non-prioritizing of such projects in national governments’ defense plans. According to preliminary estimates, only half of 60 projects that are being implemented will be able to demonstrate deliverables at the end of the project cycle in 2025. Some will be closed because of inefficiency and lack of progress in implementation. Just two projects have reached full operational capability: the European medical command with 18 member-states, coordinated by Germany; and the Cyber rapid reaction team with seven member-states coordinated by Lithuania.\textsuperscript{13}


\textsuperscript{13} Alexandra Brzozowski. EU must spend, cooperate more on joint arms projects, bloc’s defence agency says, EURACTIV.com, 16 November 2022, https://www.euractiv.com/section/defence-and-security/news/eu-must-spend-cooperate-more-on-joint-arms-projects-blocs-defence-agency-says/
Prospects and challenges of defense cooperation between the EU and Ukraine

Aware of the limits and nuances of the EU in security and defense cooperation, the official Kyiv is trying to exploit all available mechanisms and instruments to intensify military cooperation with Brussels and ensure its victory on the battlefield. As Ukraine’s Foreign Minister Dmytro Kuleba noted in his online address to the Council of the European Union, Ukraine is interested in receiving more weapons and ammunition, increasing the European Peace Facility to fund procurement of weapons, and fast establishment of munitions production lines – including joint production with Ukrainian enterprises – in its cooperation with the EU.14

Ukraine aims at expanding military and technical cooperation with EU partners as much as possible as an important element of ensuring its superiority over the Russian aggressor on the battlefield. According to information from the EU, the EU overall and its member-states individually provided EUR 8bn worth of military assistance to Ukraine by November 2022.15

Among the available mechanisms and instruments of Ukraine-EU defense cooperation, the European Peace Facility has proven the most efficient. When Russia’s full-scale aggression against Ukraine began, the European Peace Facility became virtually the only instrument that enabled EU institutions to systematically approach the supply of military assistance to Ukraine. The first serious tranche to cover Ukraine’s needs was allocated on February 28, 2022. By December 2022, the European Peace Facility had allocated six tranches worth the total of EUR 3.1bn to fund military assistance to Ukraine. The overall approach is that Kyiv receives weapons and munitions from EU member-states based on its centralized requests, then national EU member-state governments ask EU institutions for reimbursement through the European Peace Facility funds.

While this extra-budget instrument is progressive, a number of problematic aspects stand out. Firstly, the European Peace Facility is the EU’s foreign policy instrument for 2021-2027 oriented at third countries in various regions and international organizations. Ukraine was the main recipient of assistance from it in 2022. At the same time, most of its financial resource of EUR 5.7bn is used up even though the EU has to support the operations of its eight military missions and support partners through another five years. Brussels realizes how serious and unique the situation in Ukraine is as it is suffering from Russia’s armed aggression. However, the EU’s foreign policy ambition should also be supported by stable presence in other parts of the world. The decision of the Council of the European Union in December 2022 to increase the European Peace Facility financial

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capacity by EUR 2bn in 2023 with potential further search of additional resources is welcome news.\textsuperscript{16}

The October 2022 decision to set up the \textbf{EUMAM Ukraine} mission was another positive move of the EU in military support of Ukraine. EUMAM Ukraine has to provide military and special training for the Armed Forces of Ukraine and coordinate the efforts of the EU member-states engaged in training activities. Given the security issue, EUMAM Ukraine will operate on the territory of EU member-states and have its headquarters in Brussels. Its mandate is for two years and the budget is over EUR 100mn.\textsuperscript{17}

Unfortunately, the decision to launch the mission took a lot of time because of bureaucratic barriers and delays by some EU member-states. Over this time, some member-states prepared their training centers in their territory to train Ukrainian specialists to exploit and maintain the military equipment and weapons provided to Ukraine. It is important to specify that the official Kyiv first requested Brussels to launch such a military training mission to Brussels back in summer 2021.

It was not until February 2022, shortly before Russia’s full-scale aggression, that the Council of the European Union reached preliminary agreement to launch the mission, and taking the final decision at the level of the EU took almost another six months – during wartime already.

Unfortunately, Ukraine has not been actively engaged in \textbf{PESCO} projects despite its proactive aspiration to be engaged in a range of defense projects. Back in 2020, when the EU opened the opportunity to join projects for third countries, the official Kyiv declared interest in participating in 20 joint projects.\textsuperscript{18} Unfortunately, the EU’s requirements on the participation of third countries proved insurmountable for Ukraine, if politically motivated. As a result, Ukraine was not participant of the program in 2022. At the same time, Ukraine received support from some project initiatives. For example, shortly before the full-scale aggression in February 2022, Ukraine asked EU leaders to help it counter cyber attacks against Ukrainian military infrastructure objects. In response, EU institutions activated the cyber rapid reaction team and sent European experts to help Ukraine.\textsuperscript{19}

Apart from cyber security, PESCO projects contributed to combat medical cooperation. From May 3, 2022, the European Medical Command coordinated by Germany has been a platform for coordination of efforts between civilian and military services of the EU and

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\textsuperscript{17} The EU establishes military support mission to provide further support to the Armed Forces of Ukraine, 17/10/2022, https://eu-ua.kmu.gov.ua/novyny/yes-stvoryuye-misiyu-vyiskovoi-dopomogy-diya-podalshoi-pidtrymky-zbroynyh-syl-ukrayiny?fbclid=IwAR2E40qNMz4SHlHJX1UzdM7jHMBMiR4xU1a1yf22ueBifnu0FpcHKk3kQ5Ab8

\textsuperscript{18} Ukraine seeks to join EU defense cooperation under PESCO, 12/11/2020 , https://eu-ua.kmu.gov.ua/novyny/ukrayina-pragne-doluchytysya-do-oboronnoyi-spivpraci-z-yes-v-mezhah-pesco

\textsuperscript{19} EU to mobilize cyber team to help Ukraine fight Russian cyberattacks, FEBRUARY 21, 2022, https://www.politico.eu/article/ukraine-russia-eu-cyber-attack-security-help/
NATO in organizing the evacuation of patients with injuries and serious illnesses from the territory of Ukraine.\(^{20}\)

Apart from some political and bureaucratic barriers that prevent the supply of sufficient armaments as requested by the Armed Forces of Ukraine, attempts to strengthen military cooperation face serious resistance from Russia as it tries to discredit Ukraine in the eyes of its Western partners. Russian propaganda tries to discredit Kyiv as an unreliable partner in using Western weapons in defense if the country in order to undermine Ukraine's military cooperation with the EU and USA. A lot of information is injected through well-known media channels in an attempt to create the image of chaos, stealing and smudging of the weapons supplied. In this context, some Western politicians and policymakers call for stronger control over the transparency of how military assistance is used in Ukraine.\(^{21}\)

In response, Ukraine declared full openness to cooperation with the respective auditing bodies from partner states and to adjustment steps in Ukraine. In October 2022, Ukraine presented the results of the implementation of NATO's Logistic Functional Area Services (LOGFAS) program for arms audit and control and integration of LOGFAS with national programs.\(^{22}\) Still, information campaigns should continue to explain Western societies the objectives of the Kremlin’s disinformation campaigns.

## Conclusions

When Russia launched its full-scale aggression against Ukraine, EU member-states proved unprepared for the scale and intensity of conventional and hybrid threats emanating from Russia.

Despite having many initiatives of defense cooperation and strategic documents and plans to strengthen defense capabilities adopted after the beginning of the Russia-Ukraine war in 2014, the situation did not change dramatically in most cases in terms of seriously improving common European approaches to security and defense.

Adopted in March 2022, the Strategic Compass as the EU’s roadmap in security and defense is already outdated and insufficient for the current security reality in the world. The Strategic Compass was designed since 2020 and finalized in the spring of 2021. Therefore, by contrast to the expectation of proactive implementation of it – including partial activation of the EU Rapid Deployment Capacity in 2023 - it is safe to say that the Strategic Compass is not very efficient in terms of shaping the EU’s strategic autonomy, including in security and defense matters.

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20 European Medical Command project now operational, https://www.pesco.europa.eu/pressmedia/european-medical-command-project-now-operational/
21 Nato and EU sound alarm over risk of Ukraine weapons smuggling, 12 July 2022, https://www.ft.com/content/bce78c78-b899-4dd2-b3a0-69d789b8aee8
There is a sense now that the expectations of Brussels can only rely on new mechanisms of incentivizing EU member-states to do joint defense procurements and developing European defense potential (EDIRPA, EDIP) in its pursuit of strengthened defense capability. However, the fact that the decisions proposed in the summer of 2022 have not yet been completed is worrying. Such long bureaucratic procedures amidst the high-intensity international armed conflict along the EU’s borders do not contribute to trust in the EU’s initiatives from its own member-states.

Therefore, transatlantic solidarity and cooperation with NATO is the key guarantee of security and strengthening of defense capabilities for the EU – at least mid-term.

Overall, the mechanisms for strengthening defense and military and technical cooperation launched in the EU have positive results in developing arms exports in the mid-term future. Military assistance for Ukraine has been a strong boost for developing and increasing military production in EU member-states. On the one hand, this is a rational response of defense companies to the depleting stocks of weapons and military equipment as it is transferred from partner-states to Ukraine. However, the increasing pace of arms production creates opportunities for European public and private companies to enter third country markets. For example, the Russia-Ukraine war ensured the highest growth of arms exports for the Czech military industry since 1989. By October 2022, Ukraine received EUR 2.1bn worth of arms and munitions from the Czech Republic. 95% of this was commercial defense supplies. This included the production of military equipment and munitions for the calibers of both soviet weapons, and NATO standards. When Ukraine wins the war and Russia’s presence in foreign arms markets shrinks, arms producers from Central Europe can take that niche in traditional markets for soviet-type armaments.

**Recommenda**

1. In the context of military assistance for Ukraine, the European Peace Facility has the most added value. It has allocated six tranches to cover the spending of EU member-states on supplying their national stocks of arms, munitions and other military goods to Ukraine. The official Kyiv should constantly keep the issue of increasing the financial capacity of this instrument and its openness to further financial support for military assistance for Ukraine on the agenda. At the same time, it should not just focus on reimbursing member-states for transferring some military equipment and ammunition to Ukraine. It should also cover the establishment of joint production of munitions and platforms to fix damaged equipment in the territory of EU member-states.

2. Ukraine’s participation in the implementation of Action Plan on Military Mobility 2.0 is strategically important in the mid-term prospect, especially when it comes to solving the problems of critical infrastructure interconnectivity between the EU and Ukraine. The different railway width standard between Ukraine’s soviet type and that of the EU remains one of the weak points now. Another important aspect in this context is harmonizing digital systems and tracking and coordination.

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programs for the logistics of military goods through the territory of the EU and Ukraine.

3. Together with its strategic partners among EU member-states, Ukraine should develop practical ideas for projects for the next stage of PESCO, including in the domains that can potentially be the most vulnerable in a conventional armed conflict with EU member-states involved. The experience of resisting Russia’s armed aggression shows that this includes strengthening air and missile defense systems and modernizing approaches to building them modernized; designing high-precision weapon models; missile programs; building unmanned reconnaissance and combat systems; innovative electronic warfare technology; ensuring uninterrupted and reliable connection and more.

4. The EU will have an interim assessment of its 2021-2027 multiannual budget. The seven-year budget was adopted in 2020 during the pandemic. So the priorities and the distribution of financial resources do not reflect new urgent tasks the EU has faced since the full-scale war began. In its diplomatic communication with EU member-state partners, Ukraine should push the idea of financial reinforcement of common defense instruments, including the European Defence Fund (EDF) and the new European Defence Investment Programme (EDIP) that is expected to start working in 2024. In any case, Kyiv should advocate for transparency of both R&D and specific cooperation projects of defense companies.

5. National governments of EU member-states should incentivize the recovery and readjustment to the special period of defense companies in order to both restock their own weapons and ammunition, and to continue proactive support of the Armed Forces of Ukraine whose success depends on Western military support.

6. Despite the available financial instruments in support of defense initiatives within the EU, bilateral contacts with EU member-states and bilateral agreements on the scale and objectives of military support for Ukraine – including provision of arms, ammunition and training for the Ukrainian military – will remain the priority for Kyiv. Ukraine’s diplomatic missions should focus on shaping bilateral financial mechanisms to enable individual EU member-states to provide Ukraine with targeted loans or grants to purchase weapons or military goods from their national defense companies.

7. The official Kyiv should strengthen its strategic communication with the societies of EU member-states, offering clear explanations and answers to the questions of why the EU and its individual member-states should support Ukraine militarily. This question will be raised increasingly on the political agenda and in social discourse as the war protracts and financial burden on EU households grows. Kyiv will be expected to offer clear and comprehensible answers for average voters in EU member-states, not just points about requests for help.
The Foreign Policy Council “Ukrainian Prism”

The Foreign Policy Council “Ukrainian Prism” is a Kyiv-based nongovernmental think-tank with robust expertise on the foreign policy of Ukraine and international security.

Prism UA consists of 10 study programs, covering all functional and geographical directions of Ukrainian foreign policy. Annually, the expert team produces a comprehensive assessment of the activity of Ukrainian foreign service under the authentic methodology.

Experts of the organization take part in the intersectoral task forces, working on the strategic framework of Ukraine in the foreign policy and security domain. The team's members contributed to the Foreign policy strategy of Ukraine, Maritime Strategy, Publicly Diplomacy Strategy, MFA's strategy for Asia and Asia.

From the start of 2023 there has launched an office of the “Ukrainian Prism” in Brussels to extend outreach for in-house expertise to European governments and EU institutions.

The Foreign Policy Council “Ukrainian Prism” implements several projects to increase the level of foreign policy expertise in Ukraine, consolidate international support for Ukraine and raise awareness of foreign experts, politicians, and journalists about the events in Ukraine.

Prism UA cooperates with many international donors and partners: OSF, NED, EU, Ebert Stiftung, Adenauer Stiftung, IVF, BST, GMF etc.

“Ukrainian Prism” is one of the leaders in the implementation of innovative practices of expert diplomacy. In particular, jointly with the Ministry of Foreign Affairs, it promotes the concept of bilateral expert forums with partner EU states to discuss potentially sensitive issues.

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