

EUROPEAN PARLIAMENT

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Subcommittee on Security and Defence

26.1.2006

NOTICE TO MEMBERS

Subject: The case for a dedicated ESDP budget

Dear Members,

Please find attached a contribution from Mr Lamassoure to the debate on security and defence-related budgetary issues.

DIRECTORATE-GENERAL
FOR THE EXTERNAL POLICIES OF THE UNION

I – CURRENT SITUATION:

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1 – Spending on security and defence is steadily falling:

Since 1998, the European Union has endeavoured to give itself the wherewithal to conduct military operations, particularly as part of the Petersberg missions, which were given a broader definition in the draft Constitution. The Presidency's latest report on ESDP states that at the end of 2005 the Union was deploying diplomatic, police or military resources in more than twenty peace-keeping operations in Europe, Africa, the Middle East and Asia.

However, the credibility of the Union - and of Europeans in general - in the external action sphere is being seriously undermined by the continuing low level of military spending. The comparisons made by the European Union Institute for Security Studies (EUISS - Chaillot Paper No 82, September 2005) show that in almost all Member States **military budgets have steadily fallen, not only since the end of the cold war but also since the setting of the headline goals in 1999, and even since 11 September 2001**. Since 11 September 2001, the 15 'old' Member States have struggled to maintain the volume of their military spending at a constant level. However, as a proportion of GDP, between 1997 and 2005, EU-15 spending has fallen from 2% to 1.7%, with Austria being the only Member State in which the percentage has risen slightly (from 0.8% to 1%). Despite a recent increase, France still remains well below the 3% recorded in 1997.

In addition to being low in general, European spending on security and defence is **very unequally spread**. The 'fair share' calculations made by the EUISS for the NATO countries, in which it compared each country's share of defence spending and its share of overall GDP, show that the United States contribute 50% more than their fair share. Conversely, the average for the EU Member States is less than half of their fair share, with Germany and Spain contributing only 40% and 30% respectively.

2 – This situation may well deteriorate still further:

It is to be feared that in each European country, extremely strong domestic political pressure will give rise to a further reduction, rather than an increase, in defence spending. **Half the Member States - including the four largest - have reached or gone beyond the maximum budget deficit** permitted under the Stability and Growth Pact.

As to the Community budget, the position adopted by the December European Council on the financial perspective for 2007-2013 does not hold out any great hopes for the EU taking up the baton from the Member States. Anyway, given that security and defence remain essentially within the national sphere of competence, the share of funding that can be charged to the Community budget must, of necessity, be limited.

II – PROPOSAL: A MULTIANNUAL BUDGET FOR ESDP:

The idea would be to **put the political commitments made by the Member States into figures**. This would involve a three-stage approach, as follows: 1 – The policy objectives laid down as part of the European Security Strategy in the autumn of 2003 would be fleshed out in a **White Paper on European Security and Defence**. What military threats will Europe face over the next twenty years and what resources will be required in order to face up to those threats? All the technical conditions required for such an analysis are in place. All that is now needed is the political will.

2 – A **financial table would be drawn up, showing the expenditure to be committed by each country over a multiannual period of between 5 and 7 years**. Each

Member State would set out in this table the resources it intends to devote to common security during the period, in keeping with its political commitments in terms of headline goals, battlegroups, etc.

This multiannual framework would be adopted unanimously by the European Council, after consultation of the European Parliament. It would not have the legal effect of a budget (authorisation of expenditure) or that of the financial perspective (expenditure ceilings). It would be a major political point of reference for the annual setting by each national parliament of the level of spending on security and defence in the Member States.

The national contributions would be supplemented by the expenditure allocated to domestic and external security in the Community budget, covering diplomatic action, administrative expenditure on external operations, dual-use research, etc.

There would be clear advantages in dovetailing this 'dedicated ESDP budget' with the financial perspective period. It would enable a joint debate to take place on all action to be taken by the Union as such or by its Member States.

3 – Each year, the budget vote in national parliaments would be preceded by a debate in an **interparliamentary conference** between the national parliaments and the European Parliament.

A system of this kind will not, of itself, be enough to ensure that the commitments made will be fully honoured. **It will, however, ensure that the strongest possible political pressure is exerted on each Member State to face up to its responsibility for common security**, by fostering, among other things:

- Public comparisons between the efforts being made by the different Member States: is it acceptable for some countries not to pay their way either within or outside alliances?

- Public debate on the respective roles of NATO, the EU and the individual Member States.

- Public debate on the nuclear status of two of the Member States and on how Europe intends to protect itself against threats involving weapons of mass destruction over the next twenty years (dissuasion, missile shield, active diplomacy for non-proliferation, etc.).

- Discussion within the relevant States on the compatibility between belonging to 'an ever closer union' and maintaining an officially neutral stance.

All of the above are currently considered to be taboo issues, and this is a barrier to progress being made on common security.

III – A STEP FURTHER: AN INTERGOVERNMENTAL BUDGET COMPLEMENTING THE COMMUNITY BUDGET?

If this approach is deemed worth considering, it should be remembered that it could be useful in areas other than security and defence as well.

This is because it is also pertinent to all matters relating to the Lisbon Agenda and, more generally, to **all policies where the objectives are set within the EU framework but which in fact come within the national sphere of competence** and are thus funded from national budgets. How is one to ensure that, in their national budgets, Member States will each year earmark the resources required in order to meet the common objectives? The main reason for the failure of the Lisbon Agenda is the lack of a link between Community

procedures and national procedures.

This situation should lead to a comprehensive table being drawn up showing all contributions from national budgets to EU common policies. This **'intergovernmental budget', which would supplement the Community budget**, would have the advantage of reflecting more accurately the operating methods and the spirit of the European Union. It would make it easier for the necessary EU budget reforms, covering both the revenue system and the spending structure, to be made.

Alain LAMASSOURE