Federal Academy
for Security Policy

Security Policy Working Paper, No. 31/2018

Brexit negotiations in the field of defence
Lessons learnt and moving forward

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It is clearly in Britain and the European Union's mutual interest to continue working closely together on defence after Brexit. Nevertheless, the negotiations between both sides so far have shown that a pain-free deal is harder to achieve than previously imagined.

1. What do both sides want?

1.1 The EU's objectives

The Commission's objectives in negotiating the future defence relationship with the UK are fairly clear. They are to ensure that there will be no security vacuum in Europe after Britain's withdrawal; to make sure that bilateral defence and security co-operation between the UK and EU member-states is not put at risk; to prevent Brexit from having any impact on the EU-NATO strategic partnership; and to achieve an unconditional UK commitment to maintaining European security, even after Brexit.

At the same time, the EU wants to safeguard some core principles: protecting the autonomy of its decision-making process; making sure that a non-member of the Union cannot have the same benefits as a member; and following on from that, ensuring that the settlement with the UK does not disturb defence relationships with other third countries. That means that the Union has to take into account existing frameworks for co-operation with third countries, and make sure that there are no obvious losers.

1.2 The UK's objectives

In turn, the UK government papers on the future defence partnership stress shared values and shared threats, and set out an ambition for close co-operation with the EU after Brexit. Prime Minister Theresa May reiterated these proposals in a speech at the Munich Security Conference in February 2018 and alluded to some of the challenges Britain will face in negotiating its future partnership. In her speech, May said that the UK was open to making continued contributions to EU operations or missions. But the UK would want its involvement in the operational planning to be "commensurate and scalable" to its contribution, meaning that the higher the risk to troops and the bigger the UK's contribution, the more influence London wants to have over decision-making. The UK also wants to ensure that UK and European defence industries can continue to work together, including through UK collaboration in European Defence Agency projects and in the Commission's European Defence Fund.

2. Defence is different

In part, the defence negotiations mirror the challenges in all other areas of Brexit negotiations. The UK government wants a partnership that goes beyond any of the arrangements the EU currently has. The EU on the other side wants to protect its autonomous decision-making process. And it wants to ensure that the settlement with the UK does not disturb defence relationships with other third countries. Aspects of the future defence relationship will also be heavily dependent on British access to the EU's internal market. For example, UK defence firms that rely on international supply chains would like barrier-free market access and migration schemes for skilled workers.

But in many ways the defence brief differs from the rest of Brexit: defence negotiations should be a positive sum game. Britain is one of the only European countries with a credible defence posture, and the EU benefits from keeping it close. Similarly, even after Brexit, Britain will remain a European liberal democracy, with almost identical security interests to the remaining EU member-states – it should try to maintain as many links as possible to the EU27.

And yet: the rhetoric around "Global Britain" has led some in the UK to call for a reorientation away from Europe towards other partners. And some in the EU believe that 'Brexit Britain' can no longer be trusted as a strategic partner. They see Britain's decision to leave as an attack on the fundamentals of European co-operation.

3. Galileo - a case study

The "Galileo case" is instructive; it illustrates the challenges facing defence negotiators. Galileo is Europe's own global navigation satellite system, planned to be up and running by 2020. While Galileo's basic positioning services will be open to all, the EU is also developing the 'Public Regulated Service' (PRS), an encrypted capability reserved for EU member-states' militaries and governments.

Following Brexit, the European Commission proposed a restricted role for the UK in Galileo. Like any other third country, the UK is to be given observer status in agencies responsible for the EU's space programme, but no power to make decisions. As a third country, it will play no part in generating or encrypting the PRS signal. Finally, UK defence firms will be allowed to bid for some of the Galileo-related contracts, but cannot be involved in the design or development of security-related and PRS elements.

The UK is rejecting the EU's offer for two main reasons. First, the government has argued that, if the UK is shut out of the development of PRS technology, and has no say over the future development of the service or its governance, Galileo will no longer fulfil the UK's security needs. Second, the British government says that if UK-based companies were no longer able to bid for Galileo contracts, this would weaken the business case for UK participation in Galileo altogether. Britain considers the EU's offer insufficient both in terms of PRS access and industry contracts. The UK is now looking into building its own competitor satellite navigation network, potentially in co-operation with Japan or Australia.

It is not in the interest of Britain or the EU for the UK to pull out of Galileo. The loss of British expertise in space science and technology would be a loss to the entire EU project and could lead to delays in getting to full operational capacity for Galileo. An independent British system would also make industrial co-operation with Britain's European partners harder and it would be expensive. Galileo is projected to cost €10 billion by the time it becomes operational in 2020. Estimates suggest a British system would cost at least £3 billion to £5 billion. For context, the UK space budget is £370 million; the defence budget is £35 billion.

4. Lessons learnt

As a case study of Brexit negotiations gone to no side's satisfaction, what are the lessons of Galileo?

First, the Commission's stance followed the core principles that were agreed by the EU for the Brexit negotiations: protecting the autonomy of its decision-making process and making sure that a non-member of the Union cannot have the same benefits as a member. Individual member-states were not much involved in the EU's emerging position on Galileo until late in the day. That is partly down to timing: negotiations between the UK and the EU team were rushed, because a procurement deadline on the latest round of satellite contracts was looming. But officials in member-states have also been reluctant to focus on the highly complex and technical details of the Brexit negotiations in the area of defence. On Galileo, some in Paris and Berlin objected to the Commission acting too independently. But their objections related mostly to the process rather than the substance of the strict position the Commission has taken.

Second, in the 2016 EU Global Strategy, member-states committed to pursuing the objective of strategic autonomy. Strategic autonomy should be understood as enabling Europeans to pursue their own defence policy goals. That implies strengthening European militaries and defence industrial structures, and making the EU less dependent on the United States. In the Brexit negotiations, London is suffering from being lumped in with Washington. The Commission argues that involving the UK and its defence firms any more closely and relying on Britain to manufacture particularly security-sensitive parts of the system would endanger the independence of Galileo.

Third, many in Brussels also remember that the UK initially opposed Galileo, and are sceptical about the UK's sudden enthusiasm. They do not want to make the satellite programme's success dependent on UK support after Brexit.

Fourth, the spat over British participation in the EU's 'Galileo' space programme also shows how difficult it will be to disentangle economic and security interests during the Brexit negotiations. Positive-sum negotiations on defence co-operation quickly turn into a zero-sum game when economic interests come into the equation.

5. The Brexit and defence dossiers

The patterns of the Galileo negotiations are reflected in other areas of the defence negotiations.

5.1 Defence industrial co-operation and the European Defence Fund

The UK is concerned that its firms will be excluded from bidding for European defence contracts when projects are supported by the Commission's new Defence Fund – the fund is designed to boost industrial co-operation between EU member-states.

The arrangements that currently exist for third countries to participate in the Defence Fund's programme to support capability development are restrictive. Only defence firms that are established on EU territory and controlled by member-states or their nationals should be eligible for support. Defence firms based on third country territory or their subsidiaries should only be allowed to benefit if strict conditions relating to the security and defence interests of the Union and its Member States are fulfilled. The UK fears that the bureaucracy surrounding the fund might serve as a disincentive for EU member-states to co-operate with British firms on funded projects.

5.2 Military co-operation – with or without the EU

The EU's demonstrated objective to protect its autonomous decision-making process of course also has implications for military co-operation after Brexit: like other third countries, Britain will not be given a vote or a veto over the decision to launch a mission or operation; the UK will no longer be able to take command of EU-led operations or lead an EU battlegroup.

It is worth noting, however, that participation in CSDP missions and operations is not Britain's most urgent priority. Being plugged into EU operations matters to Britain less because of their operational value than because the UK has an interest in influencing the EU's strategic direction, regional priorities and level of ambition. The UK government is confident that it will be able to deploy with its European partners if a crisis develops, either through NATO, through a flexible 'coalition of the willing' or through a new format.

Indeed, France has recently proposed a European Intervention Initiative, which would enable European countries to develop a shared understanding of crises and a shared strategic and military culture. Paris has made clear that it intends to set up the initiative outside the EU's institutional structures, in part to increase operational flexibility and speed, and in part as a means of involving the UK in European military operations after Brexit.

6. Moving forward

In order to be able to remain part of the EU's defence debate, Britain will have to demonstrate its commitment to the EU's military efforts. The UK could negotiate an agreement to provide troops and assets to the EU – such as Britain's strategic airlift capability, which helps the EU deploy more rapidly – in exchange for close consultation and information sharing in the early stages of EU operational planning. It could also try to break open negotiations about the conditions for defence industrial co-operation by approaching the issue from the bottom up, offering concrete capability programmes to its European partners, rather than getting stuck in top down negotiations about regulatory frameworks.

While negotiations continue, Britain should signal its goodwill. While the UK is still a member-state, it is technically free to veto EU defence initiatives, but it should refrain from doing so. Within NATO, Britain should make it a priority to champion a close partnership between the alliance and the EU.

The UK should however let go of the premise that because the EU cannot afford to go without the UK in the defence sphere, it will therefore necessarily agree to the UK's demands. Instead, Britain has to convince Europeans that its offer to become a very close defence partner to the European Union is credible, and that Britain will not become a spanner in the works of EU defence initiatives. Even though it has in the past opposed high profile EU defence initiatives, such as the EU's mini military headquarters, in the years before Brexit, the UK was quietly supportive of a growing EU defence role, in response to threats from Russia and terrorism. To be credible and trustworthy, Britain needs to explain why it wants a close security partnership, rather than simply pointing out what the EU loses when Britain leaves.

In turn, Brexit should encourage the EU to rethink its relations with third states: to ensure that the UK continues to play a full part in EU missions and operations; and because the discussion with Britain will reveal shortcomings in existing agreements.

If the EU excluded the UK from the Union's defence infrastructure, it would not only lose British expertise and assets, but also potentially undermine the EU's own efforts. In order to be credible, EU military structures need the involvement of the UK, one of the few European powers with serious military capacity.

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