

Policy Analysis

4 / December 2021



Österreichisches Institut für Internationale Politik
Austrian Institute for International Affairs

The EU Strategic Compass: Challenges and opportunities for Austria

State of play at the time of its presentation to the Member States
(15 November 2021)

Loïc Simonet



This policy analysis was produced as part of the cooperation between oiip and the Ministry of Defense.

Summary:

The first draft of the EU Strategic Compass for Security and Defence (SC) has been presented to the Member States on 15 November 2021. Based on the analysis of the major geopolitical shifts which are challenging Europe's vision and interests, the SC will provide a shared assessment of the EU's strategic environment; bring greater coherence and a common sense of purpose to actions in the area of security and defence that are already underway; set out new ways and means to improve the EU's collective ability to defend its security; and specify clear targets and milestones to measure progress. The creation of an EU Rapid Deployment Capacity will be one of its most visible elements. A special status Member State with limited military capabilities, Austria has valuably contributed to the process, but must remain vigilant to ensure that its specific interests are taken into account.

Keywords:

European Union (EU) , Strategic Compass, Threat Analysis, European External Action Service (EEAS), Common Security and Defence Policy (CSDP), EU Global Strategy (EUGS), European security and defence culture, Crisis Management, Resilience, Capability Development, Partnership, Permanent Structured Cooperation (PESCO), EU Rapid Deployment Capacity, EU Hybrid Toolbox, Defense Innovation Hub, Article 42.7 TEU (mutual assistance guarantee), NATO, United Kingdom

Author

Dr. Loïc Simonet started his career at the French Defence Ministry in Paris. In 2008, he was appointed as Politico-Military Counsellor of the French Permanent Representation to the Organization for Security and Co-operation in Europe (OSCE) in Vienna and, in 2013, he joined the Secretariat of the OSCE as Senior External Co-operation Officer, until June 2021. He joined the OIIP as an Affiliated Researcher in September 2021.

Impressum:

Österreichisches Institut für Internationale Politik – oiip,
1090 Wien, Währinger Straße 3/12, www.oiip.ac.at, info@oiip.ac.at
Copyright © 2021

The **Strategic Compass** (SC) is the EU's first inter-governmental institutional effort to jointly assess security and defence threats. A German initiative, the two-year exercise will conclude under the French EU Council Presidency in spring 2022. It is driven by the Member States and the European External Action Service (EEAS), with the involvement of the Commission and the European Defence Agency (EDA).

High Representative for Foreign Affairs and Security Policy/Vice-President of the Commission (HR/VP) Josep Borrell presented a first draft of the SC, as a “working document”,¹ to the Foreign and Defense Ministers on 15 November 2021, at their joint “at 54” meeting in *Jumbo* format.

1. Main objectives of the Strategic Compass

- Provide long-overdue **politico-strategic guidance** for EU security and defence, especially in an era when EU security is being eroded and its credibility challenged. Unlike the 2016 EU Global Strategy (EUGS) and the related Implementation Plan on Security and Defence (IPSD), **the SC will be adopted by the Member States**, giving the final product substantial political weight.
- Reflect the **threats and challenges** the EU faces, taking into account changes in the security context since the EUGS (which is considered to be partly outdated and has not been properly operationalized), emerging threats and new challenges (COVID pandemic, aggravated climate change, greater digitalisation and disruptive technologies, new deal in Afghanistan ...).
- Reaffirm the **EU's level of ambition as a security provider**, in line with a “geopolitical” EU that “*has to learn to use the language of power*” (J. Borrell, 2019).
- Boost the **EU's ability to navigate through international challenges**, and its **capacity to act autonomously** whenever necessary or in cooperation with partners wherever possible.
- Enhance the **EU's operational readiness and responsiveness**.
- Strengthen the **EU's position in strategic domains such as cyber, maritime security and space**. The Compass should also address disruptive technologies affecting security and defence, such as Artificial Intelligence or quantum technologies that support an innovative European Defence Technological and Industrial Base.
- Facilitate the **development of a shared European security and defence culture**, informed by the EU's shared values and objective, and help generate common public narrative and a “common grammar” on concepts relevant to EU security and defence (strategic autonomy, resilience, hybrid warfare...), with obvious consequences on the priorities for capability development and resources.
- Address some of the **key weaknesses of the EU's Common Security and Defence Policy (CSDP)**, and **stimulate further coherence** between security and defence initiatives which have been launched since 2016, such as the Permanent Structured Cooperation (PESCO), the European Defence Fund (EDF), the Coordinated Annual Review on Defence (CARD), and the recently established European Peace

¹ “A Strategic Compass for Security and Defence - For a European Union that protects its citizens, values and interests and contributes to international peace and

security”, EEAS(2021) 1169, circulated under Council of the EU, doc. 13638/21, 9 Nov. 2021.- 27 p. (limited).

Facility (EPF). The SC must **provide with clarity and synchronization**.

- Offer **political guidance for future military planning processes**. A central task for the SC will be giving concrete strategic direction for the type of missions and operations the Union should be able to conduct in the future. The SC should contribute to answering the following questions: which functional and regional priorities for the CSDP? **What type of crises should the EU get involved in?** Should the EU be mandated to deal with territorial defence and high-intensity operations that seek to separate warring parties, or only focus on lower-intensity crisis management and areas that NATO does not have great expertise in, such as the protection of civilian infrastructure from cyber-attacks? Should the EU simply favour an indirect military approach, through long-term capacity-building, rather than assuming executive tasks itself?
- Clarify the modalities of the **implementation of Article 42.7 TEU (mutual assistance guarantee)**, in order to build **solidarity and deterrence**, especially against non-military threats (“hybrid” threats, cyber-attacks).²
- Develop and improve the **nexus between external and internal security**.
- Foster **new dynamics with prominent partner countries like the UK, Norway and the U.S.**, along with a shared understanding of threats and a common coherent strategy thereof.

2. Process

- **16 June 2020:** the EU Defence Ministers agreed to develop a strategic compass for security and defence.
- **Phase 1 (second half of 2020): Threat Analysis.** The High Representative for Foreign Affairs and Security Policy/Vice-President of the Commission (HR/VP), together with the EU’s civilian and military intelligence units,³ based on thorough inputs from Member States’ intelligence services, developed the first-ever “*comprehensive, 360 degrees analysis of the full range of threats and challenges*” describing the risks and threats to the EU in 5-10 years. The analysis is classified “EU Secret” and distinct from the SC. Outcome of Phase 1 was presented to the Ministers on 20 November 2020. In order to respect the sovereignty of each and every Member State in such a sensitive area, avoiding the “communitisation” of a matter that is still intergovernmental, it cannot be understood as a product of a joint and agreed intelligence, but rather as a sort of understanding reached by the Member States’ intelligence services.

It seems that the exercise was appreciated, as the SC will confirm that the EU will proceed to such threat evaluation every 5 years (see below).

- **Phase 2 (until Fall 2021 under the Portuguese Presidency): Strategic dialogue**, building on the threat analysis and other possible thematic inputs, such as informal events (workshops etc.) organised by Member States until July 2021,⁴ and **outcome docu-**

² France is expected to seek a political declaration on the subject during its 2022 EU Presidency.

³ The EU Single Intelligence Analysis Capability (SIAC) composed of the EU Intelligence Centre and military

staff intelligence. In October 2020, the SIAC aggregated the approximately 500 contributions it had received.

⁴ About Austria’s contribution, see hereafter pp. 8-10.

ment. A **Scoping Paper** circulated on 8 February 2021⁵ presented the outline of the Strategic Compass, identified the main topics for discussion and thus helped frame the strategic dialogue amongst Member States that took place in the first half of 2021, also in the Council.

- **Phase 3 (2nd half 2021 under the Slovenian Presidency): Drafting and consensus finding.** On 10 November 2021, HR/VP Borrell introduced the draft SC to the EU Commissioners and circulated his own foreword to the document, titled “*A Strategic Compass to make Europe a security provider*”, with a rather dramatic tone (“*Europe is in danger*”), before reiterating such presentation on 15 November with the Foreign and Defense Ministers.
- **Phase 4 (2022 under the French Presidency): Finalization and adoption.** Early in 2022, the SC will be submitted to the Member States’ ambassadors at the Political and Security Committee (PSC) for final examination. It should then be **adopted** at a further joint meeting of the Foreign and Defense Ministers on 21 March 2022 and endorsed by the EU Council on 24-25 March; unless its adoption takes place at the Defense Summit mentioned by Charles Michel. Its final status is still unclear, but experts foresee an agreement, having the nature of a legal-political document.



3. Main headlines of the Strategic Compass

The SC is a guide for preparation, decision, and action. It marks a high level of ambition for our security and defence agenda by:

- Providing a **shared assessment of the EU’s strategic environment**, the threats and challenges the EU faces and their implications for the Union;
- Bringing **greater coherence and a common sense of purpose** to actions in the area of security and defence that are already underway;
- Setting out **new ways and means** to improve our collective ability to defend the security of our citizens and the Union;
- Specifying **clear targets and milestones** to measure progress.

It proposes concrete ideas in the following four work strands so that the EU:

- **Act more quickly and decisively when facing crises;**

⁵ EEAS (2021)129, circulated under Council of the EU, doc. 5986/21 (limited).

- **Secure its citizens against fast-changing threats;**
- **Invest in the capabilities and technologies the EU needs; and**
- **Partner with others to achieve common goals.**

Therefore, after a few general considerations, the Compass is structured around 4 interconnected baskets, to each of which corresponds a working group:

- **Crisis Management** (become a more capable and effective crisis responder and security provider; increase responsiveness and operational readiness).
- **Resilience** (secure access to the global commons, incl. cyber, high seas and space; assess strategic vulnerabilities in security and defence, enhance resilience; enhance mutual assistance and solidarity amongst Member States; improve military assistance to civilian authorities).
- **Capability Development** (develop the necessary civilian and military capabilities/capacities; improve capability development processes; promote technological sovereignty and innovation).
- **Partnerships**, both multilateral and bilateral.

A few key points in the Nov. 2021 Working Document should be flagged, such as:

- Regularly **revisiting the Threat Analysis, at least every 5 years**, starting in 2025, or sooner if the changing strategic and security context calls for it (something that Austrian Defense Minister Klaudia Tanner encouraged at her press conference on 8 November)⁶;
- **An EU Rapid Deployment Capacity** that will allow the Union to swiftly deploy a modular force of up to 5000 troops,⁷ including land, air and maritime components; the development of this capacity will be based on operational scenarios; it will consist of substantially modified EU Battlegroups⁸ and of Member States' other military forces and capabilities; it should be fully operational by 2025, and will be the most visible element of the SC;
- By 2022, the creation of a broader **EU Hybrid Toolbox** that brings together different instruments to detect and respond to a broad range of hybrid threats; in this context, the EU will develop a dedicated toolbox to address **foreign information manipulation and interference**;

⁶ See below pp. 8-9.

⁷ Plus support staff, which General Claudio Graziano, Chairperson of the EU Military Committee, evaluated 1+1, meaning 10,000 globally (Graziano's hearing at the EU Parliament on 15 Nov. 2021).

⁸ In July 2004, the EU decided to form the EU Battlegroups (EUBG), an initiative which was especially advocated by Germany, France, and Great Britain. The EU Battlegroups are military units which have a higher degree of military striking power and can act as a military

quick reaction force under the PSC's political and strategic command. Fully operational in 2007, the EUBG have faced multiple challenges since then, especially lack of troops and lack of political willingness and consensus on how to use this mechanism. At their meeting in Brussels on the 25th and 26th of October 2021, the EU Chiefs of Defence (CHODs) supported the proposals for further adaptation of EU Battlegroups, aiming at making them more relevant and attractive, thereby improving EU rapid response effectiveness.

- **A Defense Innovation Hub within the EDA** to increase and coordinate cooperation on defence innovation among Member States;⁹
- The EU remains “open to a broad and ambitious security and defence engagement with the **United Kingdom**”.

Not only the SC will set a political direction, but also a **series of deadlines for key actions to be implemented**: for instance (*inter alia*), before 2022, operational scenarios for the EU Rapid Deployment Capacity should be defined; the EU cyber defense policy developed; before 2023, more flexible modalities for the implementation of Article 44 of the Treaty on EU should be set up, to allow a group of willing and able Member States to plan and conduct a mission or operation within the EU framework; an EU Space Strategy for security and defence should be adopted; real-size exercises should take place in order to improve preparation and interoperability. *Etc.*

4. Risks and challenges

- The **Afghan fiasco** came at the worst time for the SC, highlighting the failure, not only of NATO but of the whole international community and the traditional “state building” concept, the US’s limited willingness to act despite the change of administration, and Europe’s isolation and limited capacity. This, as well as the **AUKUS** episode, further highlights the need of a European “third way” and strategic autonomy. These two sets of events, but also recent clashes which have not been well anticipated (civil war in Ethiopia, escalation between Algeria and Morocco, migration crisis

on the Eastern front), might have rendered the work of the EEAS more complex.

- The Member States should avoid:
 - ⇒ **Just another paper**. If the SC is not to suffer the same fate as the 2016 IPSD, which has been relegated, it must be more specific and define actionable conclusions, goals and objectives.
 - ⇒ **Conflicting perceptions and views on the gravity of threats** (on Russia, China, the Sahel or the Arctic; East vs South; migration and CSDP; strategic autonomy...). Several Member States may be reluctant to publicly label certain non-EU states such as Russia or China as a ‘threat’, for economic and political reasons (the Nov. 2021 Working Document sees China as “a partner, an economic competitor and a systemic rival”).
 - ⇒ **An overly broad and “Christmas tree”-like list of threats as a lowest common denominator**, lacking prioritization and truly shared ownership. In particular, since the scope of the “Resilience” basket is broader than the CSDP, it could become flooded with non-security and defence related proposals, which could prevent the EU from developing an effective resilience agenda specifically for its security and defence policy.
 - ⇒ **Get the process bogged down in meta-debates** and losing time on strategic concepts, without at the same time spelling out what they mean.
 - ⇒ On the contrary, **focus too heavily on technical topics** such as capability development priorities and targets in the PESCO framework. Because of the more complex security

⁹ As a kind of replication of the NATO Innovation Fund and Defence innovation accelerator (DIANA) agreed in 2021 by 17 member States of the Atlantic Alliance, to be fully operational before NATO June 2022 Madrid Summit.

environment, a **military-centred approach could be seen as outdated.**

- The Compass is **not designed to replace, but to further refine the 2016 EUGS.** What does it mean exactly? Should the Compass be a ‘mid-range’ strategy, translating the EU’s priorities into tangible goals? Should it become a security and defence sub-strategy of the EUGS?
- **How to ensure coherence and balance between each of the four baskets?** No one cluster should overshadow the others in the final document. This particularly applies to the “Capabilities” cluster. Although fine-tuning defence capability development initiatives such as PESCO, the EDF and CARD will be an important element in this cluster, this should not become the overarching focus of the SC.
- **The “Capabilities” cluster will definitely be the most difficult to address.** Here the EU engages the most its credibility as a security provider and as responsible of its own fate, in a context of high-level threat, U.S. disengagement and NATO burden-sharing. **The risk here is to reinvent the wheel and create new mechanisms,** instead of promoting and improving the existing ones. For instance, the idea of a Rapid Deployment Capacity (originally called “Initial Entry Force”) that could be deployed as a “first responder” in case of urgent crisis, promoted in May 2021 by a group of 14 EU countries, including France, Germany and Austria, may well suffer the fate of the EU’s existing Battlegroups, never used due to a lack of political willingness¹⁰.
- **Member States’ buy-in and concrete follow-up, beyond 2022:** the SC needs to be actionable with precise timelines. It should not only state what is important, but it should set clear goals on what the EU and its Member States

need to do within the next 5 to 10 years in the area of security and defence. There is also a need to ensure that the Compass is eventually **embedded in national defence processes and defence strategies,** despite the non-alignment of budgetary and procurement cycles of EU member states. The **process after early 2022** will be very important and working with the next Presidency trio of France, Czech Republic and Sweden (2022-2023) will be vital to ensure effective implementation of the SC.

- If it is the EU’s long-term plan to become a defence union, it will need to **gain its citizens’ support** for this. **How to take the EU citizens, their interests and preoccupations, into account** (“bottom-up” approach)? How to involve the national parliaments?

5. Austria and the Strategic Compass: which ambition and “caveat”?

- For S. C. Cramer and U. Franke, *“Of all the special status states, Austria appears to be the most problematic for a European Defence Union”*.¹¹ Despite its limited capacities, Austria needs to find the way to use the SC process in a proactive way and as a catalyst for promoting its interests and priorities.
- **Austria’s contribution to the SC process, under the Phase 2 Strategic Dialogue, has been limited and rather focused.** Following the high-level virtual workshop on *“Enhancing EU-OSCE Cooperation in conflict prevention and peacebuilding – synergies for cooperation”* it organised on 26 April 2021, Austria circulated a draft input paper on *“Enhancing EU-OSCE cooperation in Conflict Prevention*

¹⁰ See above p. 6 and note 8.

¹¹ Clara Sophie CRAMER, Ulrike FRANKE (Eds.), *“Ambiguous Alliance: Neutrality, Opt-outs, and European Defence”*, European Council on Foreign Relations (ECFR),

Essay Collection, June 2021, <https://ecfr.eu/publication/ambiguous-alliance-neutrality-opt-outs-and-european-defence/>.

and Management”, intended to provide further input for the development of the Strategic Compass (cluster “Partnerships”). Austria also organized a workshop on Climate Change (cluster “Resilience”).¹²

The launching of the book "*Der Strategische Kompass der Europäischen Union*"¹³ and the press conference of Defense Minister Klaudia Tanner on 8 November 2021¹⁴ further evidenced Austria's interest in the process.

- EU Member States that are **neutral or militarily non-aligned** (Austria, Ireland, Finland, Sweden, Cyprus and Malta), or have an opt-out from common defence (Denmark), are often overlooked in discussions about European defence. The EU's work on its SC should include debates on the special status states' future role in European defence.
- **NATO** will inevitably be at the core of the process.¹⁵ The Nov. 2021 Working Document devotes three long paragraphs to EU-NATO cooperation. The SC should state what Europe is able and willing to do, while at the same time indicating that, in terms of military capabilities, this will contribute to a fairer NATO burden-sharing with the US. EU and NATO have to discuss the delineation of responsibility and military tasks with regard to several burning threats, incl. hybrid threats and cyberattacks. Therefore, it will be important to ensure as much coordination as possible between the EU and NATO over the next few months, especially given the **parallel processes of the SC and NATO's**

new Strategic Concept, which should be endorsed by NATO Leaders at their next Summit (Madrid, Spain 2022). Ideally, the SC could offer the opportunity to interlock NATO's and the EU's respective defence planning and create a single defence planning process geared to a single force package, and to align NATO force goals and EU capability priorities.

As a **non-NATO Ally** but one of the Alliance's important partners, Austria might be vigilant in **ensuring that the interests of non-NATO EU countries will be preserved and highlighting the need of a “2-way street” cooperation with the Alliance.**

- With regard to partnerships, it is also important for Austria that the **UN remains at the center of a multilateral, rule-based international order**, also **promoting Vienna as a UN “hub”**.
- Throughout a **process framed by Germany and France** (also with **UK** as a prominent observer), a mid-sized nation such as Austria might **risk losing influence on the decision-making process**. It is very much likely that a trilateral Germany-France-UK format will come to resumption in matters such as Russia/Ukraine and the Donbas issue, the Iran nuclear deal or China. It has even been suggested that it would be worth using the Compass to relaunch the Franco-German relationship.¹⁶

France and Germany might be tempted to **promote new flexible formats**, such as *ad*

¹² The author of this paper attended both events.

¹³ https://www.bundesheer.at/pdf_pool/publikationen/strategischer_kompass.pdf

¹⁴ See https://www.ots.at/pres-seaussendung/OTS_20211108_OT0139/der-strategische-kompass-als-grundlage-fuer-kuenftige-sicherheit.

¹⁵ The Working Document has been forwarded to Secretary General Jens Stoltenberg on 8 Nov. 2021.

¹⁶ Claudia MAJOR and Christian MÖLLING, “Europe, Germany and defense: priorities and challenges of the German EU presidency and the way ahead for European Defense”, Fondation pour la Recherche Stratégique, Note Nr 63, 13 Oct. 2020, <https://www.frstrategie.org/en/publications/notes/europe-germany-and-defense-priorities-and-challenges-german-eu-presidency-and-way-ahead-european-defense-2020>.

hoc EU-led coalitions allowing rapid deployment of forces by some prominent EU countries in case of crisis, the others only playing a supporting role. In that regard, Austria might be able to **support with different means than purely military**.

- Similarly, the SC will devote a significant amount of energy in identifying appropriate platforms to **incorporate EU's closest partners, including the UK, the US and Norway**. Austria should remain vigilant and **make sure that the EU's center of gravity will not be affected**.
- The SC might re-orient the **geographical focus for external operations on the southern neighborhood** (from the Mediterranean to the Western half of the Indian Ocean, with a strong maritime angle), **and to some extent the Asia-Pacific region** (where the Nov. 2021 Working Document assesses the emergence of "a new centre of global competition"), two areas which might not fully correspond to Austria's prime interest and priority. The Initial Entry Force / Rapid Deployment Capacity might also turn to be too Africa focused, thereby not addressing the more immediate security concerns of those Member States that tend to prioritize the EU's Eastern neighbourhood. In the discussion, Austria might **highlight the EU's Eastern / South-Eastern neighbourhood, and especially**

Eastern Europe and the Balkans, as the first priority. The Nov. 2021 Working Document actually goes in the right direction in that regard, putting emphasis on security and stability throughout the Western Balkans and the eastern and southern neighbourhood.

- **With its limited military capabilities, Austria might have difficulties to fulfill the defence commitments agreed upon in the SC**. The deployment of a single special forces company to EUFOR Chad in 2007-2008, the peak of Austria's contribution to robust EU missions, drew heavy criticism from both the left and the right. Since then, Austria has made only non-combat contributions to the CSDP, including through civilian missions, observer and training missions, and logistical support (such as supply and maintenance services) for EU battlegroups.¹⁷ Austria was eager to join PESCO, but not to contribute too much nor to join demanding projects.

Therefore, Austria might **advocate for flexibility and differentiated cooperation formats**, without undermining a single coherent European security and defence culture.

- The **operationalisation of the Union's mutual defence clause** (Art. 42.7) might also seriously impact Austria's capabilities.¹⁸

¹⁷ Worth being noted, though: on 21 Dec., Austria (Gen. Christian Riener) will take the lead of the EU Training Mission in Mali (EUTM Mali).

¹⁸ According to Cramer and Franke, Austria would probably not take part in any collective defence operation, regardless of its legitimacy, and might even use

its sovereign veto to prevent any European Council decision that would demand military assistance for the target of such aggression.