

Policy Brief

Putin's war and the Strategic Compass

A quantum leap for the EU's security and defence policy?

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#StrategicCompass

#Ukraine

#EUDefence

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One month into the Russian war against Ukraine, the EU approved the Strategic Compass. The strategy document promises a quantum leap in the EU's security and defence policy. But how realistic is this? The war sharpened the focus of the Compass, it triggered a substantial increase in defence spending, and it enhanced the sense of urgency regarding implementation. It is less clear whether it will entail a greater capacity to act, more strategic autonomy and better spending. The member states will have to move on these issues if there is to be a real quantum leap.

1. Introduction

On 21 March 2022, the EU's Foreign Affairs Council approved the [Strategic Compass](#) for Security and Defence. It is the outcome of a near-two-year process, based upon the EU's first joint threat assessment and intense member state negotiations. In 46 pages, the document sets out priority actions in four work strands (with punchy headlines): crisis management (ACT), resilience (SECURE), capabilities (INVEST) and partnerships (PARTNER). It proposes more than 50 deliverables with deadlines, most of them set before 2025.

The Compass represents **the most concrete and realistic roadmap for the EU as security provider** we have seen in the bloc's history. This roadmap was virtually complete when Russia invaded Ukraine on 24 February 2022. Faced with this tectonic shift in the geopolitical landscape, the member states and the European External Action Service (EEAS) adapted the document in a last-minute revision and negotiation marathon.

This policy brief assesses whether the final document lives up to the quantum leap in the EU's security and defence policy it promises. It shows that the war changed the Compass in three ways: it sharpened the focus, it triggered a leap in European defence spending, and it enhanced the sense of urgency regarding implementation. However, a few things remain unaltered and at least **three fundamental questions remain**: First, to what extent will the proposed measures really increase the EU's ability and willingness to act. Second, will more defence investment also amount to better spending? Third, how much strategic autonomy will eventually come out the Compass? Filling the protracted gap between ambition and implementation in the EU's security and defence policy will require answers to these questions. The policy brief closes by proposing three core elements of such answers:

- The EU should give concrete meaning to strategic autonomy by specifying scenarios and political criteria for crisis management and mutual assistance.
- An increased use of the European Peace Facility should go hand in hand with a political concept, clearer criteria and measures to enhance legitimacy.
- The EU should reinforce compliance mechanisms to ensure that more spending also entails better spending.

2. How Putin's war changed the Strategic Compass?

The Strategic Compass is not an answer to the Russian invasion of Ukraine, and it was never going to be. In fact, there were discussions about postponing its adoption altogether. After all, its foundation, the joint threat analysis of November 2020, was largely outdated by February 2022. Moreover, there was concern that the publication of the Compass would be completely overshadowed by the war. At the same time, the Russian invasion underlined the need to strengthen the EU's ability to think and act more strategically in the security domain. The member states thus decided to follow through and adapt the document in a high-speed revision marathon. Comparing the initial draft and the final version, three changes stand out:

More focus

The war in Ukraine led to clearer priorities. Whereas the first draft started with geopolitical shifts and hybrid threats, the final version puts the return of war in Europe at its centre. Unsurprisingly, the **language on Russia has become much stronger**. While the initial draft suggested selective engagement with Moscow including cooperation on shared priorities such as combating climate change, the final document firmly condemns Russia's military aggression and commits the member states to defending the European security order. This reflects a much more unified threat perception among EU member states of Russia than in the previous two decades.

More generally, the war **reinforced the EU's focus on its (broader) neighbourhood and its role as a regional rather than a global security provider**. During the negotiations, some member states, notably France, pushed for a more global role including engagement in the Indo-Pacific. While the Indo-Pacific still features in the final document, the commitment to concrete operational engagement has been narrowed down to the north-western area of the Indian Ocean. Meanwhile, the EU's Eastern flank, including Georgia and Moldova as well as the Western Balkans, clearly moved up the priority list. The Compass thereby also reflects growing fears of a spill over from the war in Ukraine to the wider region.

The war also **intensified the focus of earlier drafts on hybrid and cyber threats**. After the

EU's historic sanctions package against Russia, there were [warnings](#) that Moscow would retaliate with hybrid and cyber-attacks. The enhanced risk of attacks under the threshold of NATO Art. 5 explains why the Compass mentions the word 'cyber' 81 times (originally 61). It also explains why the EU made the plans for a Hybrid Toolbox much more granular in the final version, stating that it should comprise "preventive, cooperative, stabilisation, restrictive and recovery measures, as well as strengthen solidarity and mutual assistance".

More money

The most visible impact of Russia's war on the EU's security and defence policy is the commitment to "**resolutely invest more and better in defence capabilities and innovative technologies**". This pledge was agreed at the informal European Council [Summit](#) in Versailles on 10-11 March and then added to the Compass. The war will thus boost the trend of linear increases we have seen since the annexation of Crimea in 2014. Between February and March 2022, twelve EU member states announced increases in their defence budgets (see table 1) and more will follow. Germany's pledge to increase its expenditure to over 2%/GDP through a new €100 billion extra-budgetary fund is particularly noteworthy. If approved by the Bundestag, the fund would make Germany Europe's number one military spender and number three worldwide after the US and China.

Table 1: Announced defence spending increases (24 February-31 March 2022)

Member state	From (%/GDP)	To (%/GDP)	As of
Belgium	1.3	1.5	2030
Denmark	1.5	2	2024
Estonia	2.3	> 2.5	2023
Finland	2.1	Ca. 2.4	2023
Germany	1.5	> 2	2023
Italy	1.4	2	2028
Lithuania	2	3	2023
Latvia	2.3	2.5	2025
Poland	2.1	3	2023
Romania	2	2.5	2023
Spain	1.4	2	"in the coming years"
Sweden	1.3	2	ASAP

Source: Various, including [breakingdefense.com](#), percentage points rounded to one digit

The Compass also emphasises **better spending**. It calls on member states to coordinate their plans for increased expenditure by mid-2022. It tasks the Commission and the European Defence Agency (EDA) with producing an analysis of collective gaps in defence investment by mid-May 2022. The Compass also vaguely speaks of an increase of the European Defence Fund (EDF), stating that "we should be prepared to match the increased ambition at Union level with the adequate long term financial weight of the European Defence Fund". In addition, it suggests further incentives for collaborative spending such as a VAT waiver for the procurement of jointly developed capabilities and easier access to private funding, inter alia through the European Investment Bank.

Finally, the war in Ukraine is a **watershed moment for the European Peace Facility (EPF)**, an extra-budgetary instrument worth €5.6 billion (2021-7), allowing the EU to *inter alia* reimburse the delivery of weapons to third states. The instrument is extrabudgetary as the

Treaties prohibit the use of the regular multi-annual financial framework for activities with military and defence implications. The **speed and scale with which the EU deployed this new instrument was staggering**. Four days after the Russian invasion, the Council agreed to provide €500 million for the supply of lethal (€450 million) and non-lethal (€50 million) material to Ukraine. On 23 March and on 13 April, the Council added two more packages of €500 million, thereby tripling the Instrument's initial ceiling for 2022. The magnitude of the shift becomes clear when considering that it took the EU a large part of last year to agree a €31 million EPF package for Ukraine over three years.

Building on the Ukrainian example, **the Compass underlines the intention to increasingly use the EPF**, including in crisis areas, to support a country to “defend its territorial integrity and sovereignty and protect the civilian population from an unprovoked and unjustified aggression”. This is a significant step towards a more unified EU strategic culture, particularly for countries such as Germany, Finland and Sweden, which had hitherto rejected the delivery of weapons to crisis areas.

More urgency

Overall, the war heightened the sense of urgency at hand. While the initial draft spoke of the need for a “step change” in the EU’s security and defence policy, the final version promises a “**quantum leap**”. It stresses that **implementation should start immediately**. While the time horizon is five to ten years, more than half of the Compass deliverables are due by 2022 and virtually none post 2025. Among them is the review of the now outdated Joint Threat Analysis and the commitment to update it at least every three years. Another relevant example is the commitment to “immediately” speed up efforts to enhance military mobility, i.e., to facilitate the movement of military and dual-use goods across the continent. While these initiatives date back to 2017, the logistical challenges of moving weapons to Ukraine underline their practical relevance and urgency.

3. Three questions for implementation

Whether or not the Compass will lead to a quantum leap in the EU’s security and defence policy depends entirely on its implementation. In the past two decades, this policy area has suffered from a chasmic gap between ambition and implementation. The sharpened priorities, enhanced means and greater sense of urgency could provide the necessary push to narrow the gap. Even so, three key questions remain unanswered.

More capacity to act?

The underlying aim of the Compass is to enhance the EU’s “capacity and willingness to act”. At the same time, it **underlines that unanimous decision-making will remain the norm** for decisions with military and defence implications. The only deviation from this norm in the Compass is Art. 44 TEU, which allows member states to unanimously entrust a CSDP mission or operation to a group of member states, which then decide among themselves on its implementation. While the exact modalities are to be decided by 2023, the Compass underlines that Art. 44 operations should be under the “political oversight” of the Council. A tight political corset would, however, curtail the room for manoeuvre of such EU coalitions of the willing, thereby rendering them less attractive.

The **EU's capacity to act militarily will thus continue to depend on the political willingness of all member states**. One could argue that the Ukrainian case shows that they can rapidly agree on military measures. However, this case is more like a one-off: it is a situation with clear aggression inflicted on an EU partner, direct threats to EU member states, immediate consequences for them (e.g., massive refugee flows), and a united West led by a pro-European US President. It is hard to imagine that a more distant crisis, in Africa say, with more disparate member state interests and threat perceptions and a disengaged US would trigger a comparable degree of EU unity. At the very least, this has rarely been on display in the past and negative experiences with Libya, Afghanistan and, more recently, Mali are no help here. The war in Ukraine could, in fact, further reduce the willingness of war-weary public opinion to back military EU operations in the broader neighbourhood.

Against this backdrop, the EU could opt for an **increased use of the EPF as an alternative to operational engagement**. This would solidify an existing trend towards taking on the role of an enabling security provider. However, there are reasons why weapon deliveries to crisis areas have been a red line for a swathe of EU member states in the past. In the Ukrainian case, controversy flared up when EU High Representative Josep Borrell [prematurely](#) announced that the EPF would also fund the delivery of fighter jets, a statement he later had to withdraw. The Ukrainian case is special, both in terms of the need for speed and the risk of escalation. The Russian Foreign Minister explicitly [accused](#) Western nations of engaging in a proxy war with Russia and warned them against the risk of nuclear conflict. However, other contexts could be equally or even more controversial. If weapons end up in the wrong hands or if recipients use them to violate human rights, the EU's credibility as a peace project and normative power would be severely damaged. So, it's open to serious question whether and how far the Ukrainian case will ever be replicated.

More strategic autonomy?

The Compass carefully avoids the notion of strategic autonomy, which figures just once in the entire text. Considering the [controversy](#) attached to the very concept, this was a wise choice. Even so, the underlying question remains: What should the EU be able to do autonomously when and if partners (above all the US and NATO) choose not to engage. The Compass does not provide a clear-cut answer.

While it underlines NATO's primacy in the field of collective defence, it is vague on the EU's role in crisis management and in protecting its citizens. It provides a **roadmap for the development of the EU's crisis management toolbox but is agnostic on its political aims**. It thus proposes a new EU Rapid Deployment Capacity (RDC) that should "initially focus on rescue and evacuation operations, as well as the initial phase of stabilisation operations". However, it does not say what comes later and whether or under which circumstances the EU would be willing to engage on its own in more robust military operations.

Against the backdrop of the war in Ukraine and repeated Russian threats directed towards member states, it is noteworthy that the Compass **does not include any substantive appreciation or concretization of the EU's mutual assistance clause** (Art. 42.7 TEU). Ahead of the Versailles Summit in March 2022, non-NATO EU members Sweden and Finland wrote a [letter](#) asking for such an appreciation to underline that the EU is also a security community. The Versailles [Communiqué](#) merely mentions the clause without qualification. In the Compass, the most explicit reference can be found in relation to cyber solidarity. However, it is ambiguous about how Art. 42.7 TEU might dovetail or not with NATO Art. 5 in case of a massive cyber-attack. The fact that Finland and Sweden will likely apply for NATO membership after decades of non-alignment underlines the vagueness of the Compass on this key security aspect.

More broadly, it is unclear how EU-NATO cooperation should be deepened. The Compass promises to “further strengthen, deepen and expand our strategic partnership, political dialogue and cooperation with NATO across all agreed areas of interaction, including new key work strands such as resilience, emerging disruptive technologies, climate and defence and outer space”. It ambitiously suggests *shared* situational awareness, *joint* foresight exercises and *joint* and inclusive exercises. These steps would be real game changers, but they hinge on the ability to share confidential information, which continues to be blocked by Turkey on the one hand, and Cyprus and Greece on the other. The Compass is silent on these impasses and on how to circumvent them. The question is then whether the third EU-NATO Joint Declaration due in June 2022 can deliver anything more than symbolic fine words and yet more staff-to-staff cooperation.

More coordinated spending?

Spending more on defence does not automatically mean spending better. There is a risk of a ‘reverse post-2008 scenario’ when the member states engaged in uncoordinated defence budget cuts. We could now face uncoordinated increases, focused on national priorities, leading to unnecessary duplication. A look at the member states’ compliance with EU spending objectives in the past six years is troubling in this regard. While defence spending has been on the rise and despite the clear focus of the EU’s defence initiatives on increasing collaboration, the share of joint investment dropped. The share of collaborative defence procurement dropped from 21% in 2016 to a low of [11%](#) in 2020 and the share of collaborative investment in Research & Technology decreased from [13% in 2015 to 6%](#) in 2020.

While the Commission/EDA report on collective investment gaps scheduled for mid-May 2022 is an important Compass deliverable, it could suffer the same fate as the EDA’s [CARD Report of 2020](#). The latter highlighted collective priorities and gaps, but also found that national defence plans up to the mid-2020s excluded them. This is worrying considering that the deadline the Compass sets for compliance with PESCO’s more binding commitments is 2025. A vague call on the member states to exchange views “on national objectives on increased and improved defence spending” fails to pass muster.

4. Conclusion and recommendations

Putin’s ruthless military invasion shows that the EU needs to learn the language of power sooner rather than later. The sharpened vocabulary in the Compass is a good starting point. However, as shown above, more focus, money and urgency does not automatically lead to a greater capacity to act, more autonomy, let alone better spending. The real work on narrowing the gap between ambition and reality simply starts now and the following steps should be considered in the coming months.

Concretise the meaning of strategic autonomy

The EU should immediately start to **spell out what strategic autonomy means**. The development of operational scenarios for EU crisis management will be crucial in this regard. This task is a political one, not one to be left to planners at the strategic level. The development of scenarios should start with what an early scoping paper for the Compass called a “strategic view on CSDP operational engagement towards a ‘security belt’ around

Europe”. The definition of “political interests for interventions” (in the same paper) will be key. This is a precondition for speaking the language of power. Speaking it together and with one voice means that this discussion must take part at the level of member states, notably Germany, which is developing its own national security strategy in the coming months.

Concretising strategic autonomy should also include **specifying the value and implementation of Art. 42.7 TEU**. Even if Finland and Sweden were to join NATO in the coming weeks, questions on the concrete meaning of the EU as a security community will have to be answered, not least for the remaining non-NATO EU members. The first and only time the clause was invoked was by France in 2015 after the terrorist atrocities in Paris. The French government then asked other member states to provide military support in other crisis areas, notably the Sahel. Support measures varied greatly in nature and scale. The first use of the clause underlines the need for a clarification of its implementation. The EU should clarify how an “armed attack” on the territory of a member state is defined and to what extent this includes terrorist and hybrid attacks. It should also spell out what the “obligation of aid and assistance by all the means” in the power of the member states entails and specify response options. Clarification may well be controversial, but it is also highly relevant if not unavoidable with a view to future EU enlargement – including a potential membership perspective for Ukraine.

Learn the lessons from the EPF’s watershed moment

Ukraine may have been a watershed moment for the EPF, but the issue must be treated with care. Any increased use of the EPF would presuppose a larger financial envelope than the €5.6 billion currently foreseen until 2027. A larger budget and more frequent deployment should go hand in hand with a **political vision and new mechanisms to ensure legitimacy and accountability**. The Council should review the criteria for the delivery of weapons along with the new operational scenarios for crisis management. It is important to rethink these aspects in tandem as they could either dovetail or become alternative poles for engagement in future.

To give this off-budget instrument greater legitimacy, **the European Parliament should be involved in the decision-making process**. It should be presented with a detailed risk assessment before any decision to deliver weapons and the opportunity to provide its own input. In addition, the EU should boost the respective [personnel and expertise](#) within the European External Action Service to allow for systematic post-shipment monitoring. This could be complemented with an EU [platform](#) allowing the affected population in recipient countries to file complaints.

Ensure compliance with common spending objectives

Considering past failures to fulfil EU spending objectives there is a very strong case for **reinforcing compliance mechanisms**. The member states should commit to translating the findings of the Commission/EDA report into national implementation plans. Such plans already exist in the framework of PESCO. However, as the Council noted in the [PESCO progress report of 2020](#), they lacked granularity, a forward-looking dimension and political oversight. The new annual Defence Ministerial meeting should become the venue for an **intergovernmental peer review mechanism** based on upgraded national implementation plans. The plans should include a forward-looking section, outlining how member states intend to meet PESCO’s more binding commitments.

The Strategic Compass reflects the EU's willingness to fill the gap between ambition and reality and to learn the language of power. However, there is a risk of a mismatch between the typically gradual nature of EU change and the speed and scale of the tectonic shifts it is facing. It is too early to say whether the EU's response to the Russian invasion will pave the way for the promised quantum leap. The adherence to unanimity, the continued ambiguity surrounding the notion of strategic autonomy and the bloc's fair track record in coordinating defence spending provide room for doubt. At the same time, Ukraine really is the last wake-up call, and the need for autonomous action could become very concrete after the US presidential election in 2024. The member states should thus take the Compass as a starting point and go beyond it to equip the EU with the geopolitical edge that the coming decade will undoubtedly require.



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