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Third-State Participation in the EU's Common Security and Defence Policy

Opportunities and Conditions for the United Kingdom

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Introduction

As part of its 'reset' with the European Union, the UK Labour government envisions an EU-UK security pact. On the other side of the channel, the new President of the European Council Antonio Costa has invited UK Prime Minister Keir Starmer to an informal gathering of all EU heads of state and government in February 2025, at which Starmer participated in a dinner focusing explicitly on exploring UK-EU defence cooperation in light of the common geostrategic challenges, not least with the changes across the Atlantic.

Equally, the Polish EU Council Presidency has named closer EU-UK cooperation as one of the aims in the first half of 2025, again with security and defence as prime area of cooperation.¹ When the Trump administration excluded Europeans from the start of negotiations with Russia over Ukraine, both Starmer and UK Foreign Secretary David Lammy took part in various formats with EU counterparts to coordinate the European approach to Ukraine and the US. At least at the political level, the interest of both sides on closer cooperation in security and defence could not be more obvious.

The devil, as always, is in the detail. The starting position of the EU and the UK on security and defence cooperation is, despite the large overlap in values and interests, difficult. As part of its hard Brexit agenda, the Boris Johnson government divorced the UK from any structural cooperation with the EU on foreign, security and defence policy, perceiving it as an area where bilateral and multilateral cooperation with the EU's member states would be sufficient for the UK. Although ad-hoc cooperation between the EU and the UK picked up in wake of the Russian invasion of Ukraine, as of early 2025 the EU has a closer security relationship with Norway, Ukraine or the US than it has with the UK. The EU, for its part, in all of the instruments of its Common Security and Defence Policy (CSDP) has designed a set of rules to govern – and limit – third country participation. They not only set a clear boundary between what is possible for third countries in contrast to EU members, but are also largely aimed at Norway: A joint member of NATO, but also of the European Economic Area (EEA) with close security and economic integration with the EU, and with a size that fits (largely) comfortable in a second tier.

In order to assess these details, this working paper takes a closer look into the EU's current 'offer' for third country participation across different CSDP instruments, how they relate to UK interests and political red lines and what the perspectives for future cooperation are. Based on this analysis, we develop a four-stage model for potential EU-UK security and defence cooperation, with the UK currently standing at stage two, as an ad-hoc partner. Under current political limits from both sides, an upgrade to stage three, a structured partner, is feasible, leading to a more structured cooperation and coordination, for instance with a Framework Agreement with the European Defence Agency (EDA) or a Framework Participation Agreement for EU missions and operations. For stage four, a special partnership with cooperation and participation in EU defence industrial efforts, at least one if not both sides would need to fundamentally revisit their red lines either on third country participation rules for the EU and/or the willingness of the UK to integrate with the EU's single market. Although both of these policy choices are politically deeply

¹ Ministry of Foreign Affairs, Republic of Poland, »Poland's Presidency of the Council of the EU in 2025 priorities and activities«, 27.1.2025, <<https://www.gov.pl/web/diplomacy/polands-presidency-of-the-council-of-the-eu-in-2025-ministry-of-foreign-affairs-priorities-and-activities2>> (last accessed 27.1.2025).

ingrained, given the quickly changing European security order amidst changes in the US position towards Russia and Ukraine, the EU and the UK should have every interest to find a pathway towards stage four.

Lock-Out: Why the UK does not have an institutionalised cooperation with the EU on Security and Defence

Since 2021, the institutionalised relationship between the United Kingdom and the European Union in the areas of security and defence has been limited to a Security of Information Agreement.² However, before the Johnson government aimed for a hard Brexit in 2020, this development was not regarded inevitable, as other forms of institutionalised cooperation were considered both in the UK and the EU.

Initially, it was assumed that a mutually beneficial deal on security and defence between the UK and the EU would be one of the easier aspects of Brexit negotiations, because of the closely aligned security interests, the relative importance of Britain as a global security actor and the intergovernmental nature of CSDP.³ The positions of both sides in the negotiation were generally positive, but they were also guided by clear principles. The EU sought to safeguard the protection of its decision-making autonomy, the principle that non-members should not enjoy the same benefits as full members, and felt the need to avoid any disruption of defence relationships with other third countries as a result of the UK-EU relationship.⁴ The EU-27 envisioned the UK's participation as that of a 'normal' third country and were not necessarily inclined to offer special conditions.⁵

Originally, then Prime Minister Theresa May was especially keen on reaching a security agreement.⁶ In the course of the Brexit negotiations, the EU and the May government put forward several proposals for institutionalised cooperation.⁷ When Boris Johnson took over as Prime Minister in the summer of 2019, it initially appeared that he wanted to adopt many of the previously negotiated approaches in the area of security and defence. Indeed, he focused his renegotiation of the three times rejected Withdrawal Agreement on the issues around Northern Ireland, and in January 2020 signed the "Political Declaration setting out the framework for the future relationship between the European Union and the United Kingdom" almost unchanged. This included the – political – commitment to explore a deeper EU-UK security partnership with the following possibilities: regular political dialogue; close cooperation on EU-led civilian and military missions and operations; defence industrial cooperation, including an administrative arrangement with the EDA;

² Official Journal of the European Union, *Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information*. L 149/2540, 30.04.2021, <[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22021A0430\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22021A0430(02))> (last accessed 6.12.2024).

³ Benjamin Martill, *The future of UK-EU security cooperation in the shadow of Ukraine*, 2023 (British Politics and Policy at LSE), <<https://blogs.lse.ac.uk/politicsandpolicy/the-future-of-uk-eu-security-cooperation-in-the-shadow-of-ukraine/>> (last accessed 1.10.2024).

⁴ Sophia Besch, *Brexit negotiations in the field of defence: Lessons learnt and moving forward*, 2018, p. 1, (Security Policy Working Paper, Nr. 31/2018), <https://www.baks.bund.de/sites/baks010/files/working_paper_2018_31.pdf> (last accessed 20.11.2024).

⁵ Øyvind Svendsen, *The Politics of Third Countries in EU Security and Defence. Norway, Brexit and Beyond*, Cham: Palgrave Macmillan, 2022, p. 49.

⁶ Benjamin Martill [see Fn. 3].

⁷ Government of the United Kingdom, *Framework for the UK-EU Security Partnership*, Government of the United Kingdom, May 2018, <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705687/2018-05-0_security_partnership_slides_SI_FINAL.pdf> (last accessed 4.2.2025).

UK participation in selected EDF-funded projects and in the framework of permanent structured cooperation; intelligence sharing in the field of cybersecurity and cooperation with the EU Satellite Centre.

However, shortly after signing the declaration in January 2020, Johnson radically changed his political course. When negotiations began in February 2020, the British government clearly distanced itself from possible CSDP cooperation. In its own guidelines for the negotiations published on February 3, it categorically excluded the goal of any structured form of cooperation in foreign, security or defence policy.⁸ This marked a decisive shift in the UK's approach to its security relationship with the EU. The only agreement in this area was a *Security of Information Agreement* in 2021, which was also needed for other forms of cooperation.

There are several possible explanations for Johnson's renunciation of increased EU-UK cooperation in CSDP. Firstly, Johnson and his chief negotiator David Frost advocated a hard Brexit and wanted to avoid giving the EU any more leverage than necessary. Johnson had promised 'get Brexit done' with full autonomy for the UK, yet the price for a No-Deal scenario in the economic field was deemed too high. In contrast, in the realm of defence, the prospect of a No-Deal outcome was seen as of little concern due to the UK's continued membership in NATO.⁹ Secondly, there was a fundamental scepticism regarding the relevance of the EU in foreign and especially security and defence policy, coupled with a preference for alternative formats, namely NATO and multilateral and bilateral formats in Europe. A third reason was the restrictions on the participation of third countries in CSDP initiatives, which, from the British point of view, were not compatible with the status and resources of the United Kingdom.

Shared interests, new opportunities: the changing strategic and political context

Since the change of government in the UK in the summer of 2024, the Labour government under Prime Minister Keir Starmer has been seeking to reset relations with the EU, including in the area of security and defence. This effort is arguably also influenced by the continuing threat to the European continent from Russia and the expected upheaval and uncertainty of the Trump II administration. With this shift in focus, the British government is likely to find fertile ground with the new EU leadership, which has made defence a core priority of its new term, as well as with the Polish Presidency, which will be holding office in the first half of 2025.¹⁰

This dynamic is embedded in a fundamentally securitised European discourse. Faced with the return of a conventional land war to the European continent and the resulting direct security threat from Russia, the Union mobilised arms and funds for a non-member state on an unprecedented scale. The EU leadership's pioneering role in the creation of new financial instruments and the creative sourcing of financial resources to further assist Ukraine, such as the use of windfall profits from frozen Russian assets, demonstrate that the EU and its member states are willing to invest significant resources to meet new security challenges.¹¹ This is particularly evident in the light of the new Commission, which is

⁸ Government of the United Kingdom, *The Future Relationship with the EU - The UK's Approach to Negotiations*, February 2020, <https://assets.publishing.service.gov.uk/media/5e579695e90e07110306a2f5/The_Future_Relationship_with_the_EU.pdf> (last accessed 8.1.2025).

⁹ Benjamin Martill [see Fn. 3].

¹⁰ Ministry of Foreign Affairs, Republic of Poland [see Fn. 1].

¹¹ Marianne Riddervold/Pernille Rieker, *Finally coming of age? EU foreign and security policy after Ukraine*, in: *European Security*, 33:3, 2024, P. 497–516.

putting a clear focus on this policy area, not least through the creation of the post of Defence Commissioner and the planned publication of a White Paper on European Defence within the first 100 days.¹² The alignment of security and defence interests between the EU and the UK has thus grown. Even before the start of the full-scale Russian invasion, the UK was supplying arms and other military equipment to Ukraine and has often been at the forefront of security policy in supplying long-range weapons systems (Storm Shadows).¹³ Moreover, the UK's support for Finland and Sweden's accession to NATO clearly underlined the UK's security policy compatibility in terms of shared interests and values.

The second election of Donald Trump in the autumn of 2024, and the erratic and confrontative governance of his administration, has the potential to bring the UK and the EU closer together and provide further impetus for closer security and defence cooperation. In the first weeks of the Trump II administration, amidst a barrage of executive orders, the US has both enacted new tariffs vis-à-vis its close allies, including both the EU and the UK, and started the process of negotiating over Ukraine with Vladimir Putin, at least initially without either Ukraine or any other European ally. Although the shape of the negotiations and EU and/or UK involvement remains to be seen, it is clear that the reliability of the US as a guarantor of European security is diminishing. Europeans will have to shoulder much more of the responsibility in defence, and for this involvement of the UK will be key. But it should not be forgotten that, despite the new US administration, the British government will seek to maintain its special relationship with the US and possibly avoid direct confrontation with the Trump administration.

In addition to the changing geostrategic context, domestic factors also favour a convergence of UK and EU security and defence policies. After the first post-Brexit years were marked by a clear separation from the EU and its security and defence policy, the government of Rishi Sunak has already changed this hard line to a much more pragmatic approach.¹⁴ As a result, the EU has already been referenced in key strategy papers such as the Integrated Review Update of 2023.¹⁵ Also, the UK's participation in the European Political Community, the signing of the Windsor Agreement to resolve the post-Brexit trade issue with Northern Ireland, the return to the Horizon and Copernicus research programmes, and the Franco-British initiative on cross-Channel migration policy all underline the shift away from the turbulent and confrontational years of Brexit. Of particular interest was the signing of an application to participate in the *Military Mobility* PESCO project in 2022, which aims to standardise and facilitate the deployment of military personnel and equipment in Europe.¹⁶ However, cooperation was initially limited to this single instrument, and it was not intended as a prelude to a fundamental, institutionalised participation in CSDP instruments.

¹² Aurélie Pugnet, *New defence commissioner teases much-expected future White Paper*, in: *EURACTIV* (online), 5.12.2024, <<https://www.euractiv.com/section/defence/news/new-defence-commissioner-teases-much-expected-future-white-paper/>> (last accessed 23.1.2025).

¹³ John R. Deni and Lisa A. Aronsson, *The Role of America's European Allies in the Russia-Ukraine War, 2022–24*, US Army War College, September 2024, P. 34 ff., <<https://presp.armywarcollege.edu/cgi/viewcontent.cgi?article=1968&context=monographs>> (last accessed 27.1.2025).

¹⁴ Andreas R. Elizabeth Piper, *UK, Germany deepen defence ties, united in support for Ukraine*, in: Reuters Media (online), 24.4.2024, <<https://www.reuterp.com/world/europe/uks-sunak-hopes-deepen-defence-ties-trip-germany-2024-04-23/>> (last accessed 23.1.2025).

¹⁵ Government of the United Kingdom, *Integrated Review Refresh 2023: Responding to a more contested and volatile world*, 23.1.2025, <<https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world>> (last accessed 23.1.2025).

¹⁶ POLITICO, *UK joins EU military mobility project*, 10.11.2022, <<https://www.politico.eu/article/eu-welcomes-uk-into-its-military-mobility-project/>> (last accessed 23.1.2025).

Participation of third countries in CSDP instruments

Given this joint interest in EU-UK security cooperation, from an EU perspective, it is imperative to look at the details – what are the conditions that govern the third country participation in CSDP instruments today? How would they apply to the UK, if it were willing to participate, and what limits would they set? To approach these questions, in the following section we analyse the main CSDP instruments, their respective rules for third country participation and the relations to the publicly known UK position for its relationship with the EU. We selected the main instruments that were already under discussion for the political declaration of 2020 (PESCO, EDA, EDF, EU missions and operations) as well as important instruments created since then, in particular the Act in Support of Ammunition Production (ASAP), a first attempt of the EU in joint procurement, and the European Defence Industry Reinforcement through common Procurement Act (EDIRPA) programme.

Permanent Structured Cooperation

Permanent Structured Cooperation (PESCO) offers member states a voluntary but legally binding opportunity for defence cooperation at the intergovernmental level in groups of member states. It enables capable and willing member states to jointly develop projects and invest in capabilities and to improve the operational readiness and contributions of their armed forces. PESCO projects usually focus on capability development, the development of guidelines and concepts, the harmonisation of requirements or training.¹⁷ PESCO is based on Article 42(6) and Protocol No. 10 of the Treaty on European Union (TEU) and was established by Council Decision (CFSP) 2017/2315. With the exception of Malta, all Member States are involved in various projects of the over 60 PESCO projects currently under development.¹⁸

Opportunities for participation of third countries

The Council Decision (CFSP) 2020/1639 of 5 November 2020 on the general conditions under which third States may exceptionally be invited to participate in individual PESCO projects' (subsequently referred to as the PESCO-decision) made it possible for third

¹⁷ PESCO secretariat, *PESCO Projects Progress Report*, July 2024, <https://www.pesco.europa.eu/wp-content/uploads/2024/09/PESCO-Projects-Progress-Report_Public_Release_.pdf#new_tab> (last accessed 2.10.2024).

¹⁸ PESCO secretariat, *PESCO - Projects*, 2.10.2024, <<https://www.pesco.europa.eu/#projects>> (last accessed 2.10.2024).

States to become involved in PESCO projects under uniform rules and conditions. Since 2021, Canada, the US and Norway have been participating in the *Military Mobility* project, which aims to facilitate the unhindered movement of military personnel and equipment within Europe. In 2022, the UK was also officially invited to participate in the *Military Mobility* project. However, due to the ongoing dispute over Gibraltar and the use of its airport, the full participation in the project has not yet been completed. In summer 2024, Switzerland also declared its interest. In addition, Canada received an invitation in 2023 to participate in the project *Network of Logistic Hubs in Europe and Support to Operations*, which aims to mobilize networks of logistic facilities to make military operations more efficient. Furthermore, in 2024, Switzerland expressed its interest in participating in *Cyber Ranges Federations*, a project aimed at improving the capabilities of cyber training and cyber training centres.

Details of the cooperation are set out individually in administrative arrangements, for example regarding the rights and obligations of the third country, the extent of decision-making power in the project, the scope and area of information exchange and conditions for terminating participation.¹⁹ The operational decision-making power may be shared, but the autonomy of the EU member states must always be preserved. For example, for the US, Canada and Norway in the *Military Mobility* project, the third countries are allowed to bring up new topics for discussion within the project and participate in meetings, but the final decision-making power remains with the participating EU member states.²⁰

Conditions for participation and assessment for the UK

The conditions that a third country must fulfil are set out in Art. 3 of the PESCO-decision: it must (a) share the fundamental values of the Union and engage in a political dialogue with the Union, including on security and defence matters, (b) generate significant added value for the project, for example by providing technical expertise or additional capabilities (c) its participation must contribute to strengthening the CSDP, (d) its participation must not lead to dependencies on the third country and must avoid restrictions on arms procurement, research, development or the use and export of arms and technology; to this end and to avoid the results being used against the Member States, an agreement must be concluded on the further joint use of the capabilities and technologies developed in the project,²¹ (e) its participation must contribute to the availability, operational capability and interoperability of the forces and, depending on the subject area, fulfil further obligations of the Permanent Structured Cooperation, (f) have a confidentiality agreement in force with the Union, (g) where applicable have an agreement with the EDA if the project is carried out with the support of the EDA and (f) comply with other PESCO provisions (Decision (CFSP) 2017/2315 and (CFSP) 2018/909).

The combination of the limited decision-making competence of third countries, especially when beyond operational planning, and the need under Art. 3 d) of the PESCO-decision to strictly avoid dependencies and restrictions for EU member states in the area of capability and technology development, leads to challenges for possible security and defence cooperation between the EU and the UK. For the UK, it is problematic that

¹⁹ EEAS, *Questions & Answers: Third States' participation in PESCO projects*, 7.8.2024, <https://www.eeap.europa.eu/eeas/questions-answers-third-states%E2%80%99-participation-pesco-projects_en> (last accessed 7.8.2024).

²⁰ Government of the United Kingdom, *HMG Written Evidence to European Scrutiny Committee Inquiry on PESCO and EU-UK Defence*, July 2023, <<https://committeep.parliament.uk/writtenevidence/125933/pdf/>> (last accessed 7.8.2024).

²¹ This requirement has a built-in tension with requirement (b), since it is difficult for a state to offer significant added value that does not at the same time lead to dependence on that state.

intellectual property resulting from a joint project may not be freely usable. In fact, there are currently no PESCO projects open to third country participation that involve the development of capabilities or technologies. This is not to say that other PESCO projects, such as *Military Mobility*, which do not involve capabilities or technologies, don't have added value for the UK. An additional challenge is that the EU has established uniform rules for participation, which makes it impossible to negotiate a special agreement with separate conditions for the UK.

In addition to *Military Mobility*, other projects could be considered for future UK participation. For example, under the existing rules, cooperation could be extended to the *Network of Logistic Hubs in Europe and Support to Operations project*, for which the EU has already recognized the added value of third country participation, and which is closely linked to *Military Mobility*.²² The Union is also considering the participation of third countries in the *Cyber Ranges Federations project*.²³

European Defence Agency

The European Defence Agency (EDA) was founded in 2004 as an intergovernmental institution that aims to increase member states military cooperation. It falls under the authority of the Council of the EU and aims to support the development of defence capabilities, promote defence research and technology and strengthen the European defence industry, acting as a platform and an interface between military planning and policy making. The EDA is based on Art. 42 TEU and Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency (subsequently referred to as the EDA Council Decision). All member states of the EU are also members of the EDA, but cooperation within the EDA is fully voluntary, with joint projects being initiated either by the Agency itself or by one or more Member States. These projects and programmes are open to other Member States, allowing them to join at any point.

Opportunities for Participation of third countries

Art. 26 of the EDA Council Decision is the legal basis for a cooperation with a third party, which can be a third state, organisation or other entity. Third states who wish to participate in EDA ad hoc activities or projects have to conclude (legally non-binding) administrative arrangements on the respective project.²⁴ Prerequisite is the conclusion of a framework agreement with the agency. The EDA has concluded framework agreements with five states: Norway (2006), Switzerland (2012), Serbia (2013), Ukraine (2015) and the United States (2023). A framework agreement clarifies basic issues, consultation mechanisms and security matters. Participation in individual activities and projects of the EDA are then decided again on a case-by-case basis. In principle, by concluding a framework agreement, the EDA and the third state aim to intensify and deepen their cooperation over time and upon mutual agreement.²⁵ However, third states cannot become part of the decision-making process within the agency, they have no automatic right to participate in further projects and are

²² PESCO secretariat [see Fn. 17].

²³ Ibid.

²⁴ European Defence Agency, *Third parties*, 2024, <<https://eda.europa.eu/who-we-are/third-parties>> (last accessed 20.8.2024).

²⁵ Ibid.

not even allowed to participate in activities and meetings that are concerned with decision-making.²⁶

When analysing the concrete activities of third countries with framework agreements within the EDA, a few points stand out. Firstly, the project in which most third countries are involved (namely Norway, Switzerland, Serbia and Ukraine) is the military arm of the Single European Sky (SES) project, which was launched by the Commission in 2004 to counteract the fragmentation of European airspace. The EDA contributes military aspects to the Single European Sky project. Since the participating third countries are also part of the civilian aspect of the SES, it makes particular sense for them to benefit from the military component as well.

Secondly, it is noteworthy that Norway participates in 21 activities and projects, many more than any other third country and some member states. Norway works with EDA primarily in harmonization and information sharing, for example, Norway shares extensive military information in a collaborative database. Joint training, monitoring, research and even participation in industry-related projects, joint investment and procurement also take place. This shows that cooperation within the EDA framework can be intensive, if there is mutual political will. On the other hand, the example of Ukraine, that only participates in the SES-project, shows that the cooperation within a framework agreement can also only involve individual projects.

It is also striking that Switzerland, Serbia and Norway often participate in the same projects, which thus form a *standard corpus* of third-country projects in which participation seems to be particularly worthwhile for both sides or in which third-country participation can be considered as posing little concern for the EU. This *standard corpus* includes the following projects: Single European Sky, Air-to-Air Refuelling, Defence Test and Evaluation Base, European Network of National Authorities on Ammunition (status of partner country), Small and Medium Sized Enterprises, Helicopter Training Initiatives, Collaborative Database and the EU Collaboration in Defence.

Conditions for Participation and assessment for the UK

Although there is no document that unifies the conditions for participating in the agency, the following conditions should be met to conclude a framework agreement: (a) Unacceptable dependencies should be avoided, as should restrictions for the member states or the EDA, additionally the Union's decision-making autonomy must be preserved (Art. 26 (1) of EDA Council Decision); (b) A security of information agreement with the Union must be in place to serve as the basis for the annex to the administrative arrangement, which will specify how sensitive data will be protected and how it will be processed;²⁷ (c) A framework agreement with the EDA is to be followed by specific joint activities that contribute to the development of the defence capabilities of the member states and pursue the Council's objectives in the areas of security and defence. Consequently, there are no partnership activities with the EDA in support of general political objectives, and third countries are required to participate regularly and actively;²⁸ (d) the collaboration should add value and be based on balanced, mutual benefit;²⁹ (e) The cooperation should primarily protect the defence interests of all member states and make the European defence industry sustainable, innovative and competitive; (f) The cooperation is intended to contribute to the realization of the

²⁶ European Defence Agency, *Factsheet: EDA's Relations with Third Parties*, 26.4.2023, <<https://eda.europa.eu/docs/default-source/brochures/3rd-parties-factsheet-27-april-fin.pdf>> (last accessed 20.8.2024).

²⁷ European Defence Agency [see Fn. 24].

²⁸ European Defence Agency [see Fn. 26].

²⁹ Ibid.

security and defence interests of the Union and its member states on the basis of shared values.

Similarly, to concerns already raised in the context of PESCO, the limited decision-making role of third states could make participation unattractive for the UK. Nevertheless, a framework agreement could potentially be mutually beneficial while keeping the risk of losing control comparatively low on both sides. Additionally, mutual consultation and information exchange between the EDA and the UK Ministry of Defence, as envisaged in the other framework agreements with third states, also offers potential for creating new and reactivating old communication channels, which is something that the Labour government might seek to achieve.

Maritime cooperation could be of great importance for future collaborative endeavours, especially in view of the EU's growing importance as a maritime power.³⁰ It should also be mentioned that although the Single European Sky project is very popular with third countries, it is unclear whether the UK's participation in the military arm of the project alone would offer added value for both sides. All other participating third countries are also part of the civilian side of the SES project, but after Brexit, the UK is only a contractual partner of EUROCONTROL, the network manager of SES.³¹ If there is no ambition to change this situation, it is questionable to what extent it is feasible to join the military arm of the project without also fully rejoining the civilian part of the SES.

EU CSDP Missions and Operations

CSDP missions and operations are a foreign and security policy instrument of the EU that includes civilian and military missions and operations around the globe. They are an integral part of the Common Security and Defence policy and carry out a variety of tasks.³² Since its first deployment in 2003, over 40 missions and operations have been undertaken, of which 24 are ongoing.³³ Currently, around 3500 military personnel and 1300 civilian personnel are deployed.³⁴ CSDP missions and operations are pursuant to Article 42 and 43 TEU.

Opportunities for Participation for third countries

The possibility of third country participation in CSDP missions and operations is given by Article 37 TEU. Each cooperation with a third country within an EU mission or operation is governed by an individual participation agreement, but similarly to the EDA, there is the possibility of concluding a framework participation agreement (FPA) that defines the

³⁰ Gesine Weber, *Maritime security: a window of opportunity for UK-EU cooperation?*, 11.11.2022, <<https://ukandeu.ac.uk/maritime-security-a-window-of-opportunity-for-uk-eu-cooperation/>> (last accessed 9.10.2024).

³¹ European Scrutiny Committee, House of Commons, *Sixth Report of Session 2021–22 - Airport Slot Allocation and Single European Sky*, 9.10.2024, <<https://publicationp.parliament.uk/pa/cm5802/cmselect/cmeuleg/121-vi/12105.htm>> (last accessed 9.10.2024).

³² Such as conflict prevention, peacekeeping, crisis management, joint disarmament operations, military advice, capacity building, assistance tasks to humanitarian rescue and post-conflict stabilisation. More information: *EEAS, Factsheet: EU Common Security and Defence Policy (CSDP) Missions and Operations*, March 2024, <https://www.eeap.europa.eu/sites/default/files/documents/2024/EU-mission-and-operation_2024.pdf> (last accessed 18.10.2024).

³³ *EEAS, Missions and Operations*, 28.8.2024, <https://www.eeap.europa.eu/eeas/missions-and-operations_en> (last accessed 28.8.2024).

³⁴ *Ibid.*

terms of the participation of the non-EU country and the relationship of this country with the EU in carrying out missions or operations.³⁵ Up to now, around 20 FPAs have been signed to facilitate such participation.³⁶

As a third state contributor to the mission or operation, states may appoint liaison officers to the planning staff and participate in the Committee of Contributors.³⁷ The Committee of Contributors is a forum for representatives from member states, third countries and the Commission to discuss the day-to-day management of the mission or operation. It meets regularly to provide input on mission oversight, and the PSC considers its views when making decisions.³⁸ Although third countries can participate in operational planning and offer input on adjustments through the Committee of Contributors, they do not have full decision-making power; strategic control remains with the PSC and the Council, where member states hold final authority.³⁹ Third countries may only participate once the plans for a mission or operation are fully developed and have to accept the plans in their entirety.⁴⁰ As of 2018, 45 third countries had participated in current or past missions and operations, with a total deployment of 288 personnel.⁴¹

Conditions for Participation and assessment for the UK

When a third state joins a civilian or military CSDP mission or operation, the country firstly concludes a Participation Agreement with the Union. This will govern issues such as command and control structures, procedures, legal aspects and financial commitments. Secondly, the contribution is further specified by multiple technical agreements that concern areas such as information exchange, planning documents and sharing of confidential information.⁴²

There are few uniform conditions for participation in CSDP missions and operations. The participation may not infringe upon the decision-making autonomy of the Union. Additionally, an FPA is not to be seen as a free pass to participation in just any mission or operation: The member states decide on a case-by-case basis if a state is invited to join or not. Third states bear the costs of their contributions (but so do EU member states).

In order to understand the context of future UK participation in CSDP missions and operations, it is important to understand the extent to and manner in which the UK participated in CSDP missions and operations pre-Brexit. In 2018 the UK had participated in 25 of the 35 missions and operations that had been carried out so far. The UK provided the operation commander and the operational headquarters for EU NAVFOR Atalanta, an anti-piracy military operation at the Horn of Africa and one of the most successful CSDP missions and operations to date. Additionally, the UK provided the strategic reserve for stabilisation operation EUFOR Althea in Bosnia and Herzegovina.⁴³ In many other EU

³⁵ Ibid.

³⁶ EEAS, *Factsheet: EU Common Security and Defence Policy (CSDP) Missions and Operations*, March 2024, <https://www.eeap.europa.eu/sites/default/files/documents/2024/EU-mission-and-operation_2024.pdf> (last accessed 18.10.2024).

³⁷ European Council, *Presidency Conclusions, Nice European Council Meeting, 7. 8. and 9.12.2000, 7.2.2001*, <https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/00400-r1.%20ann.en0.htm> (last accessed 28.8.2024).

³⁸ House of Lords, European Union Committee, *Brexit: Common Security and Defence Policy missions and operations*, 14.5.2018, <<https://publicationp.parliament.uk/pa/ld201719/ldselect/lddeu-com/132/132.pdf#page=38>> (last accessed 30.7.2024).

³⁹ EEAS [see Fn. 36].

⁴⁰ House of Lords, European Union Committee [see Fn. 38].

⁴¹ Ibid.

⁴² Ibid.

⁴³ Government of the United Kingdom [see Fn. 20].

operations and missions, however, the UK participation was more symbolic, as it focused its troops on Iraq and Afghanistan. The UK, leveraging its diplomatic influence and experience, thus adopted a selective approach to CSDP missions and operations, taking on the role of an intellectual leader that offered strategic guidance and advice while occupying a few, yet crucial, positions.⁴⁴

According to the House of Lords, there are specific CSDP actions that align particularly well with the strategic foreign policy interests of the UK, among them operation Atalanta, CSDP missions in the Balkans (EUFOR Althea and EULEX Kosovo), EUMAM Ukraine and local capacity-building projects in African states (EUCAP Somalia, EUCAP Sahel Niger, EUCAP Sahel Mali, EUTM Mali). More generally speaking, a participation in maritime and naval CSDP missions and operations could benefit the UK.⁴⁵

Due to its previous role as a strategic leader in CSDP missions and operations, participation under existing EU rules is now unattractive for the UK, as it desires a greater involvement in planning and the ability to exert influence.⁴⁶ The UK would like to be granted a special status, for example an observer status in the PSC. However, this could lead to problems with other third countries, such as Norway and Turkey, which are also able to make valuable contributions but have accepted the prevailing conditions for third countries for years. A weaker form of special status, which would also be easier to achieve, would be establishing a permanent consultation mechanism that allows the UK to be part of the process already in the planning stage. However, whether the EU would be open to such an engagement is far from certain.

European Defence Fund

Established in 2021, the European Defence Fund (EDF) is the EU's instrument for supporting research, development and cooperation in the defence sector, and for the first time provides funding for defence from the EU budget. In the 2021-2027 Multiannual Financial Framework (MFF), it has been allocated a budget of €7.953 billion, divided into two main pillars: €2.651 billion for the financing of cooperative defence research and €5.302 billion for the co-financing of cooperative capability development projects. The EDF is aimed at defence companies and research institutions in Europe. The aim of the fund is to strengthen the competitiveness, innovation, efficiency and technological autonomy of the defence industry and to promote cross-border cooperation between strategic partners in the defence industry.⁴⁷

In particular, the EDF provides for up to 100% financing of research projects in the defence equipment research phase and co-financing with the Member States involved in the projects in the subsequent development phase of specific capabilities. Financial support is provided mainly in the form of grants, depending on the activity, and a bonus system which takes into account small and medium-sized enterprises (SMEs) and participation in a PESCO project. The EDF is organised and structured around annual work programmes, which are divided in the current cycle into a total of 34 thematic and horizontal categories of measures, in line with the objectives set out in the MFF. These are used to launch annual calls for proposals aimed at the defence industry. An important condition for funding

⁴⁴ House of Lords, European Union Committee [see Fn. 38].

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ European Commission, *European Defence Fund (EDF) - Official Webpage of the European Commission*, 23.1.2025, <https://defence-industry-space.ec.europa.eu/eu-defence-industry/european-defence-fund-edf-official-webpage-european-commission_en> (last accessed 23.1.2025).

is that projects must involve at least three independent companies or research actors from at least three EU Member States or the EEA.

Conditions for Participation for Third Countries

The objective of the EDF is to strengthen the European defence industry and to promote European cooperation, therefore financial resources of the EDF are primarily intended for the Member States of the European Union, see Art. 3 of EDF-Regulation 2021/697 (subsequently only referred to as EDF-Regulation). However, members of the EEA may participate in the Fund in accordance with the EEA Agreement (Art. 5 EDF-Regulation). This group of countries is referred to in the EDF as 'associated countries'. De facto, this refers to Norway, as it is the only country with sufficient de jure and de facto possibilities to participate.

Third countries that do not fulfil the conditions described in Article 5 ('non-associated countries'), such as the UK, can participate in the EDF, but the hurdles for doing so are high. In the legal base, a distinction is made between 'true' and 'non-true' third-country participation. 'True third-country participation' refers to the participation of companies that are based in a non-associated country and also carry out their main business activities there. However, no such co-operation with third countries has taken place to date. 'Non-true third-country cooperation', on the other hand, is defined as cooperation with companies that have their registered office and business activities in an EU Member State or associated country, but whose ultimate control is outside this territory (e.g., subsidiaries of large non-EU groups).⁴⁸ This is highly important for the UK, with its comparatively strong defence industry that is deeply integrated with European partners.

As regards true third country cooperation, the following can be said: Article 9(6) EDF-Regulation stipulates that true third-country entities are not eligible for EU funding. But the beneficiary of EDF funding in a research and development project may cooperate with legal entities outside the territory of the Member States or associated countries, and may even make use of their infrastructure. Cooperation with an entity outside the Union is however clearly regulated and the barriers are particularly high. Art. 20 (applicable to research projects) and 23 (applicable to development projects) EDF-regulation stipulate that cooperation with a third country must never result in the participating Member States losing ultimate control over the project. Two very sensitive issues for potential participating third countries arise from this: 1) a participating third country must de facto provide permanent, unrestricted export licences for all resources brought into an EDF project; and 2) the retention of intellectual property rights for the results of research and development activities within the EU must be ensured.⁴⁹

In addition, according to Art. 20 (1) of the EDF-Regulation, the results of research activities supported by the fund belong to the recipients who have produced them, which are de facto EU Member States or associated countries (Art. 2 EDF-Regulation). For non-associated third countries, this means that they cannot acquire sole ownership of the research results or developed defence equipment. Further hurdles relate to the prohibition of unauthorised access to classified information. However, a Classified Information Agreement with the EU, which the UK has already signed in 2021, should be sufficient for the Commission in this respect and it is not expected that further security guarantees will be

⁴⁸ Tim Lawrenson/Ester Sabatino, *The Impact of the European Defence Fund on Cooperation with Third-Country Entities*, The International Institute for Strategic Studies, 2024, <https://www.iisp.org/globalassets/media-library---content--migration/files/research-papers/2024/10/euro-defence/iiss_the-impact-of-the-european-defence-fund-on-cooperation-with-third-country_24102024.pdf> (last accessed 2.1.2025).

⁴⁹ Ibid.

required. The Commission makes it also clear that the activities carried out under the aegis of the actor from a non-associated third country, such as using the infrastructure of such a company, cannot be financed from EDF resources. In view of the above, it is not surprising that the EDF has not yet seen any real participation by third countries.

Regarding 'non-true third-party cooperation', only bodies established in the Union or in associated countries and not controlled by non-associated third country bodies are eligible for funding. However, under certain conditions, it is possible to allow funding of bodies which are established in the Union or in an associated country but whose control structures are located outside the Union or an associated country (e.g. a European branch of a UK based and controlled company).

This exemption (Article 9(4) EDF-Regulation) is subject to particularly strict conditions. The Commission, as administrator of the Fund, must be provided with guarantees approved by the Member State or associated country in which the institution concerned is located. These guarantees include the absolute prevention of access to confidential information, which is abundant in defence projects. Another important restriction is the regulation of the destination of intellectual property in funded defence projects. In addition, the capability developed may not be exported outside the Union or an associated country without the consent of the Member States or associated countries involved. Similarly, the security clearance of personnel involved in a research or development project may not be carried out by a non-associated third country or its authorities, but must be carried out by government authorities within the EU or an associated third country (Art. 9 (4) b) EDF-Regulation).

These restrictions are understandable given the purpose of the EDF. After all, the aim is to improve the situation of European defence companies, and the funds used are provided by the EU budget. However, these high barriers to participation for non-associated third countries also mean massive restrictions for participating companies from third countries, which would have to give up all autonomy and decision-making power in order to participate.

Assessment for the UK

In consequence, the options for UK participation in the EDF is strongly limited, as it remains outside the EEA. In the current MFF, this is likely of little consequence, as the overall volume of the EDF remains low in relation to what is needed for larger defence projects. If the EDF is significantly increased in the future, however, this could become problematic for the UK respectively UK defence companies.

Although hurdles are high, in practice UK companies are already benefitting today from projects under PESCO, EDIRPA and the EDF by being shareholders in companies participating in EU-funded projects. Although a fully comprehensive and conclusive investigation is not possible within the scope of this paper, this example illustrates what UK participation in the form of non-true third country participation could look like in practice: The international group MBDA is a European military corporation that owns five subsidiaries in Europe (MBDA Italy, MBDA Spain, etc.). With 37.5%, BAE Systems from the UK is one of the largest shareholders of the parent company.⁵⁰ The MBDA subsidiaries are involved in a number of projects funded by the EU⁵¹ for example, MBDA Italy is a member of the EDF-

⁵⁰MBDA, *MBDA Worldwide* | MBDA, 2.2.2024, <<https://www.mbda-systemp.com/about-us/mbda-worldwide/>> (last accessed 3.1.2025).

⁵¹Pierre Calves, *MBDA strengthens European presence with opening of a permanent office in Brussels*, 10.11.2021, <<https://www.mbda-systemp.com/press-releases/mbda-strengthens-european-presence-with-opening-of-a-permanent-office-in-brussels/>> (last accessed 3.1.2025).

funded FEDERATES project.⁵² MBDA also sold MISTRAL 3 Missiles to the EU as part of the 60 million EDIRPA-funded Mistral project⁵³. In addition, MBDA-Germany is playing an important role in two PESCO projects: BLOS (Beyond Line Of Sight) and TWISTER (Timely Warning and Interception with Space-based TheatRE surveillance).⁵⁴ It therefore follows that the UK-owned BAE Systems benefits from EU funds and projects.

European defence industry reinforcement through common procurement act

While the European Defence Fund is aimed at the early phases of the life cycle of defence equipment, the research and development phase, the 'European Defence Industry Reinforcement through Common Procurement Act' (EDIRPA) is aimed at the subsequent phase of the actual procurement of defence capabilities and acts as a complementary instrument to the EDF. To this end, the instrument will provide a total of 300 million euros in the period from October 2023 to the end of 2025 to strengthen the competitiveness of the European defence industry, promote cross-border cooperation and establish and expand production capacities to ensure that the European defence industry can meet the needs that have grown since 24 February 2022. By co-financing relevant joint procurement measures, the Commission wants to create incentives for increased cooperation between Member States and associated states so that key capabilities, such as air defence systems, are procured jointly. If the European Defence Industrial Strategy (EDIS) and the European Defence Industrial Programme (EDIP) presented in March 2024 are anything to go by, the scope of EDIRPA will be significantly expanded and supplemented in the future.⁵⁵ The Union's financial contribution to each action is subject to a double ceiling, which may not exceed 15% of the total amount of EDIRPA and then again 15% of the estimated value of the joint procurement contract per consortium of Member States and associated countries, unless the recipients of the procured goods are Ukraine or Moldova. Another important condition for EDIRPA financing is that the consortium must consist of at least three EU Member States or associated countries, meet a particularly urgent and critical need for defence equipment and extend existing cooperation to at least one other Member State or associated country.⁵⁶

Opportunities for Participation for Third Countries

EDIRPA is intended to complement the EDF not only in terms of content, but also with regard to the possibility of third country participation. As in the EDF Regulation, a distinction is made between associated (EEA area) and non-associated third countries. This differentiation, in turn, results in explicit participation opportunities for associated states

⁵²European Defence Fund, *FEDERATES - Fact Sheet*, <https://defence-industry-space.ec.europa.eu/system/files/2023-06/FEDERATES%20-%20Factsheet_EDF22.pdf> (last accessed 3.1.2025).

⁵³MBDA, *Mistral 3 project to receive €60 million from European Union*, 18.12.2024, <<https://www.mbda-sys-temp.com/2024/12/18/mistral-3-project-to-receive-e60-million-from-european-union/>> (last accessed 3.1.2025).

⁵⁴Calves [see Fn. 51].

⁵⁵ European Commission, *Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry*, 5.3.2024, <https://defence-industry-space.ec.europa.eu/document/download/643c4a00-0da9-4768-83cd-a5628f5c3063_en?file-name=EDIS%20Joint%20Communication.pdf> (last accessed 23.1.2025).

⁵⁶ European Commission, *EDIRPA | Addressing Capability Gaps*, 23.1.2025, <https://defence-industry-space.ec.europa.eu/eu-defence-industry/edirpa-addressing-capability-gaps_en> (last accessed 23.1.2025).

and provisions that hinder or even exclude cooperation for non-associated states. An essential core of the EDIRPA-Regulation is also that ultimate control may explicitly not lie with legal entities from non-associated third countries or with the country itself.⁵⁷ For those actors who have their registered office and their management and administrative structures in the Union or in an associated country, but whose control is exercised from a non-associated country, the instrument stipulates that they must be subject to a screening in the sense of Regulation (EU) 2019/ 452 of the EP and of the Council (screening of foreign direct investments in the Union). In addition, as in the case of the EDF, guarantees must be provided to ensure that the participation of the actor involved in the joint procurement is not contrary to the security and defence interests of the Union and the Member States (pursuant to Art. 3 EDIRPA Regulation). Within these guarantees, it must be ensured that the control of the actor involved does not hinder or restrict the fulfilment of its mandate, that access to classified information by the non-associated third country or legal entity is prevented and that the security clearance of the staff involved in the project is carried out by an authority of the Union or an associated Member State. Furthermore, the defence-related products to be procured must not be subject to any restrictions by a non-associated country that would limit the ability of Member States or associated countries to use these products (Art. 9 (10) EIRDPA Regulation).⁵⁸

Non-associated third countries ultimately only play a role in EDIRPA with regard to defence supply chains. Art. 9 (12) EDIRPA Regulation stipulates that at least 65% of the value of the final product must originate from the Union or associated countries in order for an item to be eligible. Conversely, this means that an item is also eligible if 35% of the components originate from a non-associated third country, including the UK. Again, the restriction is that the countries of manufacture or origin of these components do not violate the security and defence interests of the EU. All this shows that EDIRPA is slightly more restrictive in its participation options for non-associated third countries than the EDF, and is therefore likely to be out of reach the UK in its current form, even if participation by UK companies within the supply chains of the procured product is possible.

Act in Support of Ammunition Production

The *Act in Support of Ammunition Production* (ASAP) was created in March 2023 to ramp up the production capacities of EU member states in the field of ammunition production in order to replenish stocks. This has become necessary due to the deliveries of high-calibre ammunition and missiles to Ukraine and the long-term goal of being able to maintain this support. It is a novel instrument that provides an example how joint procurement could work on the EU level.

A total of €500 million is available to the instrument in the form of loans in the period from July 2024 to June 2025. The instrument is intended to provide financial support for measures aimed at eliminating bottlenecks in production capacities and supply chains or ensuring or accelerating the production of critical defence equipment. ASAP is based on a total of 5 pillars, which represent the central investment objectives and each have their

⁵⁷ Official Journal of the European Union, *Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18.10.2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA)*, 23.1.2025, <<https://eur-lex.europa.eu/eli/reg/2023/2418/oj/eng>> (last accessed 23.1.2025).

⁵⁸ The only exceptions are urgently needed and critical defence equipment. In this case, however, a feasibility study must be carried out to check whether the components cannot be procured elsewhere, and the goods must already have been in use by the armed forces of a majority of the states participating in the joint procurement by 24.02.2022 (Art. 11 EDIRPA-Regulation).

own project portfolio: Explosives (€124 million), Powder (€248 million), Grenades (€90 million), Missiles (€50 million) and Testing of Reprocessing Certification (€2 million).⁵⁹

Opportunities for Participation of Third Countries

In line with the EDF and EDIRPA, members of the European Economic Area are eligible to participate in the instrument as associated third countries. Beneficiaries participating in an action supported by the instrument must have their legal entities established in the Union or in associated countries as well as their management structures. As with EDIRPA and the EDF, these beneficiaries must either not be controlled by a non-associated third country or of a legal entity of a non-associated third country or, alternatively, they must have undergone a screening in accordance with the EU's rules on screening of foreign direct investments and, where necessary, appropriate risk mitigation measures. In addition to the EDF and EDIRPA, guarantees must be provided to prevent access to classified or confidential information and to exclude any restrictions on infrastructure and intellectual property. The ASAP-Regulation makes it particularly clear that this instrument was created with a view to assisting Ukraine. Any participation of a non-associated third country must therefore not have the effect of hampering in any way the delivery of capabilities to Ukraine.⁶⁰

A 'real third country co-operation' (see EDF chapter) in which a company that has both management structures and business activities in a non-associated third country, is not provided for in either EDIRPA or ASAP. With regard to the UK defence industry, this means that subsidiaries of British companies can, under the strict limits and high hurdles of the regulations described above, participate in the joint procurement or that they can be represented in the supply chains of projects funded by EDIRPA. At the present time, however, this structure is likely to provide few real financial and structural incentives for companies from third countries.

European Peace Facility

The European Peace Facility (EPF) was established in March 2021. It constitutes an instrument designed to enhance the capabilities of the EU and its member states in the realms of conflict prevention, peace consolidation and peacekeeping, and the reinforcement of international security and stability. It is a financing instrument that is distinct from the EU budget, with funding derived from contributions from member states. The EPF is constituted as a distinct administrative and organisational entity, endowed with legal personality. The financial resources available to the EPF for the period 2021-2027 were initially capped at €5.69 billion but were subsequently increased in several stages to €17 billion as a consequence of Russia's war of aggression against Ukraine. A dedicated support fund for Ukraine, operating within the legal framework of the EPF, was established in March 2024.⁶¹

⁵⁹ European Commission, *Act in Support of Ammunition Production (ASAP)*, 31.1.2025, <https://defence-industry-space.ec.europa.eu/eu-defence-industry/asap-boosting-defence-production_en> (last accessed 31.1.2025).

⁶⁰ Official Journal of the European Union, *Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20.7.2023 on supporting ammunition production (ASAP)*, <<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1525>> (last accessed 23.1.2025).

⁶¹ European Commission, *European Peace Facility*, 23.1.2025, <https://fpi.ec.europa.eu/what-we-do/european-peace-facility_en> (last accessed 23.1.2025).

Opportunities for Participation of Third Countries

The EPF's area of responsibility is therefore divided into two broad pillars. The first is intended to finance the common costs of EU operations under the CFSP/CSDP with military or defence implications. These costs are not to be financed by the EU budget, as set forth in Article 41(2) TEU. The second pillar concerns the financing of support measures, the operational expenditure of which is to be borne by the Member States. Potential funding targets include, firstly, measures to enhance the military and defence capabilities and capacities of third countries or regional and international organisations (e.g. the African Union), and secondly, support for the explicitly military aspects of peace support operations conducted by a third country or a regional or international organisation.

In particular, the EPF makes a significant contribution to supporting the Ukrainian armed forces by providing financial assistance through a joint financing instrument. Between 2022 and 2024, the EPF facilitated the mobilisation of €6.1 billion to address the urgent military and defence needs of the Ukrainian armed forces.⁶² The establishment of a dedicated support fund for Ukraine has enabled the allocation of a further €5 billion, resulting in the current total support of €11.1 billion. Furthermore, the European Peace Facility (EPF) is utilised to finance the European Union's support mission, EUMAM Ukraine, which encompasses the training of Ukrainian armed forces by European counterparts. The EPF addresses third countries in two distinct ways. On the one hand it explicitly serves to strengthen the military or defence capabilities of third countries, as previously described, or to support military aspects of peace support operations conducted by third countries. This will like not be relevant for the UK. On the other hand, the EPF is open to the involvement of third countries in the financing of such support measures. In accordance with Article 30 of the EPF Regulation, the PSC is required to provide its consent for the EPF to be entrusted with the administration of a voluntary financial contribution from a third country. Furthermore, the legal framework for an operation or support measure must include provisions that allow for this. In this context, the respective financial contribution of the third country is then clearly linked to a specific operation or a specific support measure based on a corresponding administrative agreement. The costs incurred for the administration of the voluntary contribution of the third country should then also be covered by the voluntary contribution. Here, particular emphasis has been placed on ensuring that member states do not bear any costs as a result of the participation of a third country. In October 2022, Norway became the first third country to make such a voluntary contribution to the EPF by contributing to the EUMAM Ukraine mission and offering voluntary contributions to support measures for Ukraine. In July 2023, Norway demonstrated its continued commitment to the mission by concluding a transfer agreement for a voluntary financial contribution in the range of EUR 22 million. Norway's commitment was particularly focused on the provision of ammunition and spare parts for the Leopard II tank, as well as other missile and ammunition aspects.⁶³ The UK has so far not signalled interest in contributing to the EPF. For instance, on Ukraine, it is directly providing military aid and conducts its own training operation for Ukrainian forces that started before EUMAM.

⁶² Consilium, *EU military support for Ukraine*, 23.1.2025, <<https://www.consilium.europa.eu/en/policies/military-support-ukraine/>> (last accessed 23.1.2025).

⁶³ European Union & Norway, *Security and Defence Partnership between the European Union and Norway*, 28.05.2024, <<https://www.regjeringen.no/contentassets/abc084fe921e403791ddb505622ba365/eu-norway-security-and-defence-partnership.pdf>> (last accessed 05.02.2025).

Links between the Instruments

Although the aforementioned instruments have their own individual status and legal basis, some of them are nevertheless linked to each other logically, administratively and/or legally. Firstly, it is noteworthy that a security of information agreement is necessary as a basis for almost all further forms of co-operation between the Union and third countries. Secondly, relationships between the instruments are diverse. While the CSDP missions and operations, for example, function independently of other instruments, the EDA, as a general coordinating body, has several links to other instruments: The EDA is part of the official PESCO secretariat,⁶⁴ and since 2022, the EDA has been eligible to manage actions under the European Defence Fund (EDF) through indirect management (Art. 8 of the EDF-Regulation). EDA's responsibilities include preparing and managing grant agreements, overseeing project implementation, making payments, and reporting to the European Commission. There are also PESCO projects that are supported by the EDA. If a third state wishes to participate in such a project, then according to Art. 3 g) of the PESCO-Decision it must also have an administrative arrangement with the EDA, which the UK currently lacks.

There is also a significant link between the EDF and PESCO. According to Art. 13(3a) of the EDF-regulation, projects developed within the PESCO framework can benefit from a 10% higher co-financing rate compared to non-PESCO projects. This means that for PESCO-related activities, the EDF will provide a greater percentage of funding, making it financially more attractive for Member States to propose and participate in PESCO projects. Additionally, it is possible that the EDF could trigger new PESCO projects by providing the research and technology foundation necessary for future capability developments, with EDF-funded R&T activities potentially leading to follow-up PESCO initiatives.⁶⁵ Thirdly, the conditions for third countries to participate in the instruments also show some similarities. Though all instruments have their own individual conditions, and they are rarely identical in wording or detailed provisions, some requirements seem to be thematically close and to pursue the same objectives.

⁶⁴ PESCO secretariat, *Permanent Structured Cooperation (PESCO)*, 7.8.2024, <<https://www.pesco.europa.eu/#projects>> (last accessed 7.8.2024).

⁶⁵ Edouard Simon/Alessandro Marrone, *Linking PESCO and EDF: Institutional Mechanisms and Political Choices*, 2021, P. 12, <<https://www.iris-france.org/wp-content/uploads/2021/05/66-Report-PESCO-EDF-April-2021.pdf>> (last accessed 15.11.2024).

Table I: Conditions for third country participation across selected CSDP instruments

Decision-making autonomy	PESCO, EDA, CSDP Missions & Operations, EDF, EDIRPA
Security of Information Agreement	PESCO, EDA, EDF, EDIRPA, ASAP
Secure intellectual property rights	PESCO, EDF, EDIRPA, ASAP
EEA membership for equal access	(EDA) EDF EDIRPA ASAP
Screening requirement for direct investments	EDIRPA ASAP
Domestic (EU) security clearance of personnel	EDF EDIRPA
Bear costs of own contributions	CSDP Missions & Operations EPF
Protect/advance EU interests	PESCO EDA
Generate added value	PESCO EDA
Based on shared values	PESCO EDA

This list shows that the requirements for a third country to participate in PESCO and the EDA are particularly similar and also that EDIRPA has many overlapping objectives with several instruments.

Outlook: A four-stage model for an EU-UK security partnership

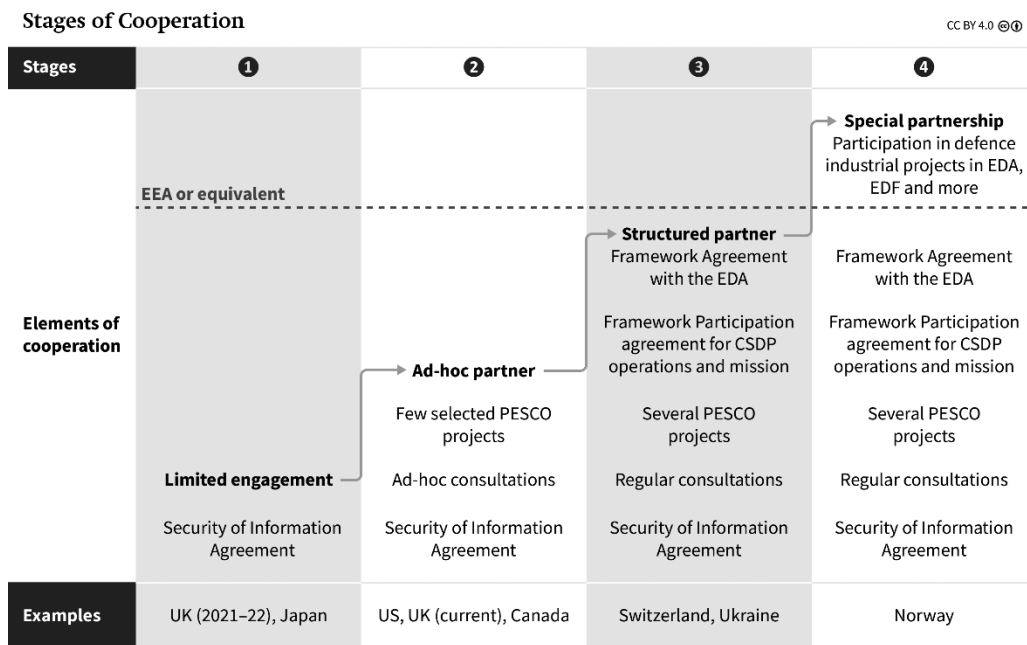
Taken together, the analysis shows that there is significant leeway for deepening EU-UK security and defence cooperation on existing CSDP instruments, but also clear political and legal hurdles. In terms of expectations management, it should first be made clear that while there is such room for deepening cooperation, a coordination and cooperation on security and defence instruments is not straight-forward or a low-hanging fruit. To the contrary, as in the overall EU-UK relationship since Brexit, they require a tricky balance of compromise in finding a space for the UK in the EU's third country relationships. Generally, cooperation becomes much more complicated and more demanding, the closer it gets to defence industrial cooperation. Here, current EU rules – as developed by the member states – allow only for full participation of EEA countries that are fully integrated into the EU's single market, in short: Norway. A return to the single market is, of course, fully ruled out by the current Labour government.

The relatively strong military capabilities and large defence industry of the UK are, paradoxically, as much of a problem as a boon. On first sight, in the current geostrategic position that the EU and the UK find themselves in, with Russia waging its war against Ukraine, threatening the European security order and Donald Trump questioning US security guarantees, the case for deeper EU-UK defence cooperation is stronger than ever. Looking deeper into the existing CSDP instruments, however, shows that the EU designed them largely for smaller contributing third countries, who can accept that decision-making autonomy remains with the EU member states, and that third countries are limited to contributing on a case-by-case basis on terms set by the EU.

In addition, the decisions of the Boris Johnson government to exclude any structural cooperation with the EU on security and defence has a long-term lock-out effect. In contrast to the ambitions set out in the political declaration attached to the Brexit Withdrawal Agreement, the baseline today remains hard Brexit in security and defence. Although ad hoc cooperation in this area has increased since the Russian attack on Ukraine, it has remained very cautious. For sometimes minor political reasons, even announced cooperations like the UK participation in the *Military Mobility* project under PESCO have not been fully implemented.

There is, therefore, significant political will necessary to advance meaningful the EU-UK defence cooperation. Based on the current third country rules of EU CSDP instruments, we identify four distinct stages:

Illustration 1 – Four stages of third country security and defence cooperation with the EU



The first stage involves **very limited engagement**. In this stage, coordination and cooperation between the EU and the UK on security and defence would be largely non-existent. Instead, the UK – or any other third country – would cooperate primarily with the individual EU member states on a bilateral, multilateral or NATO level. No regular dialogue between the EU’s representative and the third country takes place, and there is no structured participation in any CSDP instrument. The only difference to no engagement at all is a Security of Information Agreement, which enables information sharing (for instance on sanctions) on an ad hoc basis between the EU and a third country. Such an agreement was signed on December 2020 alongside the Trade and Cooperation Agreement. As such, this first stage was reached initially after Brexit, when the UK and EU cooperation (also) on security and defence was brought to a standstill.

The second stage of an **ad-hoc partner** is advancing to broader ad-hoc coordination and limited cooperation. It would entail using the Security of Information Agreement as the very basis for regular exchange – such as between the EU’s High Representative and the British Foreign Secretary or the Commissioner for Defence and the UK Defence Secretary – and only limited cooperation on selected CSDP instruments, for instance the PESCO project for military mobility. This stage corresponds to the current status of the EU-UK relationship in security and defence. The United States – as partner in the military mobility project and with a framework for participation Agreement for CSDP operations would also fall in that category, as would Japan with its recent Security Agreement with the EU.

The third stage of a **structured partner** with full coordination and broader cooperation. In addition to the second stage, this would entail a broader set of CSDP instruments the third country would participate in, extending from very few PESCO projects to not only a broader range of PESCO projects, but also an administrative agreement with the EDA, unlocking participation in EDA projects, as well as the framework agreement for participation in CSDP missions and operations. As identified, within EDA there is already a standard corpus of EDA projects third countries such as Norway, Switzerland or even Serbia participate in, including the military aspects of the Single European Sky, Air-to-Air

Refuelling, the European Network of National Authorities on Ammunition and the helicopter training initiatives. Neither a framework agreement with the EDA nor one on participation in CSDP missions and operations would touch the UK's broader redlines on its reset with the EU; and would also be of interest for the EU as part of a potential security pact with the UK.

The final stage, a **special partnership in security and defence**, however, has the biggest hurdle, that of participation in the EU's single market. For all of the defence industry related CSDP instruments such as the EDF, joint procurement over the ASAP initiative, the EDIRPA initiative and capability related PESCO projects, the EU differentiates between associated countries participating in the EU's single market – that is Norway – and third countries and their companies outside the single market, regardless of whether they are close NATO allies. Only by either re-integrating into the EU's single market, which is currently strictly ruled out by the Labour government and even if not, would be a project of many years, or by revising its rules on third countries or creating a special status for the UK from the side of the EU could this fourth stage be reached.

Looking ahead, the analysis therefore shows that there is a path to significantly upgrade the EU-UK security and defence relationship to what we define as stage three, a structured partner. This would, on the legal level, entail a framework agreement with the EDA and one for participation in EU missions & operations as well as participation in further selected PESCO projects, all of which could be politically included in negotiations on a broader 'EU-UK security pact'. At the same time, expectation should be set that for high political and legal hurdles for stage four. All the more reason to explore the potential of stage three to its fullest.

Given the gravity of the changes in the European security order, with the Trump administration threatening to negotiate the future of Ukraine directly with Russia without the Europeans involvement, and the clear signal that Europeans will have to do a lot more for their own security, more flexibility and pragmatism is needed for the UK and the EU. The EU and its member states are on the path to investing much more in defence, both nationally but potentially also on the EU level. Both sides should have an interest to include the UK there. As they upgrade to stage three, London and Brussels should therefore also tackle the question of how to achieve stage four, a special partnership. For the UK, this means evaluating where it wants to significantly enhance defence industrial cooperation with its European partners, at the NATO, bilateral and also the EU level. To take part in the EU driven defence industrial cooperation, this will mean accepting a secondary role as a third country. For the EU, this might mean adapting its third country rules for a more flexible approach that allows a space for the UK, even if it does not re-join the single market. To get this balance right will be tricky, and political red lines as well as old Brexit scars both in the UK and the EU make reaching stage four much harder. But given the pressure on European security, both should make the effort with the required urgency and pragmatism.

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Annex

List of third country participation in PESCO & EDA projects

Norway (FPA with EDA since 2006)

- Maritime Surveillance (MARSUR) (country to the networking and information exchange) ([Link](#))
 - Single European Sky ([Link](#))
 - Air-to-Air Refuelling ([Link](#))
 - Defence Test and Evaluation Base (DTEB) ([Link](#))
 - European Network of National Authorities on Ammunition (ENNSA) (status of partner country) ([Link](#))
 - Small and Medium Sized Enterprises (SMEs) ([Link](#))
 - Helicopter Training Initiatives (Helicopter Tactics course) ([Link](#))
 - Collaborative Database ([Link](#))
 - EU Collaboration in Defence (EUCLID) ([Link](#))
 - PT M&T – Project Team Movement and Transport ([Link](#))
 - Technology Watch & Foresight ([Link](#))
 - Pilot Project and Preparatory Action on Defence Research ([Link](#))
 - BISON COUNTER Exercises ([Link](#))
 - CBMP – Optimising Cross Border Movement Permission Procedures in Europe ([Link](#))
 - CBRN Joint Investment Programme ([Link](#))
 - CUSTOMS – Harmonising Military Requirement Related to Customs ([Link](#))
 - Joint Deployable Exploitation and Analysis Laboratory (JDEAL) ([Link](#))
 - Maritime Mine Counter Measures - New Generation ([Link](#))
 - Modular Lightweight Minesweeping ([Link](#))
 - Sharing of Spare Parts (SoSP) ([Link](#))
 - REACH ([Link](#))
 - Military Mobility (PESCO – [Link](#))
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Serbia (FPA with EDA since 2013)

- Single European Sky ([Link](#))
- Air-to-Air Refuelling ([Link](#))
- Defence Test and Evaluation Base (DTEB) ([Link](#))
- European Network of National Authorities on Ammunition (ENNSA) (status of partner country) ([Link](#))
- Small and Medium Sized Enterprises (SMEs) ([Link](#))
- Helicopter Initiatives ([Link](#))
- Collaborative Database ([Link](#))
- EU Collaboration in Defence (EUCLID) ([Link](#))
- EU SATCOM Market ([Link](#))

Switzerland (FPA with EDA since 2012)

- Single European Sky ([Link](#))
- Air-to-Air Refuelling ([Link](#))
- Defence Test and Evaluation Base (DTEB) ([Link](#))
- European Network of National Authorities on Ammunition (ENNSA) (status of partner country) ([Link](#))
- Small and Medium Sized Enterprises (SMEs) ([Link](#))
- Helicopter Initiatives ([Link](#))
- Collaborative Database ([Link](#))
- EU Collaboration in Defence (EUCLID) ([Link](#))
- PT M&T – Project Team Movement and Transport ([Link](#))
- Technology Watch & Foresight ([Link](#))
- CapTech Energy and Environment ([Link](#))

Ukraine (FPA with EDA since 2015)

- Single European Sky ([Link](#))

Canada (no FPA with the EDA)

- Military Mobility (PESCO – [Link](#))

USA (FPA with EDA since 2023)

- Military Mobility (PESCO – [Link](#))
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List of abbreviations

ASAP	The Act in Support of Ammunition Production
BLOS	Beyond Line of Sight
CBRN	chemical, biological, radiological and nuclear materials
CFSP	Common Foreign and Security Policy
Council Decision (CFSP) 2017/2315	Council Decision (CFSP) 2017/2315 of 11 December 2017 establishing permanent structured cooperation (PESCO) and determining the list of participating Member States
Council Decision (CFSP) 2018/909	Council Decision (CFSP) 2018/909 of 25 June 2018 establishing a common set of governance rules for PESCO projects
CFSP	Common Foreign and Security Policy
CSDP	Common Security and Defence Policy
EDA	European Defence Agency
EDA Council Decision	Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency
EDF	European Defence Fund
EDF-Regulation	Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (Text with EEA relevance)
EDIRPA	The European Defence Industry Reinforcement through common Procurement Act
EDIP	European Defence Industrial Programme
EDIS	European Defence Industrial Strategy
EDTIB	European Defence Technology Industrial Base
EEA	European Economic Area
EU	European Union
EUCAP Sahel Mali	European Union Capacity Building Mission in Mali
EUCAP Sahel Niger	European Union Capacity Building Mission in Sahel Niger
EUCAP Somalia	European Union Capacity Building Mission in Somalia
EUFOR Althea	Operation Althea, formally the European Union Force Bosnia and Herzegovina
EULEX Kosovo	European Union Rule of Law Mission in Kosovo
EUMAM Ukraine	EU Military Assistance Mission in support of Ukraine

EU NAVFOR Atalanta	Operation Atalanta, formally European Union Naval Force Somalia
EUROCONTROL	The European Organisation for the Safety of Air Navigation
EUTM Mali	European Union Training Mission in Mali
EPF	European Peace Facility
FPA	Framework Participation Agreement
JDEAL	Joint Deployable Exploitation and Analysis Laboratory
MSC	Munich Security Conference
MFF	Multiannual Financial Framework
NATO	North Atlantic Treaty Organisation
OCCAR	Organisation for Joint Armament Cooperation
PESCO	Permanent Structured Cooperation
PESCO-Decision	Council Decision (CFSP) 2020/1639 of 5 November 2020 on the general conditions under which third States may exceptionally be invited to participate in individual PESCO projects
PSC	Political and Security Committee
SES	Single European Sky
SMEs	Small and medium-sized enterprises
TEU	Treaty on European Union
TWISTER	Timely Warning and Interception with Space-based Theater surveillance
UK	United Kingdom
US	United States of America