The crisis of the eurozone poses enormous economic challenges to the recovery of the European Union (EU) and the stability of the world economy. Tensions rise every once in a while in the international system, as the recent crisis in Mali demonstrates, and the responsibility to act demands actions from the EU. Therefore, it becomes plausible to wonder whether the economic troubles besetting many EU members are also impinging on the role that the EU itself plays in the international scene. Since the establishment of the European Security and Defense Policy (ESDP) in 2003, one of the EU’s objectives has been to strengthen its international presence by participating directly in the management of international crises, as proven by the over twenty missions that have been carried out since.

The international profile of the EU, and its so-called “actorness”\(^1\), have grown thanks to the active global role it has played in recent years. What this contribution tries to determine is whether the current economic crisis is undermining the difficult achievements of past years. An analysis of the number of operations and of the debate over the next multiannual financial framework (MFF) suggests that the commitment could decrease in the near future unless an effort towards further integration is made by EU member states. Even though the number of ongoing missions is higher today than in the past, the number of missions launched yearly has decreased overtime, and some EU member states are experiencing problems in meeting their promises to fund current operations. Moreover, the growing expectation of a stronger international role for the EU stands in stark contrast with the debate on the 2014-2020 budget, which came under fire with the recent EU austerity policies. The result is that the amount of

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funds allocated for the forthcoming period is similar to the 2007-2013 real terms spending level. Nevertheless, if more responsibilities are not accompanied with higher resources, then the expectations/capabilities gap is likely to widen negatively, affecting the legitimacy of the EU institutions².

One way to adjust to the crisis has consisted in prioritizing between areas of the world in order to concentrate efforts and resources to maximize the efficiency of EU funding. For instance, financial aid to China and India is likely to disappear from the future budget, while the financial commitment to Afghanistan could increase. At the same time, the recent re-election of President Barack Obama confirms that the US will shift its focus towards Asia, indirectly pressuring the EU to increase its presence in the Mediterranean and African regions – a commitment already substantiated by the decision to launch an operation in the Sahel region and the responsibility assumed in Mali by French forces. More should be done at the EU member level in order to further integrate their capabilities and therefore allocate their 27 foreign policy and defense budgets more efficiently – a division that causes an excessive waste of resources today, given the volume of capabilities duplicated across an array of states that can hardly project their force beyond the EU.

The effects of the crisis on the EU 2014-2020 budget

The time to decide about the next MFF comes after two years plagued by the most serious economic crisis to hit the eurozone since its creation. EU member states have been wrestling with whether the austerity imposed on European citizens should be extended to the Brussels-based institutions. Their positions diverged substantially and the budget went under fire, as the 2014-2020 proposal drafted by the Commission in June indicated that community funds should be 1.11% of total EU GNI – less than the 1.23% decided for the 2007-2013 MFF³. The final decision of the Council was to further reduce the budget, which now amounts to 1% of the total EU GNI for the EU 28 including also Croatia. The issue is then how much it will impact on foreign policy.

The discussion of the budget revolves around six “headings”, with the fourth one, named “Global Europe”, regarding external relations. In the 2007-2013 financial framework, the expenses under Heading 4 “Global Europe” were fixed at €56 billion or about 5% of the total budget⁴. The June proposal elaborated by the Danish presidency allocated about €70 billion⁵, with €33 billion outside the MFF for the European Development Fund (€30 billion for ACP countries and €321 million for overseas countries and territories), Global Climate and Biodiversity Fund and the Emergency Aid Reserve (€2.5 billion). Responding partially to the request of some EU members, the Cypriot presidency elaborated a new proposal capping the expenses for Heading 4 to €64,650 billion, while the Emergency Aid Reserve was reduced and moved into the MFF. In the end, the envisioned reduction was about €8 billion; a budget decrease of about 12%. Just days before the 22-23 November EU summit, President Van Rompuy drafted a new proposal entailing a further reduction of €80 billion from the total budget, bringing it down from €1033 billion to €950 billion. The latter proposal is good news for Heading 4, as it caps it to €65.65 billion, one billion higher than planned in Cyprus but still 10% lower than the Commission’s June proposal⁶. Overall, the crisis seems to

³ The share is slightly different if the off-budget funding is not considered, so the Commission proposed a budget corresponding to 1.05% of the total EU GNI versus 1.12% of the 2007-2013 MFF.
have reduced the increase anticipated for the common foreign and security policy, while at the same time the ambitions of the EU and expectations on its international role have risen.

The EU Council of 7/8 February 2013 reached the decision to cap EU spending dedicated to Chapter Four to €58.7 billion. Many states pressured for budget reductions. However, quite ironically, these demands are not coming from those countries that have been most affected by the financial crisis – Spain, Greece, and Portugal – but from those who have performed better, such as Germany, the Netherlands, Finland and, above all, the UK and Sweden. The UK parliament has voted a resolution demanding the government ask for a real terms €100 billion reduction of the EU 2014-2020 budget, while Sweden has taken on the most hawkish position, asking for a €150 billion reduction in contrast with the mere €50 billion planned by the Cypriot presidency or the €80 billion proposed by Van Rompuy. With the entry into force of the Lisbon Treaty and the creation of the European External Action Service (EEAS), expectations of greater external actions by the EU have considerably increased, but the scant financial resources allocated to carry out a coherent and effective foreign policy contribute to widen the expectations/capabilities gap that will further undermine the EU’s legitimacy in the longrun.

The international missions of the European Union

One of the areas on which the EU has placed greater emphasis in recent years is its capacity to project its forces and personnel abroad. The launch of the EUPM Police Mission in Bosnia and Herzegovina in 2003 marked the start of the Common Security and Defense Policy (CSDP) missions, in line with Brussels’ aim to heighten the civilian dimension of its interventions. Thereinafter, the EU launched 29 international operations in foreign lands under the European Defense and Security Policy (ESDP). From the EUPM to the EUCAP Sahel Niger announced in July 2012 and the EUTM in Mali in January 2013, the EU has demonstrated that it is actively engaged in managing world crises.

However, a closer look suggests that the euro crisis has actually reduced the number of missions started by the EU. From 2003 to 2009, the year before the debt crisis erupted in Greece, 22 missions were launched. The list includes a number of short missions such as Concordia and Arthemis, which lasted only a few months even though they were among the earliest to be commenced, as well as some more structured and longer missions, such as Althea in Bosnia-Herzegovina, EUPOL Kinshasa and EUFOR Tchad/RCA, that lasted just over one year and deployed 3700 personnel. Overall, in the 2010-2012 period – roughly from the beginning of the crisis – the number of missions carried out by the EU numbered only seven, three of which concentrated on one region of the world, the Horn of Africa, tackling the surging problem of piracy –
EU CAP Nestor, EUNAVFOR, and the EU Somalia Training Mission. Among the other missions were EUFOR Libya, which was established under special conditions following the NATO intervention aimed at ousting Colonel Gaddafi from power and lasted only a few months, two missions announced in 2012, EUAVSEC in South Sudan and EUCAPl Sahel Niger11, and the most recent EUTM in Mali, that was launched to step in the a crisis wherein the French forces had already intervened directly.

On the whole, the number of missions deployed by the EU has decreased from over three to two operations per year. This evidence should be analyzed in the light of two considerations. On the one hand, the number of missions decreased even if occasions for deployment were all but lacking. Most significantly, the Arab Spring events could have created the conditions to employ European capacities. The crisis in Mali will serve as a trial to assess the status of the EU’s political will to fully rely on its military instrument12. On the other hand, the quality of the missions has changed over time, evolving from short-term commitments to medium and long-term deployments. For instance, whereas in 2005 the EU administered only four ongoing missions, in 2012 it managed as many as 13 missions, with an additional two about to be launched. The latter detail would confirm the thesis that the crisis in the eurozone has not undermined the EU’s capacity to play the global role which it aspires to. Nevertheless, we are probably entering a phase of stabilization that will redefine the balance between the expectations and the capability according to which the EU institutions shape its foreign policy.

Who pays?

The other aspect that should be investigated is how European missions are subsidized. The funding mechanism is complex, especially since a large share of the resources devoted to EU international operations are still provided through individual member states’ funding. While the resources directed through EU channels did not directly suffer from the crisis and the tensions over its reduction only concern the debate on the 2014-2020 budget, resources originating from member states have been under stress since they have found it increasingly difficult to sustain the efforts required for the functioning of the missions due to the financial crises.

A funding mechanism called Athena was created by the EU in 2007. The resources available to this mutual fund are calculated based on each member’s GDP and approved upon request every time a new foreign presence is decided upon. Currently, three missions are funded through this mechanism: EUFOR Althea, EUNAVFOR Atalanta, and EUTM Somalia. In the past, Athena was used to fund AMIS 2 (Sudan) (June 2005 - December 2007), EUSEC RD Congo (May 2005 - July 2008), EUFOR RD Congo (June - November 2006), EUFOR Tchad RCA (January 2008 - March 2009) and EUFOR Libya (April - November 2011)13. Athena is funded by EU member states proportionally to the size of their economy. However, this mutual fund only covers the “common costs”, such as the running expenses of headquarters, infrastructures, medical services, reimbursement to other organizations (e.g. NATO) etc. Occasionally, the Council can decide to also cover transport, lodging of forces, the establishment of bases other than headquarters and, when requested by the Operation Commander, also barracks, other services linked to the

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acquisition of information (intelligence services) and specific theatre-level capabilities (e.g. demining, storage of chemical weapons, etc)\textsuperscript{14}.

As stated, however, EU operations are also funded directly by member states, which is exactly the subsidizing mechanism that has given rise to the most problems since the beginning of the financial crisis. In this case, each mission is supported by voluntary contributions of member states, either via seconded personnel and equipment or via financial contributions. For instance, in the case of EUNAFOR Somalia, which is co-funded through Athena, each EU member state (and other non-EU participants) sustains the interventions it is involved in by bearing the costs of the resources it deploys\textsuperscript{15}. EUFOR Althea is supported by 18 EU states and even the heavy mission EULEX is not supported by all EU members.

Informal contacts the author has had with EU and member states’ officials have confirmed recurring troubles both for ongoing missions – insofar as commitments taken on by old members can be hardly met by other states – and for the canvassing necessary for the preparation of further missions or the renewal of ongoing ones. Solid figures are difficult to discern, but the general feeling is that the crisis of the eurozone has negatively affected the political will of EU member states to commit to ongoing as well as future operations. If we consider the decreasing individual efforts made by member states, combined with the low budget increase envisioned for the 2014-2020 period, then it is plausible to foresee a weaker global role for the EU insofar as international operations are concerned.

**Conclusions: is the EU’s glass half-full?**

Given the magnitude of the economic crisis that has hit the European Union, its capacity to deploy forces and personnel abroad has been only limitedly undermined. The difficulties shown by certain EU states to meet their promises to support international operations have not endangered the functioning of operations, and the 2014-2020 budget should not suffer a reduction in nominal terms as regards the funds allocated to Europe to underpin its global actor role. At the same time, times of crisis are occasions for change and the EU could take this opportunity in two ways.

First, the money allocated to the EU budget should become less “technical” and more “political”. Decisions about how much and where to allocate resources should be based on the political interest of the European Union as a whole – which in turn implies a process to carefully define a proper European “grand strategy”, which should not merely react to a US/NATO led approach but rather be focused mainly on the common interests of EU members (i.e. energy, trade, security and values). Accordingly, the rationalization of foreign aid, as well as of international cooperation, should be tailored so as to better pursue European interests, which are more likely to be located in the Mediterranean area, Africa, the Middle East and in general in the near neighborhood rather than elsewhere (i.e. Asia as explicated in the US). This process, which would be carried out to pursue the stability of the EU’s immediate neighborhood and the development of its markets, has slowly started, but the EU should take more decisive steps in this direction.


\textsuperscript{15} The contingent is composed by Spanish, German, French, Belgian, Greece, the Netherlands, Luxemburg, Italy and Sweden.
Second, the crisis in the eurozone has affected national budgets, but financial resources are still available in vast amounts. The real goal is to spend this money wisely. According to the last SIPRI report on defense spending, the EU zone was second only to the US in military expenses in 2011. The US firmly leads the defense spending ranking with almost €550 billion, but the 27 members come second with €281 billion (doubling the amount spent by China). The problem lies in how this money is spent, since the selfish attitude of EU member states in security areas has so far prevented coordination and better allocation of the resources. The current capabilities of the EU, therefore, depend on the willingness – and ability – to cooperate, of 27 small, diverse, fragmented and, on average, sub-efficient defense structures (including the armies and their bureaucracy), whereas only 50% of these financial resources would be more than enough to maintain and strengthen the EU’s capability to participate directly in peacekeeping and peacemaking missions. The eurozone crisis offers member states the great opportunity to favor the creation of ‘national’ expertise that could be made available to EU operations. Many EU member states stubbornly defend their right to retain a fully-fledged national force despite their incapacity to use it beyond their own borders, rather than developing exclusive competences that, integrated with other EU members, would work as a multiplier force at the community level. Even as this article is being written, five EU members have proposed the creation of a joint military structure calling for more ‘pooling and sharing’ in times of crisis and Baroness Ashton has come into contrast with the UK as she defended the plan for a European military headquarters in Brussels. Such efforts are certainly a positive step forward. The road towards specialization would increase rather than decrease the relative relevance of each EU member state, since they would not only be unable to threaten each other, but also be necessary for the accomplishment of certain international missions.

The initiative of a determined EU leadership is necessary both to rationalize the resources allocated under Heading 4 and to bolster integration of the defense structures of the 27 EU members, because in times of crisis the spillover mechanism needs to be cultivated by supranational institutions in Brussels. Unfortunately, President Van Rompuy, President Barroso and Baroness Ashton have not yet provided a firm leadership in this regard, but the debate over the EU’s next budget and the strategic role of the EEAS may provide them with further opportunities to redeem their somewhat enervated mandates.

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16 The SIPRI database on military expenditure can be seen at http://www.sipri.org/databases/milex.
17 The most recent example of such structural deficiency is the military operation in Libya, when the EU had to rely on Nato infrastructure to project its forces on the other side of the Mediterranean sea.