Differentiated Integration in CSDP Through Defence Market Integration

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Abstract: New developments in the Common Security and Defence Policy (CSDP), such as PESCO or the European Defence Fund (EDF), challenge the differentiated integration framework put forward by Frank Schimmelfennig, Dirk Leuffen and Berthold Rittberger: this policy is not and may have never been a case of low vertical integration and uniform horizontal integration. This paper presents an amended version of their framework based on constructivist institutionalist accounts of European integration. First, it discusses their explanatory variable. Rather than interdependence *per se*, this paper argues that it is the construction of interdependence that matters in order to understand integration. Second, rather than focusing on primary EU law, which often obscures many policy dynamics, this paper builds on legal, institutional and practice-level elements of CSDP. Based on these changes, this paper argues that national and European actors have constructed interdependence in this policy domain, by tying together armament-related issues with single market regulation and by linking armament-related issues with CSDP’s operational-military requirements around the issue of capabilities. These processes explain CSDP’s policy-making hybridity, i.e. the combination within CSDP of a more intergovernmental policy-making mode (especially but not restricted to operational-military elements) with more supranational elements (especially but not restricted to industrial armament-related elements), as well as its horizontal differentiation. The conclusion discusses the theoretical implications of policy-making hybridity.

Keywords: armament; CSDP; defence-industrial policy; differentiated integration; European Commission; European Defence Agency; European Defence Fund; hybridity; PESCO.

Introduction: CSDP and the Need for an Amended Differentiated Integration Framework

Many actors have recently renewed their institutional commitment to the EU’s Common Security and Defence Policy (CSDP) and defence market regulations. The appointment of Federica Mogherini, along with the Juncker Commission, changed the tone in the EU’s defence and security policy. Taking many by surprise, European Commission President Jean-Claude Juncker has repeatedly called for an EU army. National governments have also focused on the policy: German Defence Minister
Ursula von der Leyen,¹ French President Macron and German Chancellor Angela Merkel² have all supported the project. The EU’s High Representative, Federica Mogherini, launched the EU Global Strategy in 2016.³ Also in 2016, European Council President Donald Tusk, Juncker and NATO Secretary General Jens von Stoltenberg signed the EU-NATO Warsaw Declaration. In addition, European actors and Member States agreed on the Coordinated Annual Review on Defence (CARD), the European Defence Fund (EDF), and last but not least, the Permanent Structured Cooperation on security and defence, known as PESCO. All these developments could sound like empty promises were they not made in a context of structural changes for European security, namely the changing roles of the UK in the wake of Brexit and of the USA in the wake of the Trump presidency.

These developments challenge the understanding that defence is a policy area that displays very limited integration. Furthermore, the latest initiatives highlight that the CSDP may actually develop “à la carte”. These two observations seem to go against Frank Schimmelfennig, Dirk Leuffen and Berthold Rittberger’s⁴ differentiated integration framework (DIF), in which they characterize defence integration as a case of low vertical integration and high horizontal uniformity (i.e. low horizontal differentiation) policy.

In this paper, I argue that contrary to their claims, EU’s CSDP shows differentiated integration, but that Schimmelfennig et al.’s framework is right nonetheless when it comes to the dynamics in play. The solution to this paradox lies in a reconceptualization of their framework grounded in constructivist institutionalist accounts of European integration and political economy (see Giry & Smith in this volume).⁵ Two adaptations enable this adapted framework to shed light on defence policy. First, defining vertical integration by formal primary EU law is too restrictive and leaves out of the picture many empirical developments such as recent initiatives and institutional developments. Instead, the definition and operationalization of integration should include secondary law, institutional developments, but also practices, wherever possible, to take into account the many ways in which differentiation manifests itself beyond primary law.⁶ Beyond its intergovernmental nature set in primary law, CSDP