

DIRECTORATE-GENERAL FOR EXTERNAL POLICIES  
POLICY DEPARTMENT



**Permanent  
Structured Cooperation:  
national perspectives  
and state of play**

SEDE



## STUDY

# Permanent Structured Cooperation: national perspectives and state of play

### ABSTRACT

One year after the British vote on Brexit, the Member States of the European Union seem to be on the verge of waking the 'Sleeping Beauty' of European defence: permanent structured cooperation (PESCO). Do they have the same understanding of its intended goals and of the ways forward or means of achieving them, or are they simply motivated by the desire not to end up on the edges of the sort of Eurogroup for defence that is being set up? What are the specific areas of agreement and disagreement between the groups taking shape in the European Council? Have any debates intentionally or unintentionally been glossed over and, if so, which ones? Lastly, what are the desirable scenarios for the months and years to come? Is there still time to change things or has the die been cast?

The purpose of this study is to answer those questions.

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This document was requested by the European Parliament's Subcommittee on Security and Defence (SEDE).

French-language manuscript was completed on 17 July 2017.

Printed in Belgium.

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This paper will be published on the European Parliament's online database, '[Think tank](#)'.

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ISBN: 978-92-846-1689-3 (pdf)

ISBN: 978-92-846-1688-6 (paper)

doi:10.2861/773220 (pdf)

doi:10.2861/671405 (paper)

Catalogue number: QA-04-17-639-EN-N (pdf)

Catalogue number: QA-04-17-639-EN-C (paper)

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## TERMS OF REFERENCE AND METHODOLOGY

By means of a research framework agreement with the Foundation for Strategic Research (FRS), delegated to the Group for Research and Information on Peace and Security (GRIP), the European Parliament's Directorate-General for External Policies of the Union tasked the authors with carrying out this study as quickly as possible. The engagement letter was delivered on 31 May 2017. The draft report should be submitted on 21 July and the final draft no later than 25 August. To ensure that the latest developments were taken into account, the interim version was submitted to the European Parliament on 3 July 2017.

The terms of reference for the study were as follows:

PESCO – Permanent Structured Cooperation – is one of the core elements of the framing of a common Union defence policy. Having an extensive legal base in the treaties, PESCO has not yet been established and the interpretations what PESCO actually is vary widely. In its reports on “The European Defence Union”<sup>1</sup> and on “The Constitutional, legal and institutional implications of a common security and defence policy: possibilities offered by the Lisbon Treaty”<sup>1</sup> the European Parliament has contributed its own reading of the treaties and its definition of PESCO to the debate.

The study will:

- Collect national perspectives on PESCO from both governments and parliaments through desktop research and through interviews with national representatives, ensuring an appropriate geographical distribution of the respondents;
- Collect perspectives on PESCO from scholars, in particular those working with and close to national governments and parliaments;
- Describe the state of play of the debate on PESCO at EU level and in NATO.

The study will be presented in a SEDE meeting.

This study has been carried out by the authors on the basis of research using documents from open sources, building on previous work done on the subject [Annex 7].

In view of the time allowed, the authors of the study sent a simplified questionnaire to representatives of 27 Member States, excluding the UK. The results are annexed to this report [Annex 1]. The European External Action Service (EEAS) sent a similar questionnaire, but it was not made public.

Wherever possible, the interviews with national representatives were carried out either in person, or by telephone or videoconference [annex 2]. Representatives of the European Council, the EEAS and the European Defence Agency (EDA) were also approached. A summary was prepared of the stances taken by the parliaments of the six Letter of Intent (LoI) countries. Lastly, an in-depth survey was carried out of the European Council and Council of the European Union conclusions since the Brexit vote because those conclusions express the Member States' consensus at a given time [Annexes 3 and 4]. For the reader's convenience, the provisions of the Treaties have been included in annex.

The authors take full responsibility for the opinions expressed in this document.

## EXECUTIVE SUMMARY

Permanent structured cooperation (PESCO) is a sophisticated legal mechanism that is central to the provisions of the Lisbon Treaty on the common security and defence policy (CSDP). Probably this mechanism was too much sophisticated because despite being slated to come into force at the same time as the Treaty, in 2009, it never did and its memory faded. On 22 and 23 June 2017, however, the European Council agreed on ‘the need to launch an inclusive and ambitious Permanent Structured Cooperation (PESCO). A common list of criteria and binding commitments [...] will be drawn up by Member States within three months’. It would seem, therefore, that the handsome prince has found a way of waking up ‘the Sleeping Beauty of European defence’.

### **Question one: do the Member States all see this issue in the same way?**

The answer is yes: they all see it the same way, more or less. In truth, however, that way has little to do with what is written in the Treaties. The ambition for PESCO is to put in place a process – that word is important – intended to give the EU ‘autonomous capability’ when it comes to managing crises that break out beyond the EU’s borders but have a direct impact on it. The original idea was to enable the EU to manage, unaided by the US, crises such as that in Yugoslavia or, more recently, those in Mali, Libya and Syria. To achieve that result the Treaty provides for the progressive integration of Member States’ defence apparatus. The model of this integration is what the navies of Belgium and the Netherlands (BeNeSam) have done on a small scale. Had it been successful, that integration should have made it possible to move, in due course, towards ‘common defence’. Yet what is being discussed today is purely enhanced military cooperation, within a ‘legally binding’ framework. No one is talking about integration any more. In parallel, expectations for PESCO have increased because introducing it now is no longer only a question of restoring order within the region, but of defending the European public, without duplicating what NATO does, of course.

### **Question two: where are the Member States at with it? Who really wants to establish PESCO and how? Who is resigned to getting on with it and why? Who will stay on the sidelines?**

It currently looks like five groups have taken shape. First, the Franco-German core, whose agreement or disagreement will set the tone. For Germany, unity is paramount: it must be ‘inclusive’. For France, establishing PESCO should be worthwhile: it is a question of being ‘ambitious’. Being both ‘inclusive’ and ‘ambitious’ really is possible, but only if we know what we are doing and where we are heading. Around that core, there is an inner circle: the willing countries. It is made up of those that have ruled out non-participation, although not all of them have the resources for involvement. Then, there is an outer circle: those countries that, while they would not necessarily want to establish PESCO, are capable of and resigned to doing so because they do not want to be relegated to the ‘outer tier’. The fourth group is the undecided. Lastly, there are four Member States that will presumably play no part, at least initially. The most significant of those is the UK, obviously.

### **Question three: have any debates been glossed over?**

Yes, plenty: PESCO’s complex governance; the need to reform the EDA, on which the assessment of how well commitments are kept and projects are introduced depends; consistency with the other European initiatives under way, starting with the European Defence Fund (EDF); Brexit; and the relationship with NATO. Has it got off to a bad start? Again, the answer is yes. What, then, should be done? How can we avoid squandering the vast amount of energy and trust that European defence is enjoying as a result of an exceptional alignment of the stars? Perhaps the answer is to strive for a ‘smart PESCO’ rather than a ‘PESCO light’.



# 1 Foreword

'To the devil with history and its principles.  
What is the problem?'

General Verdy du Vernois

European defence is clearly back on the front pages and with it the nagging issue of the untapped potential of the Lisbon Treaty: PESCO. The beauty who was thought to be sleeping for evermore has, in the space of a few months, become the centre of attention and handsome princes are queuing up at her bedside. Yet, while everyone is talking about it, few outside a narrow circle of negotiators and think tanks are capable of explaining it without recourse to long historical explanations. So, to the devil with history and its principles. What is the problem?

The question of whether there is a shared understanding of PESCO cannot actually be answered without tackling head on the question of what PESCO is or, more accurately, what we think it is. We are aware that this is a perilous exercise. The provisions of the Treaties are complex, therefore a number of interpretations are possible and not everyone will agree with our suggestion. To an extent, everyone sees what they want to see and, in particular, what serves their country's best interests in this legal mechanism. As so often with the law, interpretation is necessary. Yet to interpret is not to improvise. As it happens, witnesses to the negotiations kept a valuable record of the intentions of the authors of the Treaties, which are in the archives<sup>1</sup>.

For sure times have changed. But not the Treaties. The drafters' intention remains crystal clear, which makes it possible to grasp the usefulness of the legal provisions as a whole; years may have passed, but their potential can still be useful. For those who can make it past the complexity of the texts, the Byzantine twists and turns of PESCO, the EDA and the CSDP taken together are an object of great beauty.

Too bad, then, if we do not all interpret them in the same way. To us it seemed crucial to set a starting point, if only to measure the variations in interpretation from the plan currently on the negotiating table.

**If PESCO had to be defined in just one word, we would say that it is a process.**

**It is the institutional process embarked upon by an avant-garde of Member States, intended to give the European Union 'autonomous military capability' to enable it to manage even the most difficult crises that could break out in the region and that could have a direct or indirect impact on those Member States or their citizens.**

The desire to have autonomous capability – to be clear: one that is independent of the US – is born of European leaders' realisation during the late 1990s that they could not handle the crisis in Yugoslavia and prevent genocide in Europe's backyard, and their determination that such a situation should never happen again.

<sup>1</sup> De Schoutheete, P, 'La cohérence par la défense. Une autre lecture de la PESD' *Chaillot Papers* No 71, October 2004.

It must be stressed that PESCO does not constitute that 'autonomous capability'; it is merely the process for achieving it. Likewise, the governance of PESCO is not that of the CSDP. It is one thing to decide the ways and means of setting up a capacity; it is quite another to decide to make use of it and on what occasions.

The main features of the proposal are set out below.

As with any process, it is an **incremental** approach. PESCO will not take effect immediately, but gradually, over a long period. As such, it forms part of the founding fathers' idea of taking small steps.

What is more, it is a **legally binding** process, which makes it fundamentally different from the 'defence investment pledge' made within NATO in 2014. Any Member State that wants and is able to take part in this mechanism is permitted to do so; those are the two criteria laid down in Article 1 of Protocol 10 to the Lisbon Treaty. However, participation is contingent on those countries honouring the five undertakings laid down in Article 2 of the same protocol. Article 3 of the protocol makes the EDA responsible both for monitoring the entry criteria and for implementing the undertakings, at least as regards equipment programmes.

It is a **structuring** process. The undertakings that the Member States have to carry out affect all the aspects making up common defence: funding, planning, operational capability, filling capability gaps and executing 'major' armament programmes. PESCO is to European defence what the Maastricht criteria are to the euro: a *sui generis* **institution** of European law because, as the name suggests, it is intended to organise (structure) something that already exists (cooperation) on the basis of enduring principles (permanently). The purpose of the process is to go beyond mere 'cooperation' and **achieve 'integration'**. The ultimate goal of the CSDP is 'common defence', a different idea to 'single defence', which would then become the 'European army'.

The process has the benefit – or maybe the drawback – of making it possible to remain within an **intergovernmental framework** because all decisions and courses resulting from it are reached unanimously. Again, it has never been a question – in the context of the CSDP and PESCO, at least – of creating a 'common army'.

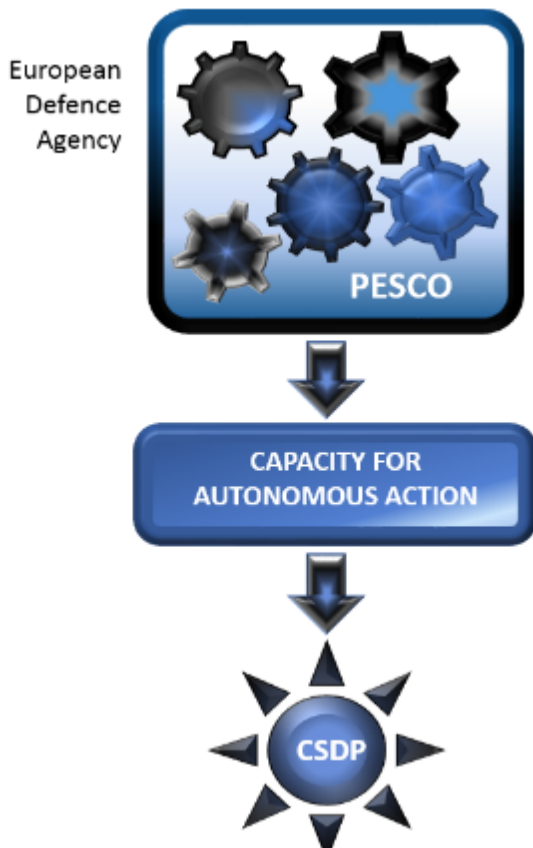
Lastly, it relates only to an '**avant-garde**' of Member States. The underlying idea here is that the progress made by the few benefits everyone, and that anyone can follow and join at their own pace those paving the way, with no one being obliged to go along with it. In turn, no one can prevent those wanting to establish it between themselves. That is why PESCO can be established by qualified majority, rather than by unanimity. This idea of the avant-garde is often assimilated with that of the 'core', the 'concentric circles' or the 'multi-speed Europe', all images that express the original intention less satisfactorily.

However, two diagrams will provide a better understanding than thousands of words could of how the drafters of the Treaties intended PESCO to be.

### OVERVIEW OF PERMANENT STRUCTURED COOPERATION

	COOPERATION	INTEGRATION	FEDERATION
	<b>Present situation</b>	<b>CSDP</b>	<b>Common Defence</b>
<b>WHY</b>	Spend less Get more	Being able to handle crisis outside the Union where the U.S. does not want to intervene	Starting to be able to defend the European territory
<b>WHAT</b>	Operational Capabilities Industrial	<b>PESCO</b> + EDA = autonomous capacity	Specialization of forces Common defence procurement
<b>HOW</b>	Non binding commitments 'A la carte' - modular	Binding commitments Monitored by an independent body Unrespect can lead to exclusion	Decisions & orientations are taken by unanimity vote
			<b>European Army</b>
			Full autonomy that would enable a defence: Of Europe By Europe For Europe
			European Army European Industrial and Technological Defence Basis EITDB
			Decisions & orientations are taken by majority vote

### PERMANENT STRUCTURED COOPERATION IN THE LISBON TREATY



PESCO is a process, that looks like a set of gears made up with five different sorts of 'binding commitments'

The way those commitments are fulfilled is monitored and partly implemented by the European Defence Agency

The functioning of this process must allow the Union to get progressively a capacity for autonomous action that will allow it to handle crisis outside the Union's territory

What the Union does with this capacity trough mission, is the bread and butter of the Common Security and Defence Policy

## 2 Introduction

‘Insanity is doing the same thing over and over again and expecting different results.’

Attributed to Albert Einstein

The possible awakening of PESCO is part of a broader movement towards European defence, which Professor Jolyon Howorth calls ‘CSDP-redux’<sup>2</sup>. It is a movement that certainly dates back to well before the Brexit decision, Donald Trump, the Ukraine crisis and the recent terrorist attacks on European soil. It was supported, in December 2012, by Herman van Rompuy, then President of the European Council, who called on the European institutions to ‘develop further proposals and actions to strengthen CSDP’<sup>3</sup>. It was also backed by the Commission, whose communication of 24 July 2013 announced a defence ‘roadmap’ and included the germ of a ‘Preparatory Action’ on defence research<sup>4</sup>. Nevertheless, in all likelihood, history will only record one date for the (re)birth of European defence: 23 June 2016, the date on which the British people chose, by a slender majority, to leave the European Union after 40 years of more than a little ambiguity. The continent’s leaders realised immediately that the European project’s survival was at stake and a concerted effort was required to save it.

That concerted effort was made; on paper, at least. Never have so many assorted statements, communications, decisions and conclusions been issued so quickly. Between June 2016 and June 2017, we counted 20 major documents calling for European defence to be scaled up [Annex 3]. Even if we strip those documents down to the most significant since the HR/VP’s global strategy, no fewer than three sets of initiatives can be identified: the Commission action plan, which includes, among other mechanisms, the EDF, with its defence research and capabilities aspects; the European Council’s implementation plan, which defines the extent of EU’s military ambitions; and the joint EU-NATO Warsaw declaration. A range of other initiatives have also been announced. Should that be seen as a ‘laundry list’? Time will tell. What is true is that even the best informed observers could be buried under this avalanche of documents. The time seems right to put it all in order and unveil the common architecture: the vision that guides the hordes of ‘pragmatists’.

Whatever the case, each European institution has played its part in the joint task. For the first time in its history, the Commission has decided to use, in its ‘defence action plan’, the budget leverage. Subject to the European Parliament’s approval, EUR 590 million should be spent between 2017 and 2020 on defence research and developing new capabilities. If the next Commission and the next Parliament confirm the current decisions, the EU could be spending EUR 1.5 billion per year on defence from 2021. That is a game-changer.

As Nicolas Gros-Verheyde rightly points out, a number of taboos have been broken down<sup>5</sup>: the deployment of battlegroups could be jointly financed on a permanent basis; the seed has been sown for a permanent

<sup>2</sup> Howorth, J, ‘Strategic autonomy and the EU-NATO Cooperation: squaring the circle’, *Egmont Security Brief* No 83, May 2017.

<sup>3</sup> [European Council of 12 and 13 December 2012 \[EUCO 205/12\]](#), paragraph 23.

<sup>4</sup> [European Commission \[COM\(2013\) 542 final\] ‘Towards a more competitive and efficient defence and security sector’](#), item 4 of the ‘action plan’, second bullet point, p. 11.

<sup>5</sup> B2 blog, 22 June 2017 – <https://www.bruxelles2.eu/2017/06/22/les-europeens-brisent-quelques-tabous-sur-la-defense/>

headquarters, an annual defence-planning review should take place and, last but not least, structured cooperation should finally see the light of day.

If PESCO actually is to be brought back from the dead, tribute should be paid to the current President of the Commission, Jean-Claude Juncker, who is the main miracle worker in that regard. He was the first, during his campaign for election as leader of the Commission, to use the words ‘permanent structured cooperation’ again, at a time when everyone had forgotten what they meant. Recognition is also due for the active support from Members of the European Parliament, who adopted no fewer than five reports and resolutions on this issue between 2016 and 2017 [Annex 5].

The Member States are clearly lagging behind the European institutions in this general trend. Yet the decision to ‘establish’ – the word used in the Lisbon Treaty – PESCO falls only to them. The President of the Commission may well show the way, the European Parliament support it and the HR/VP wring her hands at the slow pace of decision making, but it is ultimately the Member States alone that have the right to decide whether or not to establish PESCO.

However, Member States’ leaders have now properly understood that they should do something and that they are no longer in a position to do that ‘something’ on their own. A gaggle of children have reached the top of the diving board, but they are hesitant to throw themselves in at the deep end. Some are scared, others are shoving their friends. Most prefer taking the plunge to staying on the edge. Yet none of them has made the decision to organise a synchronised swimming performance and, for the moment, their plan is to keep splashing about in their corners, on their own or in little groups.

The fact is that, if words meaning anything, cooperation should be structured and permanent, i.e. it should serve in the same way that a naval shipyard allows the construction of a vessel. Words can be deceptive, however, because a cooperation that is structured in a permanent way is no longer a cooperation but a decisive step towards integration.

That is really what provokes fear. As Dr Linnenkamp rightly says, ‘PESCO is on everyone’s lips, but it is not yet in everyone’s hearts’. Everyone keeps saying that they want to move towards more European defence, but they are loath to actually do so. This is a path we have already taken. Insanity is said to be doing the same thing over and over again and expecting different results. That is where we are at in late June 2017.

The question is, therefore, do the decision-making authorities in the Member States really share the same understanding of PESCO and do they back working towards the same end without glossing over too many of the debates that they would prefer to duck?

### 3 Understanding is growing, but it remains patchy

#### 3.1 Progress has been made, but it has been uneven

Our first observation is that, compared with the situation before the Juncker Commission took office in 2014, great strides have been made with understanding of PESCO. As of the interviewees said, it has been a steep learning curve. In 2014, when explaining PESCO to one of the few people who were interested, it was necessary to distinguish between the ‘structured cooperation’ of Articles 42 and 46 of the Treaty on European Union (TEU) and the ‘enhanced cooperation’ of Article 329(2) of the Treaty on the Functioning of the European Union (TFEU), which dates from the Amsterdam Treaty, not to mention the ‘tasks’ that can be entrusted to a group of willing Member States, in accordance with Article 44 of the TEU. That is no longer the case today and everyone has fully grasped the unique and irrevocable nature of PESCO, another reason why not to squander the opportunity offered by the Treaties, about which some diplomats say ‘we get only one shot at this’.

Our second observation is that the degree of understanding of PESCO varies in proportion to how close the interviewee is to the negotiators. The representatives of Member States, particularly of their executives, are generally well informed. National parliaments, by contrast, seem to have been unaware of it. While there are, admittedly, a large number of reports on European defence, there seems to be nothing on PESCO as it is [Annex 6], which should be stressed because that was not the case when the euro was being introduced.

As for think tanks, it is interesting to note that it is those in Belgium, the Netherlands and Italy that have done most work on this subject [Annex 7], while German and French think tanks, with a few exceptions, give the impression of being less interested.

In general, the further a person or body is from centres of power, the patchier knowledge of PESCO becomes. The European public knows next to nothing about it. For that reason, since 2016, Europe’s leaders have been demonstrating considerable political wisdom by reviving the terms ‘European Defence Union’, used while laying the groundwork for the Treaty establishing a Constitution for Europe. The lack of public awareness is something that will require a great deal of attention and care in the coming months.

#### 3.2 There is a shared understanding of the ‘why’, but it is a long way from what was initially envisaged

In general terms, everyone has properly understood that it was about ‘doing more’. Nonetheless, while everyone agrees on doing ‘more’, the ‘more’ in question is a far cry from the original vision. During the course of our research we came to two realisations.

##### 3.2.1 A clearer distinction deserves to be made between the goals of PESCO and those of the CSDP

We noticed several times that our interviewees were not always making a clear distinction between the goals of PESCO and those of the CSDP. This problem is a result of PESCO not having goals *per se*, other than that of making the CSDP possible. Moreover, that is why the Treaties do not provide for incentives to establish PESCO. The reason for this is that PESCO brings its own reward: the creation of autonomous capability that enables the Member States to take action through the EU, something they would no longer be able to do on their own.

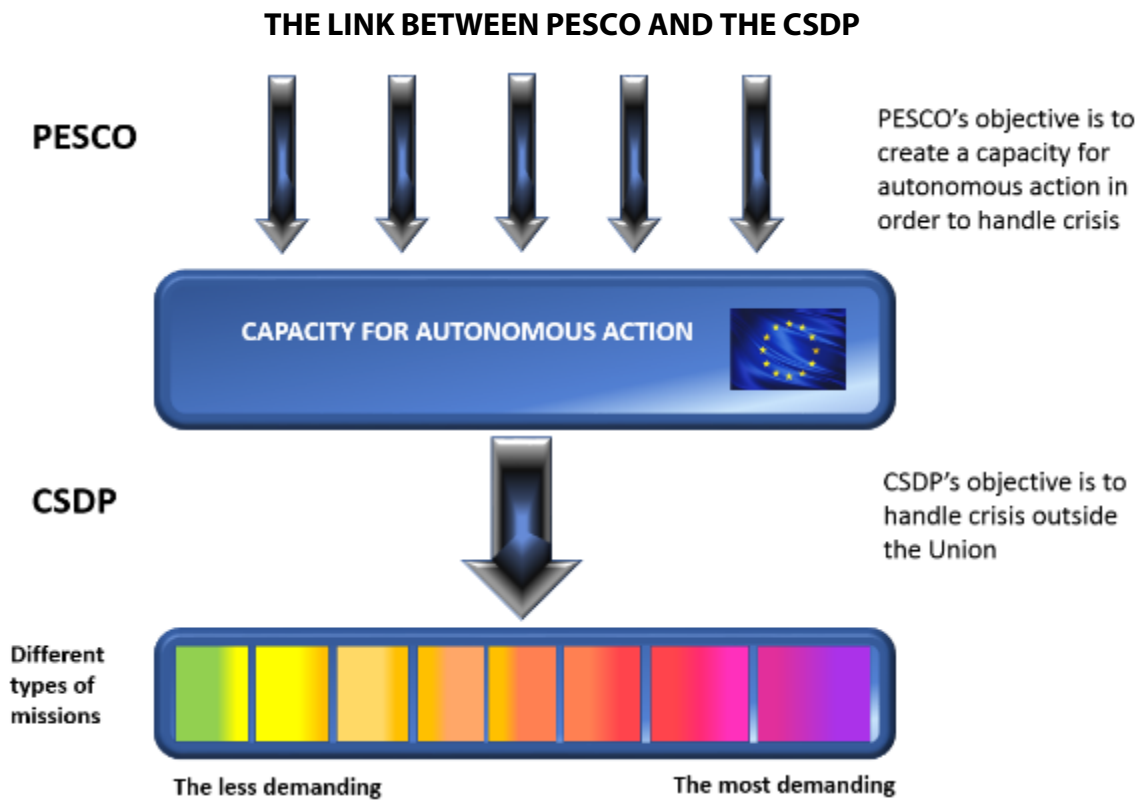
As for the CSDP, it is important to distinguish the instrument – the autonomous capability for managing even the most difficult crises in the vicinity of Europe – from the use to which it is put, which constitutes the very substance of the common security and defence ‘policy’: the missions. Incidentally, a non-exhaustive list

of the envisaged missions was set out again in the plan for implementing the global strategy in November 2016 [Annex 10].

That also gives an understanding of why PESCO, the EDA and the CSDP all form part of one whole. Without PESCO and, therefore, the EDA, which oversees it and applies it in relation to capability programmes, it is difficult to establish an autonomous capability and, without that autonomous capability, any CSDP that exists will be merely a poor imitation, rather than the real thing. Moreover, that is what we have been witnessing since 2009.

In fact, while the CSDP was created to enable management of crises such as those in Libya, Mali or Syria, conducting CSDP operations in those countries was never, ever seriously considered. There could be no better proof that the CSDP cannot achieve its full potential without PESCO.

The confusion between the goals of PESCO and those of the CSDP deserves to be cleared up.



### 3.2.2 Expectations for PESCO have raised considerably

It is still possible to gain an understanding of the goals that a number of people are assigning to PESCO by reading the specialist press and conducting interviews. However, there is no substitute for semantic analysis of official texts, which crystallise political wills at a given time and define the intentions of those involved [Annex 5].

From that perspective, it is interesting to note that, since the first document to raise the possibility of establishing PESCO again, the **'Franco-German non-paper' of 8 September 2016**, it has steadily grown in ambition.

That document, while stating that PESCO 'seeks to make CSDP stronger, more effective and more efficient' and that 'this is to the benefit of all Member States', also acknowledges that PESCO 'has an important leverage to fulfil the objectives defined by the recently published [EU global strategy]'.

In turn, the **implementation plan presented to the Council by the HR/VP on 14 November 2016** expanded PESCO's goals, which are now meant to 'generate a more binding commitment as regards capability development, improving output and strengthening CSDP'.

The **Council of the European Union of 6 March 2017** confirmed that idea: 'PESCO could significantly contribute to fulfilling the EU's Level of Ambition including with a view to the most demanding missions'.

This expansion of the assigned goal is even clearer in the conclusions of the **Council of the European Union of 18 May 2017**:

- 'The goal of PESCO would be to strengthen European security and defence and contribute to fulfilling the EU Level of Ambition agreed by the Council in 2016 across its three strategic priorities also with a view to the most demanding missions, and to facilitate the development of Member States' defence capabilities and strengthen European defence cooperation, while making full use of the Treaties'.

Lastly, the **European Council of 22 and 23 June 2017** confirmed the idea once and for all:

- '8. To strengthen Europe's security and defence in today's challenging geopolitical environment and to help reach the level of ambition of the EU expressed in the EU Global Strategy, the European Council agrees on the need to launch an inclusive and ambitious Permanent Structured Cooperation (PESCO)'.

That is all particularly interesting when we recall that the European Council has only 'welcomed' the global strategy, rather than formally adopting it.

Whatever the case, to gauge the increase of the goals allocated to PESCO, it should be recalled again that the 'level of ambition' in question consists of the following three priorities:

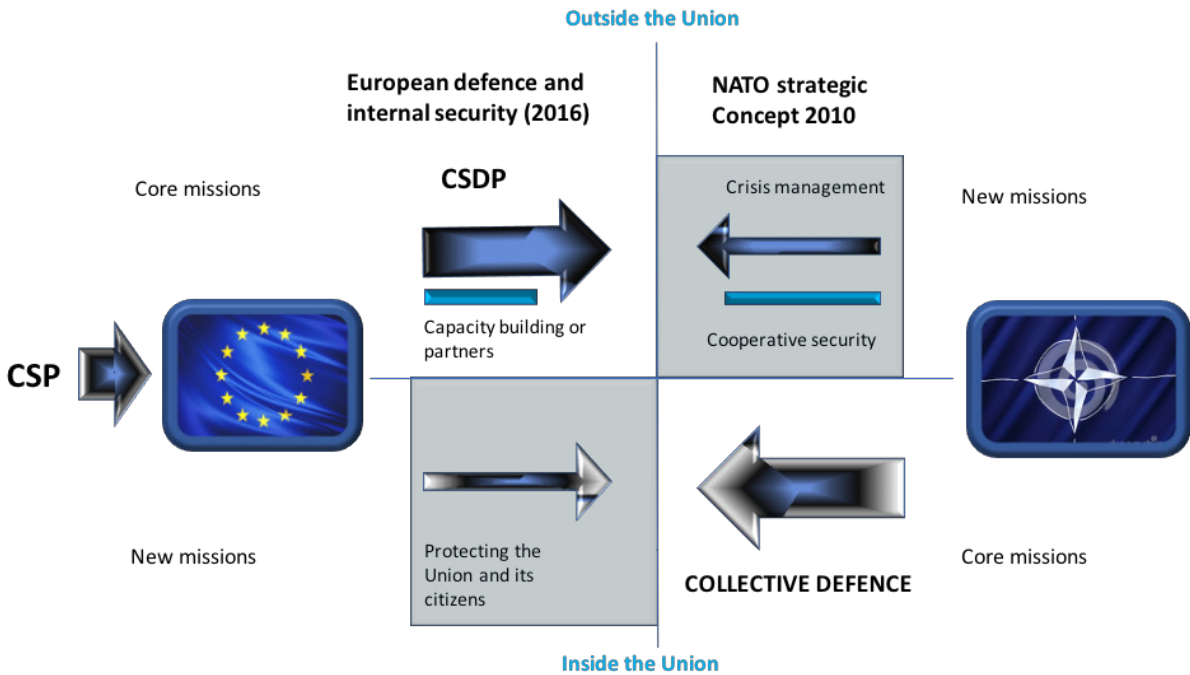
1. '**Responding to external conflicts and crises**', which covers 'the full range of CSDP tasks in civilian and military crisis management outside the Union';
2. '**Capacity building of partners**', which covers 'CSDP missions or operations with tasks in training, advice and/or mentoring within the security sector';
3. '**Protecting the Union and its citizens**', which covers the contribution that the EU and its Member States can make from a security and defence perspective, notably through CSDP (...) along the nexus of internal and external security'.

The 'capacity building of partners' goal is not, strictly speaking, any different from that of CSDP missions, other than in their 'capacity' aspect, which opens up something of a can of worms by implying that the EU could buttress the security of its neighbours in crisis by providing them with military equipment, so that they can make the most of the training missions from which they benefit.

As for the goal of 'protecting the Union and its citizens', it certainly meets the expectations of the vast majority of the European public. The problem is that it is not defined in enough detail. Consequently, it could come into conflict with NATO's core task of ensuring the collective defence of European territory. The result is that, even if one intuitively understands the distinction between 'hard defence' and 'soft defence', the dividing line between CSDP and NATO is blurred.



## NEW GOALS ASSIGNED TO PESCO AND THE LINKS WITH NATO



At the start, things were simple. There was a sort of division of labour, based on both geography and specialist roles, between the CSDP ('soft defence', outside European territory) and NATO ('hard defence', within European territory). Things have since become more complicated, and the quest for better links between the CSDP and NATO has risen considerably in importance. Furthermore, it is those better links that EU and NATO leaders have been striving to explain since the Warsaw declaration of July 2016. It is hardly surprising that the European Council conclusions of 22 and 23 June were careful to clarify, at the express request of the countries of Central and Eastern Europe, that the work of drawing up a list of PESCO criteria and commitments within three months 'has to be consistent with Member States' national defence planning and commitments agreed within NATO and the UN by Member States concerned'.

There is nothing intrinsically shocking about increased expectations with regard to PESCO. If the goals have changed because crisis management seems, for all manner of reasons (expeditionary fatigue, the difficulty of taking military action in areas where the state no longer exists, etc.), less important now than previously and, on the other hand, protecting Europe and its citizens has become a priority, why not? Caution is advised, however: it is always preferable for goals to stay in line with resources. In this case, the security goals that Europeans are aspiring to pursue determine the size of 'military capability' to build collectively. It is also important not to pick the wrong tool: if 'protecting the Union and its citizens' is understood to mean domestic security, the tool that should be built is one for intelligence and police cooperation, not defence.

### 3.3 The 'what' has been repressed

#### 3.3.1 The 'avant-garde' idea has been scratched

Consultation of official documents shows that the concept of inclusiveness appears in the 'Franco-German non-paper' of September 2016. It was then taken up again by all sorts of official documents [Annex 5]. It should be said from the outset that, not only has the concept of inclusiveness never featured in the Treaties, but it is fundamentally alien, not to say counter, to the drafters' intentions. It is legally meaningless. At best, it is a pleonasm: any country that meets the criteria and signs up to the commitments has the right to join. Once that has been said, reading the Treaties is all it takes. The tragedy is that this concept, politically intended to preserve the unity of the Member States in hard times, acts as a poison. It condemns negotiators

to a tragic choice: lower the bar so that anyone can join, or raise it and risk being left with just a handful of countries. We are caught in a dilemma.

This point needs to be stressed: the PESCO that the drafters desired is neither inclusive nor exclusive. It simply enables those that want to join to do so and those that do not want to join to be under no obligation to do so. It is a case not of inclusion or exclusion but of making sure that those who do not want common defence do not impede the progress of those who do want it.

PESCO goes beyond accounting criteria and commitments: it is based on the desire to build autonomous capability together. The most efficient way to set up that capability is to integrate defence apparatus, as the Belgians and Dutch have done with their navies [Annex 8]. Integrating apparatus entails the specialisation of forces and joint procurement. What if not all the Member States want to go that far? That is absolutely their right, but then they should not become involved in this process. That is the sense of the idea of the *avant-garde*, which we should avoid perverting.

When the euro was being set up, Sweden, the UK and Denmark did not want to be involved. That was not because they did not meet the 'Maastricht criteria', but because they felt fully satisfied with the existence of a large market and they did not want to go further. That genuinely sovereign choice has to be respected. Let us also respect those who want to go further with integration, rather than seeking to please, at any cost, including that of inefficiency, those who do not want to become involved in a military integration process. There is no point in lowering the bar. Although PESCO must, legally speaking, remain open to all, it must actually be in a position to decide between those who want more integration and those who do not. With all due respect to some, genuine PESCO cannot be too 'inclusive'.

Admittedly, in the times we live in, the urge to prevent any of the 27 Member States, or the fewest possible at least, from 'missing the boat' is quite understandable. Obviously, if it is a 'boat' rather than an '*avant-garde*', no one wants to be left standing on the quay. However, if the boat were to end up running aground, what good would that do? The immediate benefit would be at the cost of major damage in years to come.

Yet that debate is missing the point: the yardstick for PESCO's success will be whether it is able to create joint defence capability, not the number of Member States that take part. From that perspective, its establishment should be based on a political statement, written in clear language that commits the signatories and that can be understood by European citizens. On top of all PESCO's parameters and benchmarks, it is really this political statement that should constitute the main criterion for membership.

### 3.3.2 Framework or process?

The vast majority of the interviewees call PESCO a 'framework'. The adjective used to describe it varies. Possibilities include 'legislative', 'policy', 'financial', 'capacity' or even all those at once. That is how the German Defence Minister, Ursula von der Leyen, sees PESCO: a 'framework'. There is certainly nothing wrong with that term because, while vague, it conveys the idea of an institution that provides structure. The problem is that using the term 'framework' strips out the sense of temporality, which is crucial to an understanding of it as a whole and encourages shifts in meaning: to be 'within the framework' is also to be inside the structure, while to be outside it is to be left out in the cold.

Less frequently, some researchers, such as Nicoletta Pirozzi of the Istituto Affari Internazionali, Rome, referred to PESCO as a process. That is an interpretation that seems more accurate to us than that of a 'framework' because it would be unrealistic and dangerous to allow the impression that things will change overnight when PESCO is established. PESCO is essentially a process, so it will only take effect in the long term. Over what timescale? That depends on the commitments that the Member States make when it is established.

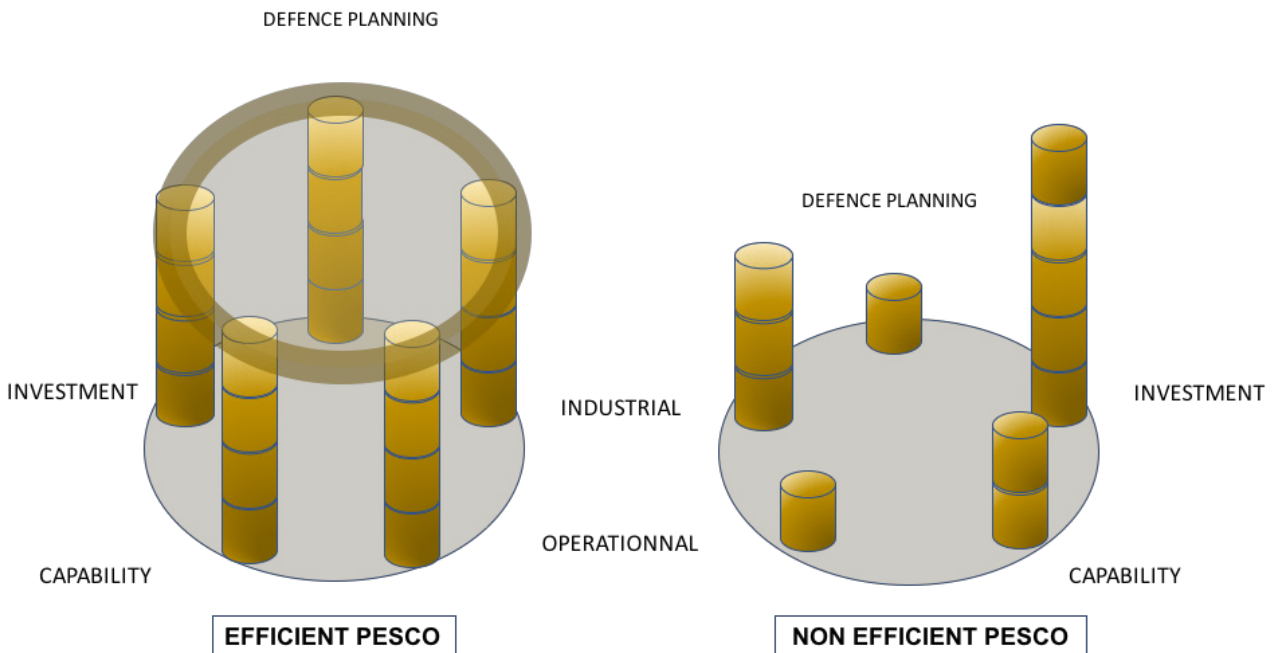
### 3.4 The 'how' is muddled

This is perhaps PESCO's 'breaking point', by analogy with the point where the underwater part of a wave hits the sea floor and its peak collapses. In other words, we all have our own interpretation and see what we want to see in the Treaty. The following points stayed with us from our conversations.

First of all, it was rare for the interviewees to have an understanding of PESCO as forming part of a whole with the EDA and actual operational capabilities: battlegroups and headquarters. PESCO is commonly seen as an autonomous institution, distinct from the other pieces of the puzzle. That is not our interpretation. The proof of this is that the Lisbon Treaty leaves little doubt that PESCO was not optional and should have been established immediately after it came into force: in other words, no later than 2010, which is the date that should have served as the benchmark for assessing the entry criteria in Article 1 of Protocol No 10.

Second, we note the apparently paradoxical fact that half the interviewees find the commitments too rigid, while the other half find them too flexible. A closer look shows that those warped perceptions are easily explained. The Treaty actually lays down five areas for 'cooperation' (the word is used twice in the part about commitments), which together constitute and structure the integration process. All those sectors must be tackled, with no exceptions or cherry picking. In that regard, the Treaty is rigid. At the same time, the Member States are free to agree between themselves, when PESCO is established, the level of ambition that they intend to set, sector by sector, and with a timescale to be agreed. Rather than focusing on the benchmarks set in 2007 within the EDA, on a 'voluntary' and 'collective' (in other words, worthless) basis, it is essential to ensure that it is built coherently. Obviously it may include several paths to success. For example, the 'operational' pillar may be set up before the 'industrial' pillar, or vice versa. At the end of the process, however, they all need to be in harmony, otherwise the process will not produce an autonomous and collective capability, which is the aim of the game. Building PESCO on one or two pillars would be ineffective and therefore useless.

#### THE FIVE PILLARS OF INTEGRATION, ACCORDING TO THE TREATY



Third, we note the disappearance of the word 'integration'. The one and only document that featured this word – twice – was the Italian non-paper of 9 September 2016. Since the conclusions of the Council of the European Union of 6 March 2017, the only issue is now 'cooperation'. The conclusions of the Council of the European Union of 18 May 2017 leave no room for doubt on the subject. PESCO is included, under the heading: 'Deepening European defence cooperation'. The Council is also careful to 'stress' that PESCO should 'help generate new collaborative efforts, cooperation and projects' and to restate that PESCO's goal is to 'pursue greater cooperation in defence and security' (our underlining).

Yet the drafters of the Treaties advocate setting up 'autonomous capability' by means of progressive integration of the defence apparatus of Member States that want to be involved. The proof that this refers to integration is that Protocol 10 includes the phrases 'bring their defence apparatus into line with each other', 'harmonising the identification of their military needs', 'specialising', 'reviewing their national decision-making procedures', 'filling capacity gaps' (this supposes that they have been acknowledged, which is no small thing for military) and 'major joint or European equipment programmes' (our underlining).

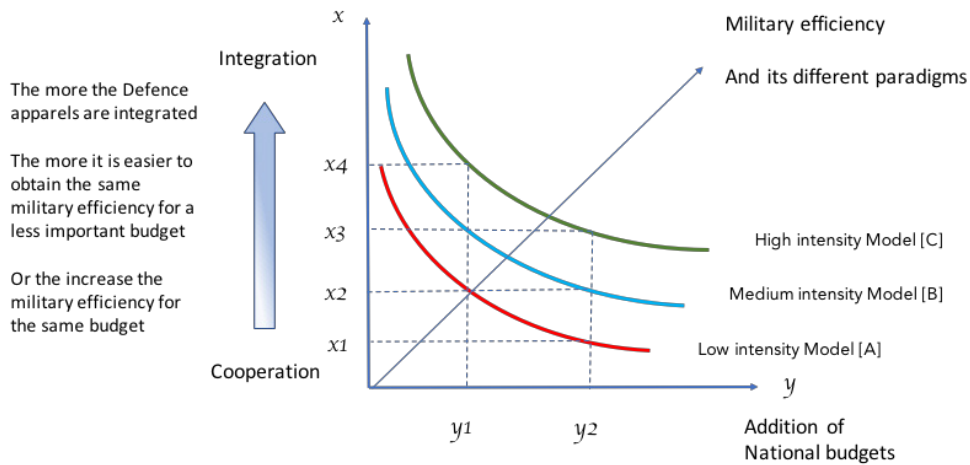
The reason why the 'commitments' must be 'binding' is certainly that what we are talking about is integration. It would not make sense otherwise. This is where it becomes apparent just how perfect the analogy with the euro area is. The eurozone must be considered not as a map, with some countries in and others out, but instead as a process conducted by an avant-garde that will enable all to be part of. When they used the term 'defence eurozone', the drafters of the Treaty establishing a Constitution for Europe seem to have had in mind the role that the Maastricht criteria played in bringing about the euro. Would Germany have agreed to build the euro if, from the start, Italy had only made commitments on its deficit, France only on its debt and Belgium none at all? Do we want a rerun of the torment caused by Greece's membership of the euro, but relating to defence?

The concept of integration has vanished, but another has replaced it: 'modularity'. It appeared in the HR/VP's implementation plan. Ever since, it has been repeated in every document that has followed, with the exception of the latest Council conclusions, of 22 and 23 June; and we do not know whether this represents a change of direction or is just an omission. The concept of 'modularity' is hard to square with that of 'binding commitments'. It actually rules out the idea of a series of identical commitments respected by all and, through intellectual sleight of hand, replaces it with that of 'projects' on a 'voluntary' basis – in other words: '*à la carte*', and not in the '*menu*'. As Claudia Major of SWP highlights, we are a long way from how PESCO started out. The concept of modularity undermines – in the more literal sense – PESCO's foundations. It is none other than the name given to the lowest common denominator and it expresses the Member States' desire to commit only on a non-binding – basis.

Compared with cooperation, integration would be a paradigm shift representing a major step towards cost savings and operational efficiency. It is also what countries do when their public finances prevent them from doing otherwise, as the Belgian-Netherlands example shows [Annex 8]. No one wants to take that step because it comes at the price of interdependence: it becomes impossible to take action alone. Faced with the integration dilemma (see graph below), Member States are favouring sovereignty over efficiency. The commitments that they are prepared to make are those that maintain their freedom of choice, particularly as regards investments, which they can make alone, and projects, which they can choose whether or not to carry out.

What is more, it is also what is in the process of happening. On top of commitments to financial investments, (see the two tables below), the only truly binding commitment that the Member States have agreed to make, so far, is that of carrying out joint projects, but only if and when they want to do so. What this represents is a 'PESCO light': money and projects. In other words: business as usual.

### THE COOPERATION/INTEGRATION DILEMMA

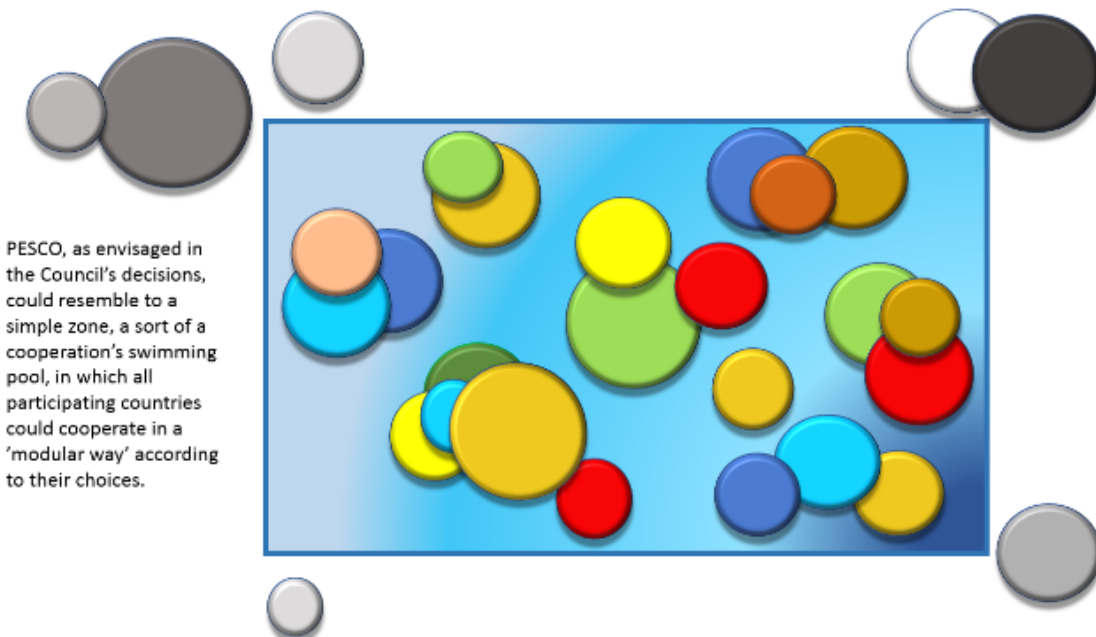


At the end of this first part dedicated to the issue of whether there is a ‘common understanding’ between the Member States of what PESCO is, we believe the answer is ‘yes’. Such an understanding definitely exists. The fact is, however, that it no longer has much to do with the original plan.

There has been tension between the ‘why’ of the extended goals that the Member States are assigning to PESCO, on the one hand, and the ‘how’ of the ways and means that those same Member States are providing to achieve them, on the other; the ways and means have slid integration to cooperation. As far as the ‘what’ is concerned, the concept of ‘avant-garde’ has disappeared at the expense of the notion of inclusiveness. This sort of tension is common currency in politics. The question is: will there be a reality check and, if so, when?

On 7 June 2017, the Commission proposed three scenarios for European defence<sup>6</sup>: cooperation, integration and common defence. Apparently, the Member States have chosen option one. No one seems to want to go further.

### INCLUSIVE AND MODULAR PERMANENT STRUCTURED COOPERATION



PESCO, as envisaged in the Council’s decisions, could resemble to a simple zone, a sort of a cooperation’s swimming pool, in which all participating countries could cooperate in a ‘modular way’ according to their choices.

<sup>6</sup> European Commission, 7 June 2017, *Reflection Paper on the Future of European Defence*.

**THE FINANCIAL BENCHMARKS AGREED WITHIN THE EDA IN 2007  
ON A COLLECTIVE AND VOLUNTARY BASIS**

(Latest available figures, published by the EDA in 2016)

In millions Euro at current prices

EDA Member States 2014	Defence Expenditure	Defence investments *	in % of defence expenditure	Defence R&T	in % of defence expenditure	European defence collaborative equipment	in % of equipment spending	European collaborative R&T	in % of defence R&T
Austria	2 491	289	11,6	1,5	0,1			0,2	13,3
Belgium	3 913	146	3,7	2,6	0,1	66,4	48,3	1,0	38,5
Bulgaria	563	6	1,0						
Croatia	606	45	7,3						
Cyprus	270	1	0,3						
Czech Rep.	1 493	148	9,9	6,6	0,4			0,5	7,6
Estonia	386	87	22,6	1,5	0,4	0,1	0,1	0,2	13,3
Finland	2 714	468	17,3	24,7	0,9			1,3	5,3
France	39 198	9 697	24,7	764,0	1,9	2 032,0	33,1	123,0	16,1
Germany	34 749	4 627	13,3	482,9	1,4				
Greece	4 001	322	8,0						
Hungary	912	71	7,8						
Ireland	893	87	9,7						
Italy	18 427	2 059	11,2	classifié		673,6	34,4	5,3	
Latvia	223	16	7,3						
Lithuania	322	66	20,3						
Luxembourg	190	55	28,9			29,3	53,3		
Malta	43	2	4,4						
Netherlands	7 788	796	10,2	59,4	0,8			5,5	9,3
Poland	7 565	2 028	26,8	10,3	0,1	44,2	2,4	1,9	18,4
Portugal	2 501	345	13,8	1,6	0,1			0,6	37,5
Romania	2 029	321	15,8	1,1	0,1				
Slovakia	749	84	11,2	0,1	0,0				
Slovenia	366	2	0,7						
Spain	9 508	1 333	14,0	42,0	0,4	611,3	48,6	20,8	49,5
Sweden	4 711	1 283	27,2	61,1	1,3	100,1	8,0	9,1	14,9
EDA without UK	146 611	24 381	16,6	1 459	1,0	3 557	8,0	169	11,6
BENCHMARK			20,0		2,0		35,0		20,0
United Kingdom	183 931	10 306	5,6	439,4	0,2	1 564,2	23,9	0,8	0,2
EDA COUNTRIES	3 913	146	3,7	1 898,8	48,5	5 121,2	19,8	170,2	9,0

Source: EDA

\* investment includes equipment and R&amp;D

## CONTRIBUTIONS REQUIRED FOR EUROPEAN NATO MEMBER STATES TO MEET THE FINANCIAL COMMITMENTS MADE AT THE 2014 WALES SUMMIT

(Calculations on the basis of figures published by NATO in June 2017)

2017	Defence expenditure			Investment Equipment + R&D)			
	Expenditure in Millions €	in % of GDP	Effort to respect the 2 % pledge	Expenditure in Millions €	As a % of defence expenditure	Effort to respect the 20 % pledge	Investment effort to respect both 20 % and 2 % pledges
Belgium	3 965	0,91	+ 4 787	210	5,30	+ 583	+ 1 540
Bulgaria *	757	1,57	+ 209	223	29,54		
Croatia	600	1,27	+ 343	117	19,42	+ 3	+ 72
Czech Republic	1 952	1,07	+ 1 712	177	9,07	+ 213	+ 556
Estonia	478	2,14		92	19,27	+ 3	
France	40 852	1,79	+ 4 682	9 873	24,17		
Germany	39 509	1,22	+ 24 996	5 562	14,08	+ 2 340	+ 7 339
Greece	4 213	2,32		651	15,44	+ 192	
Hungary	1 249	1,05	+ 1 121	166	13,29	+ 84	+ 308
Italy	20 787	1,13	+ 15 983	4 352	20,94		
Latvia	448	1,70	+ 78	91	20,29		
Lithuania	724	1,77	+ 94	225	31,09		
Luxembourg	256	0,44	+ 896	84	32,99		
Netherlands	8 686	1,17	+ 6 180	1 460	16,80	+ 278	+ 1 514
Poland	9 212	2,01		2 073	22,50		
Portugal	2 512	1,32	+ 1 307	259	10,31	+ 244	+ 505
Romania	3 542	2,02		1 647	46,49		
Slovak Republic	1 004	1,19	+ 685	202	20,16		
Slovenia	426	1,02	+ 407	26	6,09	+ 59	+ 141
Spain	10 739	0,92	+ 12 487	2 074	19,31	+ 74	+ 2 572
EDA's members**	151 911	1,30	+ 75 966	29 563	19,46	+ 4 074	+ 14 546
UK	50 555	2,14		9 497	22,03		
<b>TOTAL AED***</b>	<b>202 467</b>	<b>1,44</b>	<b>75 966</b>	<b>39 060</b>	<b>19,29</b>	<b>+ 4 074</b>	<b>+ 14 546</b>

Source : NATO's website 01/07/2017

\* Defence expenditure does not include pensions

\*\* For EDA members that are not Members of NATO, the figures will be known only with the next EDA's publication

\*\*\* Without Austria, Cyprus, Finland, Ireland, Malta and Sweden

It seems important to stress that the only type of financial commitment envisaged in the context of PESCO relates to defence investments in proportion with defence spending. Clearly, however, everything depends on the sums under discussion: the spending recorded, or rather that which should be recorded if the commitment of 2% of GDP made elsewhere, in the NATO context, is to be met. The difference is very noticeable for a country like Germany. Incidentally, from a financial point of view, PESCO has become much more realistic than NATO's '2% policy', which would require an additional EUR 76 billion from members, including 25 from Germany, 16 from Italy and 12 from Spain, not to mention Belgium or the Netherlands, which would have to double their budgets.

## 4 Still far from being on the same page

Following the European Council of 22 and 23 June, it seems set that PESCO will be established, as it was agreed that:

‘A common list of criteria and binding commitments, fully in line with Articles 42(6) and 46 TEU and Protocol 10 to the Treaty – including with a view to the most demanding missions – will be drawn up by Member States within three months, with a precise timetable and specific assessment mechanisms, in order to enable Member States which are in a position to do so to notify their intentions to participate without delay’.

Should that timescale be kept to, just one year after the Brexit decision, that which was improbable yesterday will be happening today. We are not accustomed to that sort of pace with Europe. It should also be stressed here that it is the Member States that are lagging behind.

What will be the architecture for PESCO and what will be the vision behind it? Who will be involved? It is still too soon to say. The positions will be in flux until the last minute. In late June 2017, it seems that the direction of travel is towards a very inclusive PESCO, with a group of 18-24 Member States, in which three layers can be made out: the Franco-German core; an inner circle made up of around 10 willing Member States; and an outer circle of six or seven Member States resigned to it going ahead and keen not to be left on the outside. In addition, we count a group of some five undecided Member States and, lastly, a final group of countries that will not, in all likelihood, be involved.

### 4.1 The Franco-German core: where they do and do not agree

It is no secret that European defence will be built – or not – on Franco-German foundations. From what we have managed to glean, they were far from being on the same page at the time of writing.

Germany’s leaders are striving to preserve Europe’s unity; who can blame them? From that perspective, there is now more consensus between Europeans on matters of defence and security than on the issue of refugees and migrants. Nonetheless, they are aware that, under those conditions, there is a risk that nothing of substance will be achieved. This is all the more true because, contrary to the fears of some, Germany has no hidden agenda in the industrial sphere. How can we be sure of that? It is quite simple: in Germany, proposing defence spending hikes has not become the best way of getting elected. There is, on the other hand, rising awareness that the US guarantee can no longer be taken for granted and that Europeans need to ‘take their fate into their own hands’. That is a sea change in German thinking, it must be said.

As for France’s leaders, they remain convinced that the southern flank is critical for Europe’s security and that, if a close eye is not kept on the Sahara-Sahel belt, security will be compromised. The French military, in particular, expect their European partners to pay their share of the ‘blood money’ – along with the actual money – for the European defence of which they hear so much talk, but of which they – rightly or wrongly – consider themselves, along with the UK and US, the only true guarantors. Against that backdrop, they worry that they will have to sacrifice their scant budgetary resources on the altar of European cooperation to buy equipment that they would not need, or to divert forces that cannot be spared from the numerous theatre of operations where their lives are at risk.

This tension between the German and the French visions was brought into sharp focus in the debate about whether PESCO should be ‘inclusive’ or ‘ambitious’. Let us not be afraid to call this debate what it is: a red herring. It is possible to have PESCO that is genuinely both inclusive and ambitious.

Irrespective of their official positions, it seems possible to reconcile the two sides’ points of view, without either giving ground on what it sees as the critical issues. Germany’s leaders are right to seek to strengthen the Union because – and this is not just empty words – unity really makes strength. In the times we live in,



Europe cannot allow itself the luxury of division. Nevertheless, France's leaders are also right to be keen for PESCO to be good for something; otherwise, there is no point establishing it. Compromise is possible. Doubtless, the negotiators will be able to reach one.

However, that requires us to stop looking at PESCO as a 'framework', with some countries that will end up in the building and others that will not; we should, instead, see it as a 'process', with a start point and an end point.

The start point must not be set too high; this is all the truer because, legally, the PESCO entry criteria laid down in the Treaty are not demanding. All that is required is that Member States should want to (Article 1(a) of Protocol No 10) and are able to – can – (Article 1(b)) join. We will not dwell on the 'want' aspect, which we have already explained, and will move on to the 'can'. To simplify: it is necessary – this is the condition – to make battlegroups available to the EU or, failing that, forces that could contribute to the formation of battlegroups. All the Member States can do that. That is precisely the idea behind PESCO: even the smallest contribution still brings some benefit somehow.

The criteria issue is not so important: attention should be focused on the commitments provided for in Article 2 of Protocol No 10. It is important that these commitments incrementally enable the setting up, within a reasonable timescale, of the 'autonomous capability' that has been so necessary and desired since the Saint-Malo Summit.

When considering the different perspectives of the German and French leaderships, a number of truisms spring immediately to mind.

The foremost relates to operational commitment. It is true that German military culture has changed a great deal in the space of 15 years, since Afghanistan. Admittedly, it is all a question of perspective. From the German point of view, the change seems quick, substantial and 'one way': in the direction that France wants. From the French point of view, specifically from the general staff, the Germans still have not shown themselves ready to commit to tough military operations. It should be said that the list of projects proposed by Germany for PESCO (field hospitals, logistics hubs and joint training) has played into the hands of those who claim the Germans do not have any desire to send their soldiers on the 'most demanding missions'. In reality, things are changing in Germany, but not as quickly as France's leaders would like.

The second cliché relates to a geostrategic vision firmly rooted in history and geography. Everyone knows that Germany looks eastwards and France looks southwards. Germany traditionally ascribes great diplomatic importance to Central Europe, while the French, not aware of such issues, have eyes only for Africa and the Middle East.

Lastly, we must touch on the constitutional differences between France's semi-presidential system, which authorises the country's president to make war-related decisions extremely quickly (the French talk about 'the efficiency of the chain of command'), and Germany's parliamentary system, whereby the national army is, first and foremost, the parliament's army.

The problem with such received wisdom is that it is partially true and exerts significant pressure at the back of negotiators' minds. All of these tales, which are retold time and again on both sides of the Rhine, will continue exercising their harmful effects well after PESCO has been established. Strategic culture cannot be changed overnight.

That is not what is crucial. Where France and Germany really differ is on the concept of integration itself. Germany is a federal country and its leaders have no qualms about power being distributed between a range of federal bodies under one umbrella organisation; France, on the other hand, remains a country where sovereignty is totemic and federalism taboo. If the German Chancellor and the French President are able to cut that Gordian knot, they will then be able to saddle up the European defence horse and start

down the road that leads, not to federalism, but to integration, as followed by Helmut Kohl and François Mitterrand, and by Gerhard Schröder and Jacques Chirac before them. Such an agreement can only be reached at a bilateral summit. At that point, anything becomes possible. After all, the Germans and the French were the pioneers of military integration, with the creation of the Franco-German Brigade in 1992. It is a shame that misuse of that tool shook the faith of both sides. Nothing is possible without that faith. Will the leaders of Germany and France be able to restore it?

## 4.2 The willing

We are given to understand that there is no chance of the Italians and Spanish not wanting to be part of PESCO's inner circle. Those two countries seem to sit somewhere in the middle of the French and Germans, between an industrial vision, complicated by entanglements with the US defence industry, and an operational vision. In both cases, the stress is on PESCO's usefulness for filling capability gaps. However, its operational aspect has not been ruled out. Let us not forget that the Spanish and Italians provide very significant contingents for crisis management and peace keeping. Beyond that, both countries have a wait-and-see attitude, rooted in the political uncertainties that both are experiencing.

We know that Finland, which is not a NATO member, is extremely willing to take part in PESCO. The country's leaders also stress the importance that should be given to commitments, rather than to criteria. Despite a high level of ambition, however, Finland's leaders seem to see PESCO as just a new form of cooperation, admittedly one based on binding commitments, but they do not go so far as to promote integration. What is more, they are very much in favour of the modular approach.

Estonia is also one of the inner circle of willing countries, with motivations and visions that seemed, to us, close to those of Finland. Both countries are along the lines of what could be called 'PESCO light'. They want to be involved, without committing to too much. Particularly in industrial terms, the two countries want to retain their freedom of choice and not necessarily buy European military equipment.

The Czech Republic sees it as now or never for making the Member States commit more seriously to defence and that is why it wants to be involved from the outset. The country's leaders may consider NATO the most important defence-related organisation, but they seem to have no misgivings about providing forces for the most demanding missions. They favour the capability approach. Although we did not have the opportunity to meet with the Slovak authorities, we assume that their position is similar to that of the Czech Republic.

For its part, Hungary seems to be emphasising the need to properly clarify PESCO's objectives, which its government – as is the case for many Member States – does not fully grasp. With that caveat, the country seems fairly keen on being part of the inner circle. At any rate, that was our understanding from its questionnaire answers. It should be stressed that Hungary was one of just three countries – with Bulgaria and Latvia – that consented to the publication of its answers [Annex 1].

Lastly, Greece also seems very keen on being part of the inner circle. It must be said that, at the moment, the country's defence spending is significantly higher than 2%. The answers include a strong sense that there is only one shot at PESCO, hence the Greek leadership's insistence that it should lead to more results than criteria. Again, the country prefers increased cooperation to integration.

Belgium and Luxembourg are quieter, particularly Belgium, for budgetary reasons. As with many others, those countries are striving for the most inclusive PESCO possible, with limited ambitions, so as not to miss the boat.

The position of the Netherlands is hard to pin down. The country is mourning the departure of the UK, to which it is obviously very close. Nevertheless, its leaders do not seem to see themselves being shut out of PESCO.

Overall, we had the impression that the Benelux countries were wavering between willingness and resignation.

### 4.3 The reluctant

These are countries that are either less enthusiastic about the very idea of European defence or, for budgetary reasons, would not be able to take the pace were demanding criteria imposed, but nevertheless want to avoid being relegated to being 'second-tier' at all costs.

Romania and Bulgaria declare themselves willing to take part in an 'cooperation' instrument intended to increase what each euro of defence spending will buy, but they say they are not well informed enough about the criteria and commitments.

Latvia would like PESCO to be inclusive and to have objectively assessed commitments. As for Lithuania, it initially had reservations about the whole process. For its leaders, the CSDP taking the place of NATO when it comes to responsibility for national defence would be a red line. The country does not consider Europe able to defend itself unaided. That said, both countries back the CSDP moving towards a security approach. Given that they are on the border with Russia, they are very hesitant about the idea of specialising their military apparatus because that would put them in the position of being dependent on the countries 'in the rear' coming to their aid.

Cyprus, fairly rationally, wants to take part in the PESCO process, although it is clear that the country does not have the requisite military capability.

Lastly, in relation to Poland, one could wonder whether the country is eyeing up the role vacated by the UK: being part of Europe to be a more effective spanner in the works.

### 4.4 The undecided

As a signatory to the 2000 Letter of Intent (LoI), Sweden has a specific place within the EU. For reasons similar to those of the Netherlands, essentially relating to the departure of the UK, on top of the continued existence of a significant Swedish defence industry, Sweden seems very hesitant to take part. In addition to that, its defence industry has very close ties with that of the US. Sweden would like the most inclusive possible process with the weakest possible commitments. It does not want to commit to the most demanding missions, but only to the most realistic ones, meaning missions of the sort that currently exist. Despite all those reservations, if a statement by the Swedish Defence Minister to the relevant committee of the Swedish Parliament is to be believed, it seems that Sweden wants to be involved in PESCO<sup>7</sup>.

Portugal also wants to be involved in the PESCO process, but is in a sticky financial situation and seems to be putting off a decision until it knows what the commitments will be.

Lastly, we have not been able to find out the positions of Croatia, Slovenia or Malta.

### 4.5 The non-participants

There is a group of Member States that seem unlikely to play any part in PESCO, the foremost of which is the UK, obviously, but also Denmark, owing to its CSDP opt-out, along with Ireland and Austria because of their neutrality.

One diplomat used to say that, for a treaty to succeed, it is necessary, not only for the parties to agree on the terms, but also for them to understand and accept the other party's ulterior motives. In this case, there are

<sup>7</sup> [The government's ambition is for Sweden to contribute to this cooperation. Our objective is permanent structured cooperation that is inclusive, has low participation thresholds and has an intergovernmental basis. The government's view on the cost of cooperation is that it should primarily be the responsibility of the participating countries.](#)

a range of ulterior motives and, to mask those differences, everyone is trying to keep things ambiguous. What is more, as it is well known, it never pays to set aside ambiguity. Many of the interviewees were conscious of that ambiguity and insist that we should move away from the Treaties. 'Treaties?', they say, 'What Treaties?' Just as in an impressionist painting, the subject is not the subject. Or, to paraphrase Magritte: 'This is not a PESCO'. Others tell us that constructive ambiguity has been one of the main driving forces of European integration. Why change that? The main reason may well be so that we know where it is taking us. We think that approach is no longer well suited to our times and there is a major risk that 'ambiguity will become destructive', to borrow the expression of the IRIS researcher Olivier de France.

## 5 Numerous debates have been glossed over

### 5.1 Complex governance

In all the discussions that have taken place to date, the governance issue has never been raised and everyone seems, to all appearances, satisfied with the blueprint laid down in the Treaties. The reason for that is that, despite its complexity – it is made up of four levels of decision making – the blueprint ensures decisions will almost always be taken by unanimity. It is for this very reason that Member States are satisfied with it. Let us take a look at the four levels.

First, there is the **general CSDP level**, where the European Council and, in some cases, the Council of the European Union take decisions and set out general guidelines. This can relate to all of the decision types provided for in Article 25 of the TEU, namely 'general guidelines', 'decisions defining: actions to be undertaken by the Union; positions to be taken by the Union; arrangements for the implementation of the decisions' and decisions 'strengthening systematic cooperation between Member States in the conduct of policy'. What that actually means is any CFSP-related decision that could have an impact on the CSDP, as the CSDP is an 'integral part' of the former (Article. 42(1) of the TEU). For our purposes, it mainly relates to the subsection comprising specific decisions taken within the context of the CSDP, such as the decision to entrust a given mission to a group of Member States that wanted it and had the capabilities needed to carry out that mission, in accordance with Article 44 of the TEU. All of those decisions, without exception, are taken by unanimity, which debunks the oft-stated idea that the PESCO Member States could decide to send a mission on behalf of the EU. Only the European Council or the Council can do that (Article 44 of the TEU).

The second level of decision making is that of **PESCO itself**. It is a case of 'decisions' and 'recommendations' that specifically affect the general direction of the convergence process. It is easy to imagine, for example, the Member States deciding either to bolster this or that type of commitment at a given time, or to accept or exclude a Member State along the way. In accordance with Article 46(6) of the TEU, those decisions and recommendations are also taken on the basis of a unanimous vote in the Council of the European Union. However, only the Member States participating in PESCO can take part in that vote. Accordingly, everyone can keep abreast of what is going on, but no exclusive club can be formed within the Council. This system of governance is the same as that laid down for 'enhanced cooperation' in Article 330 of the TFEU.

Incidentally, we would point out that this means that the greatest possible 'inclusiveness' is achieved merely by applying the Treaty, with no need to try to lower the bar or water down commitments. Only those that actually contribute will have the right to vote, but everyone is involved.

As an exception to the unanimity rule, voting will be by qualified majority in the following three cases:

- the decision to establish PESCO (Article 46(2) of the TEU);
- the decision to allow a new Member State into PESCO (Article 46(3) of the TEU);

- the decision to exclude a Member State that no longer meets the criteria or cannot meet its commitments (Article 46(4) of the TEU).

Incidentally, it should be noted that it is possible to change from the unanimity rule to the qualified majority rule, in accordance with the bridging clause provided for in Article 48(7) of the TEU, which lays down that:

‘7. Where the Treaty on the Functioning of the European Union or Title V of this Treaty provides for the Council to act by unanimity in a given area or case, the European Council may adopt a decision authorising the Council to act by a qualified majority in that area or in that case. This subparagraph shall not apply to decisions with military implications or those in the area of defence’.

It is a case of transposing, *mutatis mutandis*, the possibility offered by the bridging clause applicable to enhanced cooperation into the area of structured cooperation. The impossibility of applying this option in the context of ‘decisions with military implications or those in the area of defence’ should be interpreted strictly. Those decisions concern launching operations (or missions) outside the EU, whether those missions constitute actual military operations (‘Petersberg tasks’) or military cooperation missions (those covered by the phrase ‘with... implications... in the area of defence’). The terms used are identical to those in Article 41(2) of the Treaty, which also need to be interpreted restrictively. Provided that decisions taken within the context of PESCO do not relate to the setting up of a capability and never to its use, which could result in human lives being at stake, they may lend themselves to application of a bridging clause (which would not otherwise be applicable to the CSDP) and thereby make it easier to reach a decision.

The third level of decision making is the **European Defence Agency**. Under Protocol No 10, the EDA has two levels of involvement in PESCO.

- The first is to ‘contribute to the regular assessment of participating Member States’ contributions with regard to capabilities, in particular contributions made in accordance with the criteria to be established, inter alia, on the basis of Article 2’, that is all five of the commitment types already mentioned (financial, planning, operational capabilities, equipment and industrial programmes). The only thing the EDA is not involved in is evaluation of the contributions made to battlegroups (Article 1(b) of Protocol No 10). The EDA reports that evaluation to the Council at least once per year (Article 3 of Protocol No 10).
- The second is to implement ‘major joint or European equipment programmes’ (Article 2(e) of Protocol No 10).

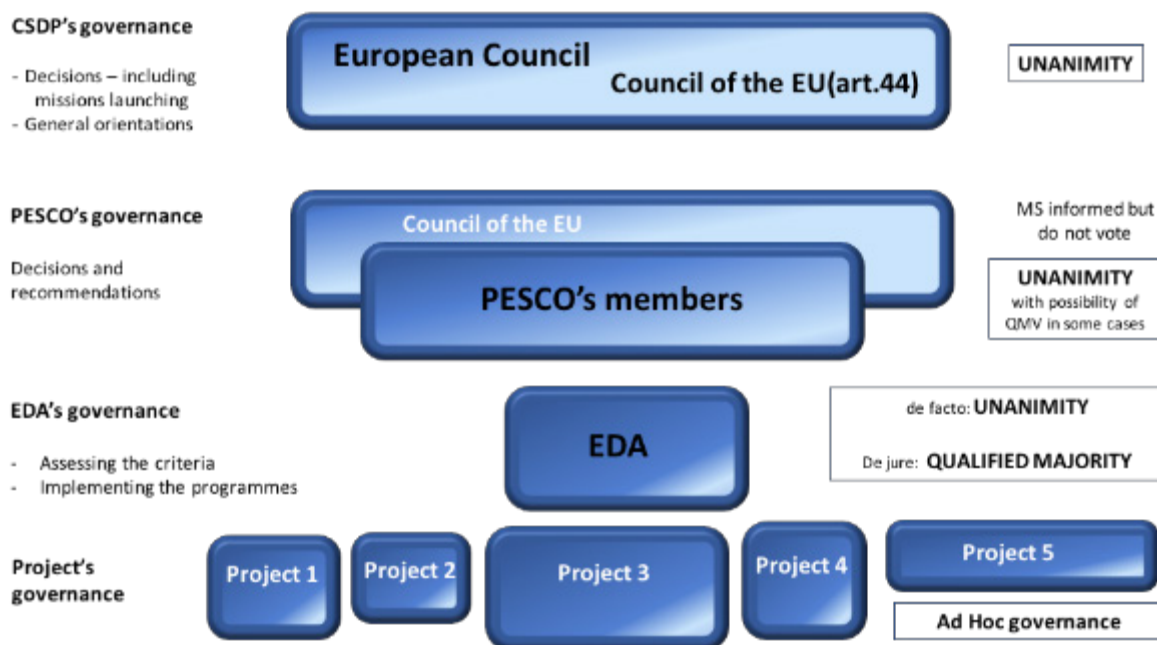
We know that, in accordance with the EDA’s statute, its steering board can make decisions by qualified majority<sup>8</sup>, but that rule is almost never actually applied.

Lastly, the **project-governance level** should also be mentioned. These decisions will be taken within the framework of PESCO, whether it is a question of equipment projects or of other types of cooperation. Since the Treaties make no mention of these ‘projects’, their governance will be determined on a case-by-case basis. It seems likely that, in relation to them, inspiration will be drawn from what happens within the Organisation for Joint Armament Cooperation (OCCAR).

It is noticeable that the drafters of the Treaties ensured that the sovereignty principle is present at all the stages of governance.

<sup>8</sup> Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency, Article 9(2): ‘Unless otherwise provided for in this Decision, the Steering Board shall take decisions by qualified majority. The votes of the participating Member States shall be weighted in accordance with Article 16(4) and (5) TEU. Only the representatives of the participating Member States shall take part in the vote’.

### CSDP-PESCO GOVERNANCE LINKS



## 5.2 Reforming the EDA

Just as governance has never been an issue in the talks under way, the question of reforming the EDA has so far been glossed over. That may change. It actually seems as if stances are changing and that the subject is being considered within the EDA itself [Annex 9]. The fact is that the EDA has two important roles to play in this whole system: that of honest broker responsible for ensuring that the Member States meet their commitments and that of executive body that makes their decisions a reality.

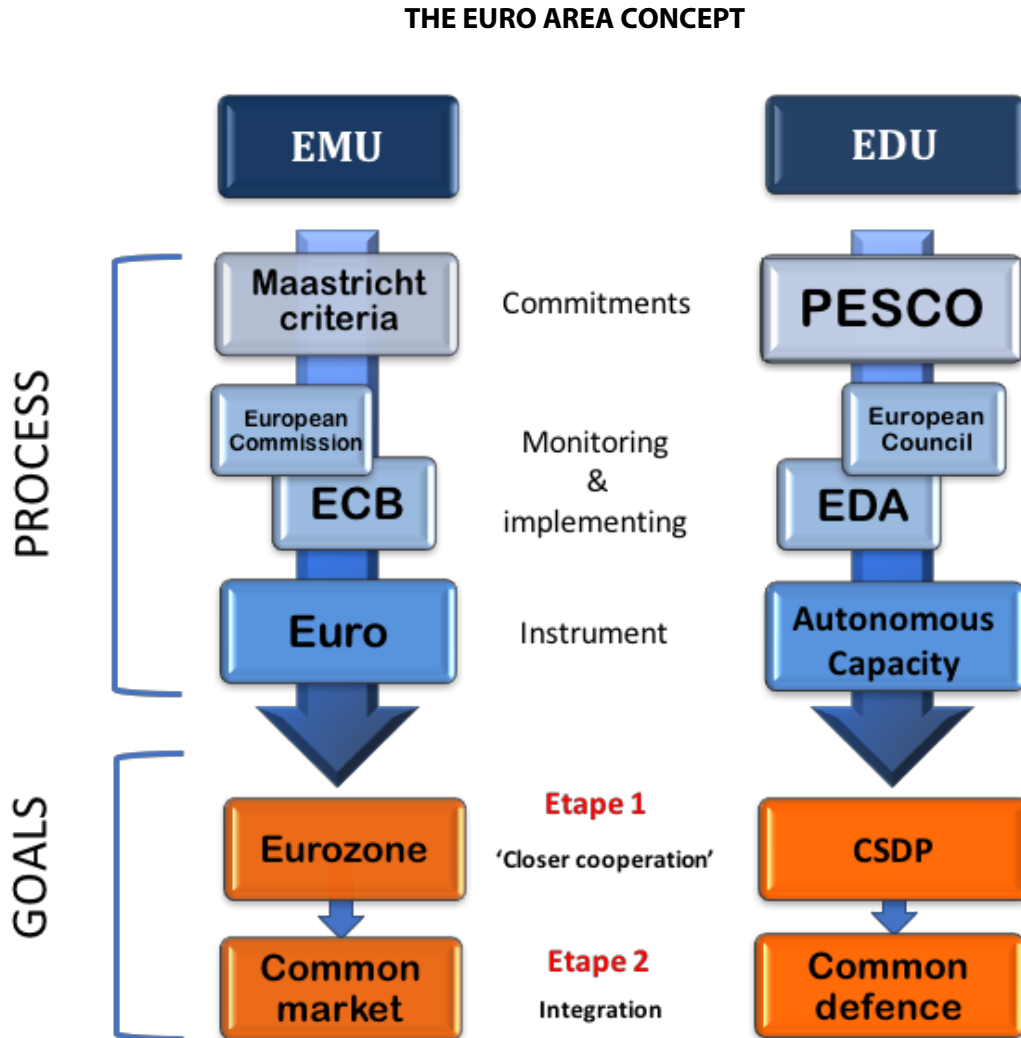
We have already shown that the whole conceptual architecture of the CSDP was inspired by that of the eurozone and that the European Defence Union is a carbon copy of Economic and Monetary Union<sup>9</sup>. Rather than that comparison leading to the eurozone being seen as a map, with some countries in and others out, it should be considered a process based on the idea that quantitative and qualitative commitments (the 'Maastricht criteria'), monitored by an impartial arbitrator (the European Central Bank (ECB) and, as a last resort, the Commission), can enable the tool (the euro) to run smoothly to achieve the intended goal (economic and monetary union).

It is important that the EDA be able to perform its oversight and implementation roles. To achieve that, it must take its decisions by qualified majority. Would the ECB's Governing Council take its decisions by unanimity? How, then, could the EDA choose from the calls for tenders for the various programmes by unanimity? Every Member State would have veto power, which it could use as a bargaining chip. What is more, in the context of defence-research preparatory work, the Commission is responsible for choosing. Good sense actually requires that projects be chosen on the basis of their relevance to defence planning.

As for the programme-implementation role, the EDA does not, for the moment, have the critical mass of expertise to enable it to do that. Since it is likely that the Member States would transfer to it the human resources that it needed and that, moreover, its budget would only increase gradually, the only conceivable solution for achieving rapid results would be a merger with OCCAR.

<sup>9</sup> Mauro, F., '[PESCO: European defence's last frontier](#)', GRIP report 2017/1, 23 February 2017.

We have highlighted the positive changes that seem to be taking shape in three areas: EDA governance, merger with OCCAR and budget [see highlighted passages in Annex 9].



### 5.3 The issue of overall coherence: the EDF, CARD and PESCO

The issue of overall coherence was glossed over until the European Council of 18 May 2017, when the Council expressed (paragraph 16, final bullet point), for the first time, the desire that:

'Without prejudice to participating Member States' principal role in the decision making through the Council, the EDA and the EEAS will provide support to the implementation of PESCO within their respective areas of competence. The Commission will be associated to the work to ensure coherence with and support through the EDAP'.

In its communication of 7 June 2017, the Commission itself established a link between the EDF and PESCO, laying down that prototypes produced in the context of PESCO-related projects and eligible for EDF backing would see a 10-point increase in contributions from the European budget, from 20 to 30%. Nothing is settled as of yet, but the fact that projects included within PESCO could benefit from EU funding has certainly contributed to shifting some countries from undecided to sceptical, and others from the ranks of the sceptics to those of the willing. They have all understood where the money would go.

As for the issue of the coordinated annual review on defence (CARD), nothing, for the moment, has been said or published about what it will look like that would make it possible to form an opinion. However, there is a natural, and all too obvious, link between CARD and PESCO's defence-planning pillar. The whole problem comes from the failure, so far, to link up the level of political ambition and the new capability development plan (CDP), which could be called 'level of military ambition' or 'headline goals'. Will CARD make that link?

## 5.4 Brexit and the shadow that it casts over European defence

Here too, the various parties' ulterior motives could have serious implications.

From a legal standpoint, the issue could not be simpler. Article 46(1) of the TEU lays down that: 'Those **Member States** which wish to participate in the permanent structured cooperation referred to in Article 42(6)'.

As a result, on the day that the UK leaves the EU, its involvement in PESCO will no longer be possible. Of course, it is always possible to envisage a post-Brexit EU-UK association agreement. But even the most ambitious of agreements cannot include allowing the UK to participate in the European Council.

From a political standpoint, things are less clear. First of all, because of culture, interests or tradition, some Member States share with the UK a vision of defence, in general, and European defence, in particular. That is the case for the Netherlands, Sweden, Denmark and Poland, and, to a lesser extent, the Baltic States and the countries of Central Europe. To push the point, these countries share the idea that European defence is not serious, that only US protection through NATO counts and that it must be preserved at any cost. Ultimately, they have a very liberal view of arms policy and are reserved about, or even hostile to, any attempt to impose a 'Buy European Act' in the area of defence. France too has staked a great deal on its alliance with the UK through the Lancaster House Treaties and is now in a rather unenviable situation. Its leaders are straining to convince themselves that the two are not incompatible<sup>10</sup>, but that is not easy. Hence President Hollande's claim that the British could be involved in PESCO, which reflected more a political desire than a legal error. Germany has not been hostile to the UK in the last 30 years and its military leaders are very aware of the UK defence industry's importance in their own defence set-up, particularly in relation to aircraft engines (Eurofighter and A400M). The same is true for Spain and Italy.

In short, as regards defence, many Europeans would like, despite everything, to keep the British on board, and it seems likely that the UK itself would like to minimise distance, at least in this area. Attempts to create closer ties should therefore be expected. There is no doubt that, should those attempts succeed, the integration idea will be dead and buried. All it takes to be convinced of that is a glance at the list of achievements in the field of European defence since 23 June 2016 compared with the situation before then.

## 5.5 The relationship with NATO: the elephant in the room

More than just setting up autonomous capability, the Member States now seem to agree on assigning PESCO the more ambitious goal of laying the foundations for truly European defence; there is no reason not to do so. Yet there is a need, in that case, to clarify the relationship between that European defence and NATO. Attachment to the North Atlantic Alliance is due to a sense of being under siege among all the countries of Central Europe, particularly Poland, the Baltic States and a significant number of major players, such as Germany and Italy.

Paragraph 8 of the Council conclusions of 22 June 2017 give expression to those concerns:

<sup>10</sup> See interview in *Defense News*, Pierre Tran, 18 June 2017 – '[French Procurement chief Laurent Collet-Billon on the pursuit of a European defense](#)'



'This work has to be consistent with Member States' national defence planning and commitments agreed within NATO and the UN by Member States concerned'.

Whole papers could be written on the subject of the 'consistency' of EU-NATO relations and we will not venture into that area. We would simply note that Professor Jolyon Howorth has just produced a concise and accomplished study of the range of possible scenarios<sup>11</sup>. We will limit ourselves here to referring to that study. Nonetheless, we would note that there is a level of schizophrenia from any Member State that insists on stressing NATO's importance and that wants, at the same time, to extend CSDP missions to protection of the European public and to domestic security. The more these arguments are repeated, the less sustainable they are. The truth is that those Member States know full well that the transatlantic relationship is not as strong as before and that it would be absolutely to their benefit to sign up to some sort of a second best European insurance.

The only real ways to prevent the two organisations from competing with each other would be either to scrap the idea of European defence altogether – in other words, sign up to being a US protectorate – or to 'Europeanise' NATO. As it happens, that is the scenario that Professor Howorth favours, although he acknowledges that it is also the least likely. It is also what Hubert Védrine advocated in his 2012 report<sup>12</sup>. If Europe really is serious about the concept of 'strategic autonomy' and if the United States really wants to rebalance the burden of spending, we need to give up the half measures. In the interests of the EU, of course, and of Washington too, there is a need to think along the same lines as Professor Howorth, who states that we ought 'to merge CSDP into NATO, to take over, step by step, command of the major agencies in NATO, and to allow the US to focus on the areas of the world that are of the most strategic importance to Washington'.

## 5.6 The convergence issue or the method debate

Just like the euro, on which it was modelled, the theoretical framework for the CSDP/PESCO has weaknesses that we would be ill-advised to ignore.

The first relates to the idea that 'binding' commitments will actually be binding. The experience of the Maastricht criteria shows that the Member States have no scruples about breaking their word. They cheat, lie and play for time, all with complete impunity. Why would they change? They have always put their political interests before 'EU-imposed accounting rules'. Are we capable of learning from our mistakes, then? Do we want to base European defence on empty promises? Sooner or later, the legal straitjacket of PESCO will become unbearable. It already has. Even before things get under way, some Member States are admitting under their breath that they have no intention of keeping to such and such a commitment. How, then, can the illusion of security offered by a legal framework be replaced with ever-present political instincts? How can we restore the climate of goodwill that existed in the early 1980s and had evaporated by the start of the 2000s? How can the Member States be encouraged to stop seeing Europe in transactional terms: 'what am I paying and what do I get in return'? How can they be steered towards working for the greater good of Europe and thinking of themselves as Europeans? At the very moment when the European Defence Fund is about to change the game, to wreck PESCO by massively boosting 'modularity' and 'inclusiveness' would be to play into the hands of all those who think that the European Council is just a forum for clashes of national self-interests, and that only the Commission and European Parliament are capable of identifying the European public interest.

<sup>11</sup> Howorth, J, '[Strategic autonomy and the EU-NATO Cooperation: squaring the circle](#)', *Egmont Security Brief* No 83, May 2017.

<sup>12</sup> [Report by Hubert Védrine submitted to the President of the Republic : "The consequences of France's return to NATO's integrated military command, on the future of transatlantic relations, and the outlook for the Europe of defence"](#)

The second intellectual weakness of this whole system is the idea that European integration takes place through convergence. In the 70th anniversary year of the first use of that method, questions could reasonably be asked of its effectiveness.

Had there been a European State with which the European public could identify, would there have been a European project crisis? Is it unreasonable to think that it is not convergence that creates the Union, but the Union that creates convergence? That is not a question political philosophy, but a question of institutional method. And that will be needed for the European project to continue. It is no use piling up tools one on top of the other, like bricks on a heap of sand. We need architects. That is why European defence, if it sees the light of day, will start with institutions rather than tools, with a political deal rather than a stack of ad hoc modules and cooperative efforts.

## 5.7 The nuclear deterrent back on the table?

If we ascribe some value to the 'EU's level of political ambition' and can believe the Member States as regards allocating PESCO the goal of constituting an 'autonomous capability' to meet that level of ambition, the issue of the nuclear deterrent will resurface sooner or later. How else could 'protecting the Union and its citizens' against threats of attack be possible? Until now, Europeans have relied on the US nuclear deterrent, which is based on Europe's enemies being absolutely certain that the US President is prepared to risk a strike on Chicago to safeguard Vilnius. It now seems that this is not quite so certain. If we are really talking about Europe's 'autonomous capability', therefore, the question remains of the future of the French nuclear arsenal in what would be true European defence. That question has not been broached politically since the Brexit decision and the re-emergence of 'European defence' as a strategy to be pursued<sup>13</sup>.

## 6 The desirable scenarios

### 6.1 The dynamic status quo: building strong foundations

European leaders seem to be in the position of George W Bush the day after 11 September 2001. Faced with all the events since the 2014 invasion of Ukraine, they seem to be stuck in a loop. 'We must do something. We must do something. What should we do?' Suddenly, someone suggests: 'we have to finish the job'. In relation to European defence, finishing the job would be 'making full use of the Treaties', meaning – finally – the establishment of PESCO. Having waited 10 years, moreover, it seems totally normal for us now to be putting things in place inside three months.

Let us be clear: there is a risk that it will all turn out to be a damp squib. That would not be a tragedy in itself. The problem arises when, if we allow the European public to think that European defence exists and that 'Europe is protecting them', it does not do so when the time comes. That will then wipe out a little bit more of the trust in Europe. How much trust can be lost before the whole project is destroyed?

It would be wise to take the time necessary to bring those ambitions into line with resources. 'Time does not respect what we do without it'. That would not be procrastination, but rather taking the time to reach agreement, or otherwise, on the goal of integration because it is integration alone that achieves the best value for money in terms of military performance and efficiency.

That pause would be all the easier to take because many initiatives have been launched. There are already a large number of things on the table for the coming years. Let us take the time to get to grips with them.

<sup>13</sup> Mauro, F, '[L'avenir des forces nucléaires françaises dans une authentique défense européenne](#)' *Revue de la défense nationale*, August 2015.

Unfortunately, the result of the tyranny of the present, the dogma of pragmatism and the pressurizing impeller of taking concrete action are so strong that no leader will resist the temptation to tick the PESCO box. If the only other option is to do nothing, it is true that it is better to do nothing than to do something stupid. Yet that is no longer where we are: the boat is about to depart. How can we prevent it running aground and set it on course for success?

## 6.2 Getting on board: ‘smart PESCO’ rather than ‘PESCO light’

It will be relatively easy to find the right balance between inclusiveness and ambition. It will be harder to reach agreement about what we want to do: cooperation or integration. The problem of European defence is not a matter of number or speed; it is a matter of direction. We will recap, in order, the five types of commitment required for PESCO and be so bold as to suggest some ideas to consider.

### 6.2.1 To increase the level of defence spending quickly: fill in the most glaring capability gaps

If all countries except Germany kept to the criterion of 20% of investment in equipment that would hugely help the situation and, above all, it would mean the burden being shared between Europeans fairly. Militarily speaking, however, the effect would be watered down by being scattered across a large number of countries. If, on the other hand, Germany – even on its own – kept to its NATO commitment of 2%, and that of 20%, made in both organisations that would change the face of European defence. Half of the financial burden to be shouldered to meet the commitments from the 2014 summit is borne by Germany: EUR 7.4 billion of EUR 15.5 billion (see NATO figures table). If Germany’s leaders are serious when they say that they will increase their defence spending, let us try to ensure that the additional money serves the joint project: European defence.

At this stage, the tanker aircraft of which Europe is critically short for its ‘strategic autonomy’ inevitably spring to mind. It is a capability that, not being new, does not require years of development and that would very quickly enable an injection of fresh money into something useful. It is known to be one of the major capability projects acknowledged by all, in relation to which Germany and Norway have just declared that they want to join the initial group formed by Luxembourg and the Netherlands<sup>14</sup>. Yet that project remains lightweight compared with the needs of European armed forces: two aircraft ordered, with five options and potentially four more at some unspecified time in the future. None of that is commensurate with the capability gaps that Europe faces. That is all the more true because the project will exclusively benefit the armed forces of the signatory countries, while making all of that capability available, on the basis of as-yet undetermined financial arrangements, would certainly constitute the most ‘concrete’ step ever taken towards European defence.

### 6.2.2 To intertwine defence planning processes: a Franco-German white paper

Not many Member States with their own defence-planning process really want to intertwine it with those of others, while those without one hide behind the NDPP (NATO Defence Planning Process), without always having a good understanding of it. Yet the NATO planning process is not intended to meet the same level of ambition as that of the EU. In particular, a planning process is not put together in the same way when the US and UK are on board as when they are not. As for the ‘global strategy’, the HR/VP seems to have let it be known that she did not want to continue the exercise beyond setting a level of ambition. Since those paths are blocked, and as there is also a genuine desire for the Franco-German engine to be cranked back up again, Paris and Berlin should agree to produce a white paper together. France has just launched a strategic review.

<sup>14</sup> [‘Germany and Norway formally join Netherlands and Luxembourg to operate pooled fleet of NATO-owned Airbus A330 MRTT tankers’](#) EDA news digest, 29 June 2017.

That is not a good sign because it is a return to the exclusively national route, with the result that any synchronisation of procurement schedules will be complicated, if not impossible. The most sensible option would be to play for time. At this stage, only the commitment to producing a Franco-German white paper, potentially open to a few others, could be the foundation stone of European defence.

### 6.2.3 For the operational aspect: an EATC for transport helicopters

In the operational field, improving battlegroups springs immediately to mind. Many ideas for making them more efficient have been floated. They just need to be put into practice. However, since this relates not only to combat units, but also to logistics, training and deployment, we suggest the following, in no particular order: the creation of a European Air Transport Command (EATC) for transport helicopters, particularly heavy helicopters, the creation of integrated military academies and the establishment of joint support for future major equipment programmes.

### 6.2.4 For capability gaps: a European successor to AWACS

In relation to capability gaps to be filled, apart from the aforementioned issue of tanker aircraft, consideration needs to be given to the ammunition industry; Europe's armed forces seem too dependent on foreign suppliers. Much more fundamentally, thought should be applied to replacing the Airborne Warning and Control System (AWACS) aircraft by putting in place a future European air command and surveillance system, which would enable surveillance of the overall situation on Europe's borders and to which each Member State could 'connect up' its resources.

### 6.2.5 For industry: a 'Buy European Act'

As regards industry, let us say the unvarnished truth: should each country try to retain full procurement freedom and keep buying whatever it likes, neither economies of scale nor major programmes will be possible. This is all the more true because, very often, the dogma of 'freedom of choice' is a smokescreen for reasons that have more to do with the industry or with economic offsets than they do with defence. In the face of the Buy American Act, which limits European companies' ability to export to the United States, it would be legitimate, against a backdrop of the US putting its own interests above all else, for Europe to do the same. That is what is known as the reciprocity principle. For which reasons should we have a level playing field with pure and perfect competition between European countries, but protectionist asymmetries in the transatlantic defence trade for the sole benefit of the US?

Putting in place a 'Buy European Act' should form part of the negotiations on the industrial commitments aspect of PESCO, as that is what is written, clear as day, in Article 2(e) of Protocol No 10. Numerous Member States become intransigent when their freedom to choose equipment is mentioned. That is absolutely their right, but only if they do not form part of the 'avant-garde'. In truth, those that do not want to buy European equipment, when it exists and bears comparison in terms of military effectiveness, are the ones that do not want European defence. Everything else is just hot air. Furthermore, would US manufacturers offer good conditions in the absence of European competition? There will soon be an opportunity to gauge how serious the countries are in this regard, with the renewal of the German contract for Tornados. Will Europeans be able to carry out a programme on the scale of the Future Combat Air System (FCAS) between them? Would building a next-generation fighter aircraft not be a 'major equipment programme'? As it happens, that could be a good way of keeping the UK on board – if the country's government wants and is able to do so – and a test for clearing up the French position. Let us be clear: Germany buying US F-35s – over and above those necessary for carrying nuclear weapons – would not be a good sign and could even be a mortal blow to the idea of European defence. Action speaks louder than words and that programme is a test: if Europe's leaders really believe what they say, they should stick to their words and act accordingly.

## 6.2.6 The outlook in the short and long term

In view of all the above, two series of additional actions should be considered. The first would be to modify the governance of the EDA, simply by applying its statute, increasing its budget and, above all, coming up with an organised plan for merging it with OCCAR. The second would be, in due course, considering the option of modifying PESCO's governance by applying the bridging clause that would move it from the unanimity rule to the qualified majority rule.

## 7 Conclusions

It would be impossible to conclude this report eluding the issue of PESCO's added value. What does the process contribute to achieve with regards to its stated goal that could not be accomplished without it? We take for granted that PESCO adds value in two ways and two alone: the idea of an 'avant-garde' and the concept of 'binding commitments'. This only makes the present situation all the more worrying, as the notion of the 'avant-garde' has been scratched and modularity is undermining the binding nature of the commitments. Yet beyond the concept of added value, which has become somewhat hackneyed, we need to grasp what truly makes PESCO stand out, the results that it alone makes possible. In short, what is its interest?

**PESCO's first interest is that it makes it possible to build the 'autonomous capability'** that is explored throughout this study, in a way that is organised and involves all the Member States that really want it. It does this by, in a word, 'integrating' European defence apparatus on a solid and coherent basis; that is what the Treaty establishing a Constitution for Europe called 'closer coordination' in the area of defence. What can be closer than cooperation if not integration?

**PESCO's second interest is that it enables us to achieve critical mass.** It is actually possible to launch integration processes in a limited way at regional level. Germany has started to do it in relation to ground forces through the framework nation concept. Belgium and the Netherlands have gone even further as regards their navies. France and the UK tried to do so through Lancaster House, but did not really manage it because, ultimately, there is no significant specialisation, except in the missiles sector and in the infrastructure needed for nuclear testing. The fact is that all these processes and projects are taking place outside the EU institutions, which is why they have no critical mass.

**Lastly, PESCO's third interest is** that, at this stage of the European project, it remains within an intergovernmental framework. Not only is **PESCO participation voluntary**, but **decisions are still taken by unanimity, which leaves the Member States' 'sovereignty' unharmed.**

Organised integration open to all those that want it, within the framework of the Treaties, and maintaining Member State sovereignty: those are the dowry offered by the Sleeping Beauty, which is what makes her so alluring. What, then, is the point of waiting? Is it that, once she wakes, no one knows where to take her or which direction should be chosen for her? Should we suggest that she cross the Mediterranean or the Sea of Azov, or should she stay on the shores of Lake Constance? Obviously, different boats will be required to take the Beauty out for a jaunt. The goal determines the scale of the architecture.

PESCO, as envisaged now, in late June 2017, seems unlikely to be much use, at least not for setting up autonomous capability for managing crises, whether in- or outside European territory.

As it stands, the only point of it is political: enabling the Member States to show that they are doing something, that they are in the 'inner circle' and that they are making progress, while all they are doing is setting a time bomb. As usual, it will not be the Member States who suffer the blast, but rather 'Europe' designated as they were not part of it. If such a thing happens, Europe would procure the illusion of having the keys to its own defence, whilst condemning itself to serving up the spectacle of its own impotence to the jostling hordes of populists.

Yet now is not the time for pessimism. In politics, things rarely turn out as expected. It is essential that Europe's leaders should not let the massive head of political steam that has recently built up behind 'European defence' fizzle out. They are responsible for it and they must harness it for the greater good. After all, did not Christopher Columbus discover the Americas while searching for the Indies?

## ANNEXES

## ANNEX 1

### Questionnaire sent to representatives of the Member States

#### **METHODOLOGICAL NOTE**

The following questionnaire was sent, in English, to all 27 Member States. The UK was excluded for obvious Brexit-related reasons. Denmark, however, was included because the country's representatives informed us that they were interested in receiving one, although they would not be responding because of the Danish opt-out from European defence.

To prevent any personal interpretations and so that the Member States could be formally asked whether they were ready to apply them, it was drawn up on the basis of the Treaties.

We strove to make it easy for diplomats and enable them to fill it in quickly, which explains the yes/no answer structure. At the same time, we left it open for those who wanted to do so to contribute any explanations that they wished, with no space limits. The Member States had 23 days in which to respond; we only had one month in which to complete our report ourselves.

Many countries responded verbally because they did not want to limit their diplomatic room for manoeuvre by boxing themselves in with public statements subject to change; that is completely understandable. Also, some countries, such as the Netherlands, were waiting for a government to be formed.

Other countries did not take the trouble to respond. That was particularly true for some neutral countries, which may believe that it goes without saying that they will not form part of PESCO; notable exceptions were the Republic of Cyprus and Finland. The Republic of Cyprus responded in writing, but did not want its answers made public.



Written, public answer	Written, non public answer	Oral answer	No answer
		Germany	
			Austria
		Belgium	
Bulgaria			
	Cyprus		
			Croatia
			Denmark
	Spain		
		Estonia	
		Finland	
		France	
		Greece	
Hungaria			
			Ireland
		Italia	
Latvia			
		Lithuania	
			Luxembourg
			Malta
		Netherlands	
			Poland
		Portugal	
		Czech Republic	
	Romania		
			Slovak Republic
			Slovenia
			Sweden
3	3	11	10

The questionnaire has not been sent to the U.K. but a request for meeting has been made which has remained unanswered

## QUESTIONNAIRE

on the

### PERMANENT STRUCTURED COOPERATION (PESCO)

[Articles 42 (6) and 46 TEU and Protocol number 10 TFEU]

On behalf of the European Parliament (*sent the 30 May 2017*)

### **Answers are expected no later than the 23 June 2017 18:00**

Answers must be given under the form of “yes” or “no”, fulfilling the grid at the end of this questionnaire. Precisions can be given whenever deemed necessary.

## Goal

The goal of PESCO is defined at article 42 (6):

“6. Those Member States whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union framework”

This paragraph must be read in line with article 42 (1):

“1. The common security and defence policy shall be an integral part of the common foreign and security policy. It shall provide the Union with an operational capacity drawing on civilian and military assets. The Union may use them on missions outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter. The performance of these tasks shall be undertaken using capabilities provided by the Member States.”

and article 43 (1):

“1. The tasks referred to in Article 42(1), in the course of which the Union may use civilian and military means, shall include joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation. All these tasks may contribute to the fight against terrorism, including by supporting third countries in combating terrorism in their territories.”

As a result of these articles the goal of PESCO is to provide the Union with combat forces to be tasked, in accordance with the principles of the United Nations Charter, in crisis management situations that could arise outside the Union, including the most demanding missions for peace-making.

**Question 1.- Does your country agree to contribute to such a goal in the framework of PESCO?**

## Criteria

Criteria to be admitted in the PESCO's process are defined by article 1 of the protocol number 10 of the TFEU:

"The permanent structured cooperation referred to in Article 42(6) of the Treaty on European Union shall be open to any Member State which undertakes, from the date of entry into force of the Treaty of Lisbon, to:

(a) proceed more intensively to develop its defence capacities through the development of its national contributions and participation, where appropriate, in multinational forces, in the main European equipment programmes, and in the activity of the Agency in the field of defence capabilities development, research, acquisition and armaments (European Defence Agency),

and

(b) have the capacity to supply by 2010 at the latest, either at national level or as a component of multinational force groups, targeted combat units for the missions planned, structured at a tactical level as a battle group, with support elements including transport and logistics, capable of carrying out the tasks referred to in Article 43 of the Treaty on European Union, within a period of five to 30 days, in particular in response to requests from the United Nations Organisation, and which can be sustained for an initial period of 30 days and be extended up to at least 120 days.

**Question 2.- Assuming that your country wants to participate in PESCO, is it willing and able to respect both criteria?**

## Commitments

PESCO's commitments are defined by article 2 of Protocol n° 10. Taking those commitments separately:

a) Investment pledge [art. 2 (a)]

A pledge has been taken by all EDA countries in 2007 that defence investment (procurement + R&D) represent at least 20 % of total defence expenditure. The same pledge has been taken by all NATO members in 2014.

**Question 3.- Is your country willing and able to respect this pledge?**

b) Capability development [art. 2 (b)]

**Question 4.- Is your country willing and able to participate to the common European defence planning, which would lead, like in the NATO Defence Planning Process (NDPP), to:**

- a common threat assessment;
- a common level of ambition;
- common headline goals;
- a common capability development plan;
- apportioning approved capability packages;
- reviewing those elements on a regular basis?

**Question 5.- Would your country accept:**

- a) to pool its military means?
- b) to specialise its military means?

c) Operational objectives [art. 2 (c)]

**Question 6.- Is your country willing and able to take concrete measures to enhance:**

- the availability;
- the interoperability;
- the flexibility;
- the deployability of your forces?

**And identify common objectives on these issues?**

**Question 7.- If necessary, would your country accept to review its decision-making procedure to meet these objectives?**

d) Capability cooperation (shortfalls) [art. 2 (d)]

**Question 8.- If necessary, would your country accept to work together with the other PESCO's members to compensate the shortfalls identified through the 'Capabilities Development Mechanism'?**

e) Collaborative procurement [art. 2 (e)]

A benchmark has been set by all EDA countries in 2007 that European collaborative procurement should represent at least 35 % of total investment (procurement +R&D) expenditure. In parallel a similar benchmark has been set that European collaborative R&T would represent 20 % of total R&T expenditure.

**Question 9.- Is your country willing and able to respect these objectives?**

## Role of the European Defence Agency

The role of EDA is defined by article 3 of Protocol n° 10.

**Question 10.- Would your country agree to give EDA all the information necessary for it to assess, on a regular basis, your country's contribution with regards to the respect of criteria and the commitments to be established based on Article 1 and 2 of the Protocol?**

## Governance

PESCO's governance is defined by Article 42 (6) of the TEU which states:

"The decisions and recommendations of the Council within the framework of permanent structured cooperation, other than those provided for in paragraphs 2 to 5, shall be adopted by unanimity. For the purposes of this paragraph, unanimity shall be constituted by the votes of the representatives of the participating Member States only."

We can deduct from this paragraph a two-tier governance:

The Council remains the framework in which all decisions and recommendations are taken. All Member States, even if they do not partake to the PESCO are informed.

Nevertheless, the votes on such decisions and recommendations shall be made by PESCO's participating Member States only. These votes shall be made under the unanimity rule.

This does not prejudice the existence of a third, ad hoc, level of governance for equipment programs or "modules". The votes within those programs shall be made under ad hoc rules.

**Question 11.- Does your country agree with this two tier governance within the Council?**

## Link with other initiatives

**Question 12.- Would your country agree to use the European Defence Fund for expenditure under PESCO?**

**Question 13.- Would your country agree to link the Coordinated Review on Defence (CARD) to be conducted by EDA, with PESCO? For instance, all Member States participating in PESCO would necessarily be part of the CARD?**

## Procedure for establishing PESCO

**Question 15.- Assuming that your country will not be part of PESCO would it, nonetheless enable its establishment?**

<b>HUNGARY - Does your country:</b>	Yes	No	Precisions to be given*
1.- agree upon the goal of PESCO as defined in the treaty? [TEU art. 42(1) (6) and article 43 (1)]	x		
2.- is able and willing to fulfil the criteria? [TFEU protocol n°10 art. 1]	x		
3.- is willing to commit to an investment pledge of 20% of overall defence expenditure? [TFEU protocol n°10 art. 2 a)]	x		
4.- is willing to bring its defence apparatus into line with others' PESCO members through a common defence planning? [TFEU P.-10 art. 2 b)]		x	x
5.- a) agree to pool military means? [P.-10 art. 2 b)]	x		
5.- b) agree to specialise military means? [P.-10 art. 2 b)]	x		
6.- to take concrete measures to enhance its operational capacity of its forces? [P.-10 art. 2 c)]	x		
7.- is ready to envisage to review its decision-making procedure in order to respect the previous commitment? [P.-10 art. 2 c)]	x		
8.- is accepting to compensate the shortfalls identified through the 'Capabilities Development Mechanism'? [P.-10 art. 2 d)]	x		
9.- is willing to respect the benchmarks set in 2007 within EDA upon European collaborative investment (35 % of total defence procurement) and European collaborative R&T (20 % of total R&T) [P.-10 art. 2 e)]	x		
10.- is willing to give EDA all the information necessary for it to assess, on a regular basis, its contribution with regards to the respect of criteria and the commitments to be established based on Article 1 and 2 of the Protocol? [P.-10 art. 3]	x		
11.- agree with a two-tier governance within the Council? [TEU art. 46 (6)] (All EU members are informed – only PESCO members vote)	x		
12.- would like to link the European Defence Fund and PESCO?		x	x
13.- would like to link the Coordinated Defence Review and PESCO?	x		
14.- would your country vote against PESCO if itself does not partake to it?		x	

**Hungary's comments on questions no. 4 and 12:**

Q4: Hungary generally supports the initiative to increase the coordination of national defence planning efforts that contributes to higher efficiency and the fulfilment of the LoA. It should also be noted that a common threat assessment; a common level of ambition; common headline goals and a common capability development plan are already existing elements of the EU capability development process based on the Capability Development Mechanism. The proposed apportionment and review elements of an EU defence planning system could potentially lead to unnecessary duplication with the NDPP. However, the apportionment of those capability targets – if there are any – which are necessary to fulfil the EU's LoA, but are not apportioned in NDPP is an idea that might be considered.

Q12: The European Defence Fund can be a useful tool to support capability development. We agree to use the European Defence Fund for contributing to PESCO projects. However, we should also keep in mind that all Member States should have a chance to benefit from EU support, as EDF is funded by all Member States.



<b>BULGARIA - Does your country:</b>	Yes	No	Precisions to be given*
1.- agree upon the goal of PESCO as defined in the treaty? [TEU art. 42(1) (6) and article 43 (1)]	x		
2.- is able and willing to fulfil the criteria? [TFEU protocol n°10 art. 1]	x		See addendum
3.- is willing to commit to an investment pledge of 20% of overall defence expenditure? [TFEU protocol n°10 art. 2 a)]	x		See addendum
4.- is willing to bring its defence apparatus into line with others' PESCO members through a common defence planning? [TFEU P.-10 art. 2 b)]	x		
5.- a) agree to pool military means? [P.-10 art. 2 b)]	x		See addendum
5.- b) agree to specialise military means? [P.-10 art. 2 b)]	x		See addendum
6.- to take concrete measures to enhance its operational capacity of its forces? [P.-10 art. 2 c)]	x		
7.- is ready to envisage to review its decision-making procedure in order to respect the previous commitment? [P.-10 art. 2 c)]	x		See addendum
8.- is accepting to compensate the shortfalls identified through the 'Capabilities Development Mechanism'? [P.-10 art. 2 d)]	x		
9.- is willing to respect the benchmarks set in 2007 within EDA upon European collaborative investment (35 % of total defence procurement) and European collaborative R&T (20 % of total R&T) [P.-10 art. 2 e)]	x		See addendum
10.- is willing to give EDA all the information necessary for it to assess, on a regular basis, its contribution with regards to the respect of criteria and the commitments to be established based on Article 1 and 2 of the Protocol? [P.-10 art. 3]	x		
11.- agree with a two-tier governance within the Council? [TEU art. 46 (6)] (All EU members are informed – only PESCO members vote)	x		
12.- would like to link the European Defence Fund and PESCO?		x	x
13.- would like to link the Coordinated Defence Review and PESCO?	x		
14.- would your country vote against PESCO if itself does not partake to it?		x	

## **Addendum to Bulgarian answers.**

### **Question 2**

Bulgaria generally accepts the criteria but they are placed in a very broad range. They should be tied to specific parameters and they should encourage rather than discourage participation of smaller Member States. We believe that if this political condition is fulfilled, Bulgaria will be able to respect the combination of both criteria.

### **Question 3**

Bulgaria supports the benchmarking on defence spending and our intention is to achieve the level of 2% of GDP for defence and 20% of total defence spending on equipment procurement (incl. research and development) by 2024.

### **Question 5a and 5b**

It depends on the scope of pooling, areas of specialization, NATO engagements (including capability targets) and national requirements.

### **Question 7**

National decision-making procedure considering CSDP participation is not complicated.

### **Question 9**

These targets should be achieved in the future. Currently they are not satisfied.

<b>LATVIA - Does your country:</b>	Yes	No	Precisions to be given*
1.- agree upon the goal of PESCO as defined in the treaty? [TEU art. 42(1) (6) and article 43 (1)]	x		Latvia supports inclusive PESCO that contributes to capability development in the Member States.
2.- is able and willing to fulfil the criteria? [TFEU protocol n°10 art. 1]	x		Criteria and common commitments should be based on inclusiveness and objectivity that allow all Member States to engage in order to contribute to the capability development.
3.- is willing to commit to an investment pledge of 20% of overall defence expenditure? [TFEU protocol n°10 art. 2 a)]	x		Latvia supports benchmarks and deadlines on defence spending that are set equally as it is in NATO.
4.- is willing to bring its defence apparatus into line with others' PESCO members through a common defence planning? [TFEU P.-10 art. 2 b)]		x	National defence planning is synchronized with NATO defence planning process, therefore duplication of similar processes between both organizations should be avoided.
5.- a) agree to pool military means? [P.-10 art. 2 b)]	x		Latvia has pooled its military means as a component of multinational force groups and has made contribution based on framework nation needs and national capabilities.
5.- b) agree to specialise military means? [P.-10 art. 2 b)]	x		Specialization should be based on existing capabilities.
6.- to take concrete measures to enhance its operational capacity of its forces? [P.-10 art. 2 c)]	x		
7.- is ready to envisage to review its decision-making procedure in order to respect the previous commitment? [P.-10 art. 2 c)]		x	In order to enhance operational capacity of National armed forces, all necessary measures will be adopted and implemented within existing decision-making procedure considering regional security situation and existing commitments.
8.- is accepting to compensate the shortfalls identified through the 'Capabilities Development Mechanism'? [P.-10 art. 2 d)]		x	As addressing the shortfalls is not binding, Latvia will continue to contribute in the framework of different initiatives in EDA that concurrently corresponds national defence needs.
9.- is willing to respect the benchmarks set in 2007 within EDA upon European collaborative investment (35 % of total defence procurement) and European collaborative R&T (20 % of total R&T) [P.-10 art. 2 e)]		x	Taking into account national capability development priorities and implementation of ongoing projects, for Latvia it is difficult to assess the benchmarks on European collaborative investment and R&T. Nevertheless, during the new procurement processes Latvia is seeking collaborative opportunities in order to procure equipment that support national operational needs.

<p>10.- is willing to give EDA all the information necessary for it to assess, on a regular basis, its contribution with regards to the respect of criteria and the commitments to be established based on Article 1 and 2 of the Protocol? [P.-10 art. 3]</p>	<p>x</p>		<p>Latvia favours EDA's role to provide administrative and technical support and is ready to provide the necessary information. However, the EDA should use already existing instruments to gain the information, for instance, NATO DPCS which is always submitted to EUMS as well.</p>
<p>11.- agree with a two-tier governance within the Council? [TEU art. 46 (6)] (All EU members are informed – only PESCO members vote)</p>	<p>x</p>		<p>Latvia supports a two-tier governance model, but more precise information should be defined in terms of composition, rights and tasks.</p>
<p>12.- would like to link the European Defence Fund and PESCO?</p>		<p>x</p>	<p>Due to many questions regarding the EDF and the lack of details and clear structure, there are concerns on PESCO financing through the EDF.</p>
<p>13.- would like to link the Coordinated Defence Review and PESCO?</p>		<p>x</p>	<p>The CARD could give contribution to the PESCO, identifying areas of shortfalls, cooperation and capability development. However, participation in the CARD must be voluntary and the CARD should not be an integral part of the PESCO initiative.</p>
<p>14.- would your country vote against PESCO if itself does not partake to it?</p>		<p>x</p>	<p>Latvia sees PESCO's added value in provision of more efficient, more resourced and credible EU military capabilities development.</p>

## ANNEX 2

### List of interviewees

The interviews were conducted either in person, in Brussels, or by videoconference or telephone.

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Dr Dick Zandee	Senior Research Fellow at the Clingendael Institute of the Hague	7 June 2017
Dr Anne Bakker	Research Fellow at the Clingendael Institute	

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Dr Thierry Tardy	Senior Analyst at the European Union Institute for Security Studies (EUISS)	7 June 2017
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Jean-Pierre Maulny	Deputy Director of the International and Strategic Relations Institute (IRIS)	8 June 2017
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Olivier Jehin	Editor-in-Chief of <i>Europe Diplomatie Défense</i>	8 June 2017
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Dr Jean Marsia	President of the European Society for Defence	12 June 2017
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Dr Burkard Schmidt	Defence & Security Director Aerospace and Defence Industries Association of Europe	12 June 2017
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HE Nicolas Suran	Ambassador, Permanent Representative of France to the Political and Security Committee (PSC)	12 June 2017
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Prof. Jolyon Howorth	Visiting Research Professor at the free University of Berlin	14 June 2017
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Dr Alessandro Marrone	Head of Research for the Security and Defence Programme at the Istituto Affari Internazionali, Rome	14 June 2017
Pauline Massart	Deputy Director for Security & Geopolitics Friends of Europe	14 June 2017
Riina Kionka	Chief Foreign Policy Advisor to the President of the European Council	15 June 2017
Zuzana Michalcová-Šutiaková	Cabinet of the President of the European Council	
Dr Nicoletta Pirozzi	Head of European Research at the Istituto Affari Internazionali, Rome	15 June 2017
Dr Luis Simón	Brussels Bureau Chief of the Real Instituto Elcano, Madrid	16 June 2017
Margiris Abukevičius	Defence Advisor Permanent Representation of Lithuania to the EU	19 June 2017
Tuomas Koskenniemi	Defence Counsellor Permanent Representation of Finland to the EU	19 June 2017
Meiju Keksi	Defence Counsellor	
Dr Antonio Missiroli	Director European Union Institute for Security Studies	19 June 2017
Katharina Ahrendts	Deputy Representative to the PSC and Advisor on Political and Military Affairs Permanent Representation of Germany to the EU	20 June 2017
Hestrid Tedder	CSDP Advisor Permanent Representation of Estonia to the EU	20 June 2017

Claudia Major	Senior Researcher Forschungsgruppe Sicherheitspolitik / International Security Division  SWP Stiftung Wissenschaft und Politik Deutsches Institut für Internationale Politik und Sicherheit / German Institute for International and Security Affairs	21 June 2017
Jarmila Madejova	Defence Advisor  Permanent Representation of the Czech Republic to the EU	21 June 2017
HE François Cornet d'Elzius	Ambassador, Permanent Representative of Belgium to the Political and Security Committee (PSC)	21 June 2017
Col. Geert Leeman	Advisor to the Belgian Military Representation to the EU	
Olivier de France	Research Director  International and Strategic Relations Institute (IRIS)	22 June 2017
Dr Daniel Fiott	Security and Defence Editor  European Union Institute for Security Studies (EUISS)	23 June 2017
Dr Hilmar Linnenkamp	Non-Resident Senior Fellow Forschungsgruppe Sicherheitspolitik / International Security Division  Member of the Armament Project  SWP Stiftung Wissenschaft und Politik Deutsches Institut für Internationale Politik und Sicherheit / German Institute for International and Security Affairs	26 June 2017
Col. Helmut Frietzsche	Abt. Politik, Referat Politik I 4 Referatsleiter GSVP und EU-Beauftragter BMVg  German Ministry of Defence	26 June 2017

Guillaume de la Brosse	Advisor responsible for defence and security issues at the European Commission (European Political Strategy Centre)	26 June 2017
Jorge Domecq	Executive Director of the European Defence Agency	26 June 2017
Michael Simm	Head of Strategy and Policy	
Jean Arthuis	Chair of the European Parliament Budget Committee	27 June 2017
Nicolas Gros-Verheyde	Editor-in-Chief B2 blog	27 June 2017
Alexandros Vidouris	Deputy PSC Representative	27 June 2017
Pannagiotis Giannakoulis	Embassy Secretary Permanent Representation of Greece to the EU	
Massimiliano Lagi	Advisor Permanent Representation of Italy to the EU	27 June 2017
Arnout Molenaar	Senior Expert on Defence Policy Matters Crisis Management and Planning Directorate European External Action Service	30 June 2017
Annelene Damen	Defence Adviser Permanent Representation of the Netherlands to the EU	4 July 2017

Some of those interviewed did not want their name to appear in this annex.



## ANNEX 3

# Documents, conclusions, communications official statements on European defence and security adopted by the European authorities between 23 June 2016 and 23 June 2017

### **28 June 2016: [A Global Strategy for the European Union's Foreign and Security Policy presented by the HR/VP, Federica Mogherini](#)**

#### **28 June 2016: [European Council conclusions \[EUCO 26/16\]](#)**

- '20. The European Council welcomes the presentation of the Global Strategy for the European Union's Foreign and Security Policy by the High Representative and invites the High Representative, the Commission and the Council to take the work forward.'

#### **29 June 2016: [Statement following the informal meeting of the 27 in Brussels](#)**

- '6. The European Union is a historic achievement of peace, prosperity and security on the European continent and remains our common framework. At the same time many people express dissatisfaction with the current state of affairs, be it at the European or national level. Europeans expect us to do better when it comes to providing security, jobs and growth, as well as hope for a better future. We need to deliver on this, in a way that unites us, not least in the interest of the young.
- '7. This is why we are starting today a political reflection to give an impulse to further reforms, in line with our Strategic Agenda, and to the development of the EU with 27 Member States. This requires leadership of the Heads of State or Government. We will come back to this issue at an informal meeting in September in Bratislava.'

#### **8 July 2016: [EU-NATO joint declaration \(Warsaw declaration\)](#)**

['Joint declaration by the President of the European Council, Donald Tusk, the President of the European Commission, Jean-Claude Juncker, and the Secretary General of NATO, Jens Stoltenberg'](#)

#### **18 July 2016: [Council of the European Union \[11355/16\], p. 6](#)**

['EU Global Strategy](#)

EU foreign ministers had a discussion on the follow-up to be given to the EU global strategy on foreign and security policy that the High Representative presented to the European Council on 28 June. The strategy is intended to guide EU foreign and security policy in the years to come. Ministers welcomed the document and expressed their readiness to continue the work in the implementation phase.

The High Representative concluded the debate underlining her intent to present in the Autumn a framework with processes and timelines. This framework will detail the work to come to operationalise the vision set out in the strategy, on strands such as security and defence, but also policy coherence and civilian policies including sustainable development and migration, as well as the link between development and humanitarian aid.'

**16 September 2016: [Bratislava Declaration](#)**

'External Security and Defence

Objective: In a challenging geopolitical environment, strengthen EU cooperation on external security and defence

Concrete measures:

- a) December European Council to decide on a concrete implementation plan on security and defence and on how to make better use of the options in the Treaties, especially as regards capabilities
- b) start implementing the joint declaration with NATO immediately'

**17 October 2016: [Council of the European Union \[13202/16\]](#)**

Council Conclusions on the Global Strategy on the European Union's Foreign and Security Policy 'The political vision set out in the EUGS will be swiftly translated into concrete policy initiatives and action, focused on the five priorities for the EU's external action identified in the strategy.'

**14 November 2016: [Council of the European Union conclusions \[14392/16\]](#)**

Implementation Plan

**14 November 2016: [Council of the European Union conclusions \[14419/16\]](#)**

Approval of the plan for implementing the global strategy: setting the EU's level of ambition

**14 November 2016: [European Council conclusions \[14149/16\]](#)**

Approval of the Council of the European Union's conclusions

**30 November 2016: [Commission communication on the European Defence Action Plan \(EDAP\)](#)**

**30 November 2016: [Commission recommendations on the Directive on intra-EU transfers of defence-related products](#) p. 101**

Commission Recommendation (EU) 016/2123 on the harmonisation of the scope of and conditions for general transfer licences for armed forces and contracting authorities as referred to in point (a) of Article 5(2) of Directive 2009/43/EC of the European Parliament and of the Council

Commission Recommendation (EU) 2016/2124 on the harmonisation of the scope of and conditions for general transfer licences for armed forces and contracting authorities as referred to in point (a) of Article 5(9) of Directive 2009/43/EC of the European Parliament and of the Council

**15 December 2016: [European Council \[EUCO 34/16\]](#)**

Paragraphs 11 to 16

- endorsement of the Council conclusions of 14 November and 17 October 2016 on implementing the EU Global Strategy (implementation plan)
- welcomes the Commission's proposals on the 'Action Plan' of 14 November 2014
- urging of swift action to follow up on the Council conclusions of 6 December 2016 implementing the 'Warsaw declaration of July 2016 (EU-NATO cooperation)
- the call for the work on external security and defence to be taken forward speedily, with reporting back in March and further strategic guidance in June

**6 March 2017: [Council of the European Union](#)**

- improving crisis-management structures
- agreement that Member States are willing to working on PESCO, including in a modular way
- welcoming of the work launched on the Coordinated Annual Review on Defence
- developing civilian capabilities

**18 May 2017: [Council of the European Union \[9178/17\]](#)**

- Improving CSDP crisis management structures
- Strengthening CSDP cooperation with partner countries
- Capacity building in support of security and development (CBSD)
- Developing civilian capabilities
- Enhancing the responsiveness of civilian crisis management
- Reinforcing military rapid response
- Deepening European defence cooperation
  - Permanent Structured Cooperation
  - Coordinated Annual Review on Defence
  - Other EDA work
  - European Defence Action Plan
  - Coherence

**19 June 2017: [Council of the European Union](#)**

- [Adoption of the progress report on the implementation of the common set of proposals endorsed by the North Atlantic Council and the Council of the European Union on 6 December 2016, 14 June 2017](#)
- [Adoption of conclusions on EU external action on counter-terrorism](#)

- The ministers welcome the [report on the first year of implementing the global strategy](#)
- The Council adopted [conclusions on global maritime security](#)

**22 and 23 June 2017: [European Council](#)**

The European Council agrees on the need to launch an inclusive and ambitious PESCO, and calls on the Member States to draw up a common list of criteria and binding commitments within three months.

The European Council agrees that the deployment of battlegroups should be borne as a common cost by the EU-managed Athena mechanism on a permanent basis.

## ANNEX 4

### Extracts from European Council and Council of the European Union decisions specifically on permanent structured cooperation

blue highlighting:	passages on PESCO goals
yellow highlighting:	mention of inclusiveness
grey highlighting:	mention of the binding nature of criteria and commitments
green highlighting:	mention of the modular nature
pink highlighting:	important passage on relations with NATO

#### 8 September 2016: Franco-German non-paper by the two foreign affairs ministers, Jean-Marc Ayrault and Frank-Walter Steinmeier<sup>15</sup> (extracts):

'We suggest developing a clear roadmap for reinforcing CSDP at 27 in a transparent, inclusive fashion – open for all EU Member States. In this sense, some of our proposals should also be considered in the framework of PESCO which has an important leverage to fulfill the objectives defined by the recently published EUGS.'

'PESCO is an instrument created by the Lisbon Treaty and has not been used until now. It seeks to make CSDP stronger, more effective and more efficient; and this is to the benefit of all Member States. Participation in PESCO is voluntary, inclusive and remains open. Once agreed, clear goals and benchmarks will create a binding commitment allowing for a true step forward in CSDP.'

'We could present a roadmap during the informal Defence Ministers Meeting of 26/27 September 2016 in Bratislava, aiming at a positive decision during the next meeting of EU Defence Ministers on 15 November 2016. The European Council of December 2016 could then endorse the work done and give it the political push.'

#### 9 September 2016: Italian non-paper<sup>16</sup> (extracts):

'It should be recalled that (...) use could be made of the as-yet untapped potential of the Lisbon Treaty by giving concrete expression to the opportunities provided by Articles 44 (tasks entrusted by the Council to a group of Member States and 46 (PESCO). With such instruments, it could be possible to smooth the task for creating the capabilities and instruments necessary for producing a European defence strategy [the European white paper, also proposed in the same document, ed.], thereby by enabling progressive and synergistic integration of the capabilities currently existing at national level.'

<sup>15</sup> This document has not been published.

<sup>16</sup> This document has not been published; it was translated from Italian to French by the authors.

In a section entitled 'The institutional aspect': an ambitious course', the Italian non-paper proposes going even further.

'A "consolidating core" of Member States could speed up the **process of integrating** European defence, by pooling a given amount of capabilities and resources on the basis of a model and concepts that are shared, and of a founding agreement that stabilises its purpose and the ways in which it operates. Lastly, the setting-up of a "multinational European force" is proposed; it would have a mission statement drawn up either jointly or through a suitable strategic command structure, along with joint decision-making and funding mechanisms.'

### **Implementation Plan presented by the HR/VP – 14 November 2016 [14392/16]**

[Ce document n'a pas encore été traduit en français]

'making full use of the Treaty potential: Permanent Structured Cooperation:

12. Member States to agree to explore the potential of a single and **inclusive** PESCO based on the willingness of Member States to strengthen CSDP by undertaking **concrete commitments**. If so requested, the HRVP can provide elements and options for reflection.'

.....  
'Drawing on the full potential of the Treaty: PESCO

37. The Permanent Structured Cooperation (PESCO), as defined in Articles 42.6 and 46 of the TEU and Protocol 10, has the potential to generate a more **binding commitment** **as regards capability development, improving output and strengthening CSDP**. The process leading to a decision to establish PESCO, by Qualified Majority Voting, would be open to any Member State who would be willing to undertake **higher commitments and concrete measures** in line with the Protocol. The aim would be to gather as many Member States to join in stepping up their security and defence commitments as an **inclusive** effort to strengthen CSDP. Within this "single" PESCO, there would be scope for both common elements to which all participating Member States would subscribe as well as a **modular** and differentiated approach as regards concrete projects and cooperative initiatives which smaller groups of Member States would be free to pursue unhindered by other PESCO members. PESCO could cover commitments on defence expenditures, capability development and operational engagement e.g. through multinational formations, thus opening the prospect of deeper cooperation in defence matters. It is underlined that this depends on what Member States would be willing to commit to.

Action Point 12: Member States to agree to explore the potential of a single and **inclusive** PESCO based on the willingness of Member States to strengthen CSDP by undertaking **concrete commitments**. If so requested, the HRVP can provide elements and options for reflection.'

### **Council of the European Union conclusions on progress in implementing the EU global strategy in the area of security and defence – 14 November 2016 [14149/16]**

Drawing on the full potential of the Treaty: permanent structured cooperation

'17. To strengthen CSDP, the Council agrees to also explore the potential of an **inclusive** Permanent Structured Cooperation (PESCO), including a **modular** approach as regards concrete projects and initiatives, subject to the willingness of Member States to undertake concrete commitments. It invites the High Representative to provide elements and options for further reflection as soon as possible.'

### **European Council conclusions of 15 December 2016 [EUCO 34/16]**

'11. The European Council endorses the Council conclusions of 14 November and 17 October 2016 on implementing the EU Global Strategy in the area of Security and Defence which sets the level of ambition of the EU. It calls for their comprehensive follow-up by the High Representative and Member States. In particular, further to the Council conclusions, the High Representative will present proposals in the coming months as regards the development of civilian capabilities, the parameters of a Member State-driven Coordinated Annual Review on Defence, the process of developing military capabilities taking into account Research and Technology (R&T) and industrial aspects, the establishment of a permanent operational planning and conduct capability at the strategic level, the strengthening of the relevance, usability and deployability of the EU's rapid response toolbox, elements and options for an **inclusive** Permanent Structured Cooperation based on a **modular** approach and outlining possible projects, and the covering of all requirements under the Capacity Building in Security and Development (CBSD). In this context, the European Council calls on the legislators to work speedily on the Commission proposal on CBSD with a view to reaching agreement in the first half of 2017.'

### **Conclusions of the Council of the European Union on security and defence in the context of the EU global strategy – 6 March 2017 [press release 109/17]**

(La version française du texte intégral n'est pas encore disponible)

'Permanent structured cooperation (PESCO)

6. To strengthen Europe's security and defence in today's challenging geopolitical environment, the Council agrees on the need to continue work on an **inclusive** Permanent Structured Cooperation (PESCO) based on a **modular** approach. It should be open to all Member States who are willing to make the necessary **binding commitments and meet the criteria**, based on articles 42.6 and 46 and Protocol 10 of the Treaty. The Council recognises that **PESCO could significantly contribute to fulfilling the EU's Level of Ambition including with a view to the most demanding missions and that it could facilitate the development of Member States' defence capabilities and strengthen European defence cooperation, while making full use of the Treaties**. It notes that any capabilities developed through PESCO will remain owned and operated by Member States. It recalls that Member States have a single set of forces that they can use in other frameworks. Underlining the responsibility and competence of the Member States in the area of defence, it stresses that PESCO should help generate new collaborative efforts, cooperation and projects.

7. To this end, the Council invites the Member States, supported by the EEAS and the European Defence Agency (EDA), to continue working in order to further consider and develop:

- An agreement on a shared understanding of the common commitments, goals and criteria on the basis of the relevant provisions of the Treaty, as well as the governance model.
- The possible projects and initiatives that Member States are willing to pursue through PESCO including in a **modular way** and while making use of ongoing projects and making new commitments in the area of defence investment, with a view to **tackling recognised shortfalls and addressing EU and Member States' priorities in the field of capabilities**; improving the deployability and operational availability of their armed forces; and increasing their interoperability by pooling and sharing existing capabilities.

This work would feed into the preparation of the notification to the Council and the High Representative and of the Council Decision establishing PESCO.

8. While noting that they are standalone initiatives, the Council underlines the need to reflect on the possible links between PESCO and the Coordinated Annual Review on Defence (CARD). The Council recognises that more work is needed to explore the potential link to the Commission's proposals to establish a European Defence Fund, including on how PESCO projects and initiatives could benefit from its mechanisms, which will be subject to further decisions to be taken on the setting up and final structure of the fund.

9. The Council agrees to revert in May 2017 in order to provide further political guidance on the possible decision-making.

### **English Council of the European Union press release of 6 March 2017**

'On 6 March the Council adopted conclusions setting out the progress achieved in implementing the EU global strategy in the area of security and defence. The conclusions assess what has been done to implement the various lines of action agreed by the European Council on 15 December 2016. They form the basis of a report for the European Council of 9 and 10 March 2017.

"EU foreign and defence ministers meeting jointly today all gave a very clear message: we are progressing steadily towards **strengthened defence cooperation** and we will continue **to do more**. This is about protecting our citizens. The European Union has unique tools to help Europeans to take more responsibility for their own security, and to do more effectively. This is what we are doing with our work in security and defence."

*Federica Mogherini, High Representative for Foreign Affairs and Security Policy*

The Council conclusions highlight the establishment of the MPCC. They also take note of progress in other areas of security and defence, and provide further guidance. The areas covered include:

the possibility of permanent structured cooperation (PESCO). It is foreseen in the Lisbon Treaty that for a group of EU member states may strengthen their cooperation in military matters (Articles 42(6) and 46 TEU). Setting up an **inclusive, modular** system of permanent structured cooperation would allow member states to collaborate further in the area of security and defence on a voluntary basis.'

### **Conclusions of the Council of the European Union on security and defence in the context of the EU global strategy – 18 May 2017 [9178/17]**

#### **'Deepening European defence cooperation**

##### Permanent Structured Cooperation

'16. Following its conclusions of 6 March 2017, the Council welcomes the progress made in further developing an **inclusive** Permanent Structured Cooperation (PESCO) in 2017, based on inputs provided by the Member States. It reiterates that PESCO should be open to all Member States who are willing to make the necessary **binding commitments** and **meet the criteria**, based on articles 42.6 and 46 TEU and Protocol 10 of the Treaties. **It stresses that PESCO should subsequently, within the Union framework, help generate new collaborative efforts, cooperation and projects.** Any capabilities developed through PESCO will remain owned and operated by Member States, who have a single set of forces that they can also use in other frameworks, including the UN and NATO. With a view to an ambitious and output-oriented PESCO, in accordance with the relevant Treaty provisions, the Council agrees that:

- **The goal of PESCO would be to strengthen European security and defence and contribute to fulfilling the EU Level of Ambition agreed by the Council in 2016 across its three strategic priorities also with a view to the most demanding missions, and to facilitate the development of Member**



States' defence capabilities and strengthen European defence cooperation, while making full use of the Treaties.

- The necessary binding demanding common commitments for all PESCO participating Member States and specified criteria will need to be developed by Member States, fully in line with Protocol 10 annexed to the Treaties.
- The governance of PESCO, following its establishment, would essentially consist of two layers: at the Council level where all Member States are present, to ensure transparency and overall coordination, and PESCO participating Member States are entitled to vote; and at the level of projects and initiatives, where only those contributing to each specific project or initiative will be represented. Appropriate arrangements for oversight, transparency and participation in projects and initiatives could be considered in due course.
- Concrete collaborative projects and initiatives need to be identified based on a modular approach in support of PESCO's common goals, commitments and criteria.
- Without prejudice to participating Member States' principal role in the decision making through the Council, the EDA and the EEAS will provide support to the implementation of PESCO within their respective areas of competence. The Commission will be associated to the work to ensure coherence with and support through the EDAP.

17. The Council agrees to take this work forward with a view to reaching an agreement as soon as possible on the issues mentioned in paragraph 16. It will revert to the matter, most preferably in June.'

## 22 and 23 June 2017: European Council

8. To strengthen Europe's security and defence in today's challenging geopolitical environment and to help reach the level of ambition of the EU expressed in the EU Global Strategy, the European Council agrees on the need to launch an inclusive and ambitious Permanent Structured Cooperation (PESCO). A common list of criteria and binding commitments, fully in line with Articles 42(6) and 46 TEU and Protocol 10 to the Treaty – including with a view to the most demanding missions – will be drawn up by Member States within three months, with a precise timetable and specific assessment mechanisms, in order to enable Member States which are in a position to do so to notify their intentions to participate without delay. This work has to be consistent with Member States' national defence planning and commitments agreed within NATO and the UN by Member States concerned. Concrete collaborative projects and initiatives should also be identified in support of PESCO's common goals, commitments and criteria.

## ANNEX 5

# European Parliament reports and resolutions on PESCO since 2016

### **European Parliament resolution of 21 January 2016 on the mutual defence clause P8\_TA(2016)0019**

#### **, recital I:**

1. whereas Article 42(6) TEU on permanent structured cooperation should be activated among those Member States that wish to cooperate closely with each other;'

### **Report of 29 March 2016: 'on the EU in a changing global environment – a more connected, contested and complex world' (2015/2272(INI)) [rapporteur: Sandra Kalniete] point 26:**

- '26. Highlights the need for a political will in the Member States to show greater flexibility on CSDP issues in order to create genuine momentum in this area; supports the establishment of the Council of Defence Ministers format, as well as regular European Council meetings on defence; urges willing Member States to establish a Permanent Structured Cooperation in Defence (PESCO); stresses, in this regard, the need to overcome structural limitations related in particular to needs assessment, capabilities (civilian and military) and common financing; believes that the use of PESCO and of Article 44 TEU represent the institutional methods best suited to moving this common policy forward in a realistic manner;'

### **Report of 31 October: 'on the European Defence Union' [rapporteur: Urmas Paete] point 2:**

- '2. Urges the EU Member States to unleash the full potential of the Lisbon Treaty with regard to the CSDP in particular, with special reference to the permanent structured cooperation of Article 42(6) TEU or the start-up fund of Article 41(3) TEU; recalls that the Petersberg tasks of Article 43 TEU consist of a long list of ambitious military tasks such as joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peacekeeping tasks, and tasks of combat forces in crisis management, including peacemaking and post-conflict stabilisation; recalls that the same article also states that all these tasks may contribute to the fight against terrorism, including by supporting third countries in combating terrorism in their territories; stresses that the current state of the CSDP does not allow the EU to fulfil all the tasks listed; believes that the order of the day should be to systematically work on ways to allow the EU to fulfil the objectives of the Lisbon Treaty;'

**Report of 3 November 2016: 'on the implementation of the Common Security and Defence Policy (based on the Annual Report from the Council to the European Parliament on the Common Foreign and Security Policy)' (2016/2017 (INI)) [rapporteur: Ioan Mircea Paşcu] point 12:**

'12. Emphasises that the establishment of permanent structured cooperation (Article 42(6) TEU) will make it possible to develop self-defence or a permanent structure for self-defence which can strengthen crisis management operations;'

**Report of 17 February 2017: 'on constitutional, legal and institutional implications of a common security and defence policy: possibilities offered by the Lisbon Treaty' [rapporteurs: Michael Gahler, Esteban González Pons]**

'3. Calls, therefore, on the VP/HR, the Council and the Member States to ensure, as provided for in the TEU, consistency between the different areas of external action, to address these areas through a global and comprehensive approach and to use all the possibilities provided for in the Treaty – especially the mechanisms contained in Articles 42(6) and 46 TEU, in Protocol (No 10) on permanent structured cooperation established by Article 42 of the Treaty on European Union and, during an operational phase, in Article 44 TEU on the implementation of a CSDP task by a group of Member States – to achieve a faster, more efficient and more flexible deployment of missions and operations; underlines that rules for cooperation within permanent structured cooperation (PESCO) should be clearly defined;

.....

24. Considers that Article 4(4) of Council Decision (CFSP) 2015/1835 defining the statute, seat and operational rules of the European Defence Agency provides a necessary and powerful basis for the EDA steering board to act as the Union's third permanent representatives' committee, the Defence Steering Board; considers that this committee should also exercise the advisory and supervisory functions required to implement permanent structured cooperation once it is established;

.....

30. Encourages the Member States to establish and join PESCO within the Union framework as soon as possible, with a view to sustaining and improving their military capabilities through doctrine and leadership development, personnel development and training, defence material and infrastructure development, and interoperability and certification; underlines the importance and necessity of participation in permanent and efficient structured cooperation by all Member States willing to advance their defence integration to the highest level of ambition; believes that a permanent 'European Integrated Force' (EIF) should be set-up as a multinational force, as referred to in Article 1 of Protocol (No 10) on PESCO, and be made available to the Union for the implementation of the CSDP, as foreseen in Article 42(3) TEU; calls on VP/HR to put forward proposals for the operationalisation of PESCO in the first half of 2017;

31. Considers that the Union should make provision, in agreement with the Member States concerned, for participation in capability programmes undertaken by them; considers that the Union's financial contribution to such programmes should not exceed the contributions made by the participating Member States;

32. Takes the view that the EU Battlegroup system should be brought under PESCO, alongside the creation of a permanent civilian and military headquarter, with an equally important Military Planning and Conduct Capability (MPCC) and Civilian Planning and Conduct Capability (CPCC), which would

strengthen strategic and operational planning across the entire planning cycle, enhance civil-military cooperation and improve the EU's ability to react speedily to crises; considers that other European multinational structures, such as the European Air Transport Command, Eurocorps and the Organisation for Joint Armament Cooperation (OCCAR), as well as all bilateral and multilateral forms of military cooperation among PESCO participating countries, should also be brought under PESCO; considers that the EU's privileges and immunities should apply to those multinational structures being part of PESCO;

33. Considers that during the stand-up, standby and stand-down phases the Union should cover all EU Battlegroup costs;

## ANNEX 6

### Note on national parliaments' work

Time limitations prevented the authors from conducting a systematic, in-depth and scientific study of national parliaments' work on PESCO. Nevertheless, it was possible to carry out some online research. Additionally, the authors contacted the administrative authorities of eight national parliaments (France, Italy, Germany, the UK, Sweden, the Netherlands, Poland and Spain) to seek out any documents on PESCO that may have been produced.

This study made it clear that the national parliaments still have not got to grips with PESCO. Members of EU Member States' lower and upper houses of parliament lack awareness of the issue, by and large. It should be noted, however, that the German Bundestag's administration has produced a two-page background note on PESCO<sup>17</sup>, and the note has been the subject of at least one parliamentary question<sup>18</sup>. Also, some members of lower and upper houses, particularly in France, have published information reports on the issue of PESCO, among others.

Despite that, it was not possible to identify any resolutions, stances or official debates specifically addressing the issue. PESCO is only vaguely mentioned in documents about the CSDP more generally, and there is no trace of any analysis or political position.

This absence of debate at national level could be filled in the coming months. Some of the national parliamentary administrators contacted (Poland and Italy) said that their parliaments may debate PESCO when the European Council adopts a more concrete position on the subject. On this issue, one thing should be considered, however. Any realisation by national parliaments of the challenges of PESCO and the implications that it could have for their country may come too late; in other words, they may only become aware of the challenges and implications when negotiations have already reached the point of no return and the die has already been cast. Since PESCO must, in theory, be based on binding commitments by the countries that will be taking part, this scenario could act as an obstacle to the public buying into PESCO.

This is in noticeable contrast to the adoption of the euro, which was also based on binding commitments and was preceded by lively debates in national parliaments and among the public.

<sup>17</sup> Bundestag, Scientific Service, [Kurzinformation, Die „Ständige Strukturierte Zusammenarbeit“ gemäß dem Vertrag über die Europäische Union](#), 18 November 2016.

<sup>18</sup> [Antwort der Bundesregierung auf die Kleine Anfrage der Abgeordneten Doris Wagner, Agnieszka Brugger, Dr Tobias Lindner, weiterer Abgeordneter und der Fraktion BÜNDNIS 90/DIE GRÜNEN](#), Drucksache 18/3705.

## ANNEX 7

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## ANNEX 8

### Some examples of military integration processes within NATO and the European Union

In the last three decades, a number of ideas for integration of military capabilities have been put into practice within the European Union. The oldest is the Franco-German Brigade (1989). The Eurocorps (1992) and EU Navfor should also be mentioned; they are just simple forms of cooperation, essentially limited to putting national units under joint operational command.

The bilateral Belgian-Netherlands cooperation (BeNeSam) and the German 'framework nation' concept, on the other hand, are far more developed forms of integration.

For the sake of completeness, it has also been necessary to mention what France and the UK have done together, in the context of the Lancaster House Treaties, which sit somewhere between cooperation and integration, depending on the issue in question (industry, capability, operational or nuclear). Unfortunately, we have been short of time and information.

#### **The Belgian-Netherlands naval 'cooperation' (BeNeSam)**

Belgian-Netherlands naval cooperation dates back to the period immediately following the war. Since the BeNeSam (*Belgisch-Nederlandse Samenwerkingsakkoorden*) agreements were signed in 1995, naval cooperation has become true integration. This form of cooperation, which is the most advanced in the EU and in NATO, is based, above all, on mutual trust.

Operational command is placed under the authority of a binational general staff located in the Netherlands, the commanding officer of which is the 'Admiral Benelux'. That officer is both commander of the combined force and commander of the Netherlands Navy. The commander of the Belgian Navy is second in command.

The bulk of the two fleets' capabilities is under the command of the Admiral Benelux: four frigates (two Belgian and two Netherlands) and 11 minehunters (six Netherlands and five Belgian) form the core of this force. The vessels are the same for both countries and manoeuvre identically. Operational support and ammunition stores are pooled.

Both countries benefit from this pooled support through reduced costs, joint training, war games, continuous feedback exchanges and increased availability. As regards logistics, the two countries have agreed on specialisations, whereby each of them provides the other with services, which also ensures interoperability.

On 30 November 2016, the two countries signed an Lol moving them definitively from 'cooperation' to 'integration'. The agreement of 30 November 2016 actually provides for the joint purchase, for a total of some EUR 4 billion, of four frigates and 12 minesweepers, along with shared training and maintenance. Under this system, the Netherlands is to take care of buying the frigates and Belgium the minesweepers. The training of crews will fall to Belgium and will take place on its territory, while maintenance will be carried out by the Netherlands, in the Netherlands.

The two countries remain 'sovereign' as regards the deployment of the eight vessels that each of them will have acquired in this way. Nevertheless, they will have to rely on each other to ensure that they are fully operational. As such, Belgium and the Netherlands have become interdependent in the naval sphere, while retaining freedom of choice and ownership of their equipment.

Several lessons can be drawn from this experience:

- very deep integration is possible without sacrificing freedom of choice at national level; when it comes down to it, to avoid any confusion in chains of command, the equipment is not binational;
- integration has significantly cut staff and support-structure costs; this is only possible because their equipment is identical, and the same goes for the entire support chain, for training, ammunition, war games, etc.;
- consequently, integration has enabled a degree of operational efficiency that each country individually would not have found possible for the same cost;
- solidarity actually makes it very difficult, not to say impossible, for one of the countries to reduce capability targets during organisation; in other words, reducing the size of the armed forces cannot be used as an adjustment variable because that would severely affect credibility and, therefore, the other partner's trust;
- that integration has naturally led to the harmonisation of operational needs and to unified equipment specifications;
- it does not rule out other forms of cooperation, such as with the British Navy.

## **The German framework nations concept**

Germany presented the framework nations concept (FNC) to NATO in 2013; it was adopted at the 2014 Newport Summit. The intention is to organise defence cooperation between a limited number of countries that share cultural similarities.

**During the North Atlantic Council meeting in Wales on 4 and 5 September 2014, the heads of state and government adopted the [following declaration](#):**

'67. Today we have also endorsed the NATO Framework Nations Concept. It focuses on groups of Allies coming together to work multinationally for the joint development of forces and capabilities required by the Alliance, facilitated by a framework nation. Its implementation will contribute to providing the Alliance with coherent sets of forces and capabilities, particularly in Europe. It will help demonstrate European Allies' willingness to do more for our common security and also improve the balance of the provision of capabilities between the United States and European Allies as well as among European Allies themselves'.

Although adopted by NATO, the FNC's main focus is Central and Eastern Europe. Since 2013, 15 nations have been assembled around Germany and have centred their cooperation on meeting the goals of the NATO 'readiness action plan' adopted at the 2014 Newport Summit.

That cooperation has the same conceptual roots as the Belgian-Netherlands (BeNeSam), but is only in its infancy.

Its basis is three-fold. First, owing to budget cuts, European nations have lost their capability to take part in large-scale combat operations. Second, the increasing cost of military hardware makes it impossible for each nation, acting alone, to pay for the full spectrum of equipment in the future. Third, cooperation between

European countries on a one-off basis is no longer enough and must be organised systematically, over the long term, with shared goals.

The purpose of the FNC is to enable participating nations to adjust the size of their national armed forces, so that they make up part of a larger and more complete whole. It is intended for Member States that have already decided on force specialisation and accepted that they cannot fill all their capability gaps.

Nevertheless, each country remains 'sovereign' and under no obligation to take part in military operations. Political decisions are still taken on a case-by-case basis. Each country can freely 'connect' its forces to the shared framework, or 'disconnect' them from it. This freedom of choice is intended to build trust and make the concept attractive. The purpose is to win support for the integration of armed forces by making it reversible in its early stages.

FNC capabilities are organised around 16 sectoral 'clusters', which range from logistics and medical support, to air defence and missile-defence systems. All of these clusters are consistent with NATO defence planning.

Progress varies from cluster to cluster, but should lead to a shared capability from 2018, represented by the NATO Very High Readiness Joint Task Force. The end goal is a multinational brigade.

As the framework nation, Germany provides the backbone of each of the envisaged formations. That applies to both combat forces and support.

As regards ground forces, three divisions of the German Army have been selected to receive other nations' contributions. The Netherlands, the Czech Republic and Romania are making significant contributions to the combat units. Other nations are taking part with support forces.

As for the air force, all parts of the German Air Force can take in other nations' formations or weapons systems.

Lastly, in relation to naval forces, it is a case of setting up command and control structures (C2).

Following the example of BeNeSam, the FNC's goal is to achieve the following as regards capabilities: concepts for forces use, organisation, training, equipment, C2, infrastructure and interoperability. That will lead gradually, not just to joint procedures and standards, but also, when the time is right, to ordering equipment jointly, as in the Belgian-Netherlands case.

## ANNEX 9

# Long-term review of the European Defence Agency



Chief Executive

### LONG-TERM REVIEW OF THE AGENCY – CONCLUSIONS AND RECOMMENDATIONS

#### **A REINFORCED AGENCY TO ENABLE MEMBER STATES TO DELIVER ON DEFENCE CAPABILITIES**

1. In the wake of a changing European security environment, the EU Global Strategy provides a compelling assessment of the rapidly evolving security and defence environment and challenges in the face of which Europe is called to be an active security provider. This requires us to move towards a fully coherent and interoperable pool of European defence capabilities, defined and owned by Member States, and ensuring the sustainable ability to develop, modify, operate and replace the necessary defence capabilities.
2. The Implementation Plan of the EU Global Strategy in the area of security and defence as welcomed by the Council on 14 November 2016 as a proposal by the HR/VP and Head of the European Defence Agency, the release by the European Commission of a European Defence Action Plan on 30 November 2016 and the set of proposals on the implementation of the EU-NATO Joint Declaration endorsed by the Council on 6 December 2016, provide a coherent package of measures in support of such vision.
3. To acquire and maintain key capabilities, Member States will need to further enhance defence cooperation. In their 'Bratislava Declaration' of September 2016 Heads of State and Government highlighted the Bratislava Roadmap and its call to strengthen cooperation on defence and to make better use of the options in the Treaties, especially as regards capabilities. In December 2016 Heads of State and Government reiterated their call for reinforcing cooperation in the development of required capabilities, including by committing sufficient additional resources while taking into account national circumstances and legal commitments.
4. While the EDTIB plays a key role in supporting Member States in actually delivering on the generation of present and future capabilities, it is also necessary to reach out to innovation holders beyond the traditional scope of defence industry.
5. Within the EU institutional framework, the Agency is the key implementing tool to translate the overall Level of Ambition into tangible output as regards the development of defence capabilities in cooperation with EEAS (incl. EUMS) and EUMC. **Enabling Defence cooperation is the raison d'être of the Agency. Making full use of its potential is an essential prerequisite for European security and defence efforts.** The Agency has to step up its contribution in line with its unique institutional setting in the Treaty on the European Union and its mandate provided for in the Council Decision on EDA.
6. Based on the changing security and defence landscape, the required freedom of action, the different calls on making full use of the Agency's potential, and the need for taking stock of the Agency's

priorities, output and way of working after twelve years of its existence, the following conclusions and recommendations are put to the consideration of Ministers.

## **I. REINFORCING THE AGENCY'S MISSION – SERVING A RENEWED AMBITION**

7. The Treaty frames the potential and the remit of action of the 'Agency in the field of defence capability development, research, acquisition and armaments', referred to as the European Defence Agency, including participation in defining a European capabilities and armaments policy. Within the EU institutional framework the Agency provides the intergovernmental platform of choice to enable Member States to cooperate in any phase of the lifecycle of a defence capability.
8. In line with Member States' renewed ambition and commitment, and in support of the effective implementation of its mission, the Agency is to be reinforced along the following paths, in accordance with established EDA rules and procedures:

- EDA as the major intergovernmental prioritisation instrument at EU level in support of capability development, coordinating with the EEAS (incl. EUMS) and EUMC in their respective areas of responsibility.
- EDA as the preferred cooperation forum and management support structure at EU level for participating Member States to engage in technology and capability development activities.
- EDA as facilitator towards the European Commission and EU Agencies, and as the interface upon Member States' request, exploiting wider EU policies to the benefit of Defence and acting as a central operator with regard to EU funded defence-related activities.

### Intergovernmental Prioritisation

9. The Agency is to support Member States on the basis of their single set of forces, by providing for coherent prioritisation and proposing courses of action for multinational cooperation by Member States to guide and inform: (i) Member States' cooperative activities be they led multinationally, as an EDA ad-hoc project/programme, or within PESCO subject to the relevant decisions and modalities; and (ii) EU funded activities (subject to the relevant decisions and modalities). This will be pursued notably on the basis of the following elements:
  - a) Developing a more output-oriented Capability Development Plan (CDP) addressing the entire capability landscape of Member States and leading to the preparation of cooperative programmes and elaboration of technology roadmaps to be translated into collaborative projects;
  - b) Linking the Capability Development Plan (CDP) with the Overarching Strategic Research Agenda (OSRA) and Key Strategic Activities (KSA) at European level within a coherent framework, providing integrated guidance on capability development, including on related R&T and industrial aspects while nurturing innovation in the defence sector;
  - c) Operating the Coordinated Annual Review on Defence (CARD) in view of performing an overarching assessment of the European capability landscape, including progress on the implementation of CDP priorities. This could entail EDA making recommendations whenever a multinational project is being considered;

- d) Reinvigorating cooperation with EEAS (incl. EUMS) and EUMC towards the CDP and CARD.

### Technology and Capability Development at EU Level

10. The Agency is to strengthen its support to Member States as the management support structure in preparation of activities across the lifecycle of capability development ranging from R&T and development to critical enablers, exercise and training as well as support to operations, including also the industrial dimension. EDA is the major forum at EU level to support multinational capability development activities of Member States, including those generated either on an ad-hoc basis within the Agency framework or under its Operational Budget, other multinational grouping of Member States, under the umbrella of Permanent Structured Cooperation or funded by the EU budget respectively subject to the relevant decisions and modalities. This will be pursued notably on the basis of the following elements:
  - a) Ensuring a capability-driven approach throughout all Agency activities, ensuring an integrated way of working among the capability, armaments and R&T communities;
  - b) Stepping up support in line with Member States' needs, in preparation of activities across the lifecycle of a capability project;
  - c) Reinforcing the number, size and impact of ad-hoc projects (including demonstrators and prototypes), taking benefit of incentives such as VAT exemption, possible EU funding contributions and of cooperation to be reinforced with actors such as OCCAR and ESA.

### Interface towards the European Commission and EU Agencies

11. The Agency is to support Member States in ensuring consistency and coherence of approach on capability development taking into account other EU stakeholders contributions. It also is to support Member States in exploiting wider EU policies to the benefit of defence. This will be pursued notably on the basis of the following elements, without prejudice to direct contacts of Member States with the Commission and upon their request:
  - a) Pursuing close working relations with the European Commission and, based on Member States' prioritisation conducted within the CDP-OSRA-KSA framework, recommending the allocation of funding to projects and programmes foreseen in the EDAP on the basis of prioritisation conducted by member States in the EDA, and acting as a central operator for EU funded defence-related activities, notably by implementing the envisaged future European Defence Research Programme (EDRP) and by promoting the coherent uptake of R&T results into development activities;
  - b) Engaging in the assessment and definition of EU regulations or policies of relevance to defence capabilities;
  - c) Enhancing capability development by taking advantage of synergies with other EU Agencies as appropriate.

## **I. MAKING THE AGENCY FIT FOR PURPOSE – FIRST STEPS**

12. In view of delivering on the renewed ambition and generating efficient and effective output, the Agency requires:
  - a) increased efficacy in interacting with Member States, allowing for following their strategic guidance and ensuring their continuous buy-in;
  - b) effective relations with the Agency's stakeholders and partners;
  - c) more efficient and integrated way of working as ONE EDA, based on stronger prioritisation of activities with Member States;
  - d) resources allowing the Agency to fulfil the tasks given to it by Member States.

The implementing measures and principles highlighted hereunder serve one or more of those objectives and represent first steps whose implementation is to be assessed and complemented over time.

### Towards Increased Efficacy in Interacting with Member States

13. Maintaining an EDA Interface at Strategic Level

Recognising the benefit of the Long-Term Review process in increasing ownership and transparency for Member States, maintaining a strategic-level interface with Ministers' senior representatives would help to facilitate strategic guidance, when needed, on cross-cutting EDA activities (including taking forward relevant LTR recommendations) and to facilitate consolidated national positions across the policy, capability, armaments and R&T dimensions. Relevant meetings would be held at least once a year, notably in view of discussing draft elements for the EDA Council guidelines so as to provide more consolidated input to Council working bodies.

14. Revising the sequence and format of meetings for more focused guidance while making enhanced use of written procedures, lowering the administrative burden for Member States and their Agency. The objective is to increase attendance by Capability Directors, R&T Directors and National Armament Directors of EDA Steering Boards to discuss key orientations to take the Agency's work forward. The objective would be to reduce the overall number of meetings while ensuring that each subsidiary composition would meet in a hybrid format with a formal part (prepared by a Prepcom) to take any necessary decision and an informal part for open and substantive discussions. This would be complemented by reinforcing the role of PoCs in implementing the guidance from CAP Directors (CAP PoCs), NADs (NAD PoCs), R&T Directors (R&T PoCs) and from meetings of strategic level representatives (Central PoCs) by following up on the results of these meetings in more frequent PoC meetings throughout the year, and by making use of Steering Board written procedure as required. As of 2018, the indicative annual cycle of meetings dealing with EDA matters would be structured along the following lines:
  - February: R&T SB/Directors Meeting (preceded by PrepCom for decision items);
  - March: Capability SB/Directors Meeting (preceded by PrepCom for decision items);
  - April/May: SB MoDs (preceded by PrepCom);
  - September: NAD SB/Directors Meeting (preceded by PrepCom for decision items);

- November: SB MoDs (preceded by PrepCom) – focusing on Resources, 3YPF, CARD when applicable.

#### Towards an Effective Relation with Stakeholders

15. Based on EDA's commitment to pursuing close working relations with the European Commission and EU Agencies regarding wider EU policies of relevance to defence (e.g. Research, Cyber, Energy, Space, SESAR), urging the European Commission to make full use of the existing structures and networks of expertise of the Agency and to acknowledge its enhanced relevance for the identification, prioritisation and development into technical specifications of overarching capability and R&T priorities as well as their implementation regarding EU-funded activities.
16. As regards other stakeholders and partners:
  - a) Ensuring the seamless articulation with work performed by the EEAS (incl. EUMS) and EUMC in view of contributing to the CDP and CARD and feeding the full picture of operational requirements into capability development as well as with relevant funding mechanisms in support to operations;
  - b) Acknowledging the potential of the EDA-OCCAR relations to further evolve into a more structured and reciprocal approach towards key European capability programmes, ensuring seamless coordination and coherence between both organisations. This could entail a review of the EDA-OCCAR Administrative Arrangement, leading over time to further rapprochement between EDA and OCCAR;
  - c) Acknowledging the value of EDA engaging with multinational groupings of Member States, provided they are designed to bring about new capabilities for them.
  - d) Highlighting the coherence of output and timelines between EDA and NATO activities as regards capability development in support of the single set of forces, avoiding unnecessary duplication either way, in full respect of the decision-making autonomy of both organisations.
  - e) Acknowledging the rules and principles as regards the Agency's relations with Third States, highlighting that such relations should support EDA's overall mission in line with Member States' interest, supporting the development of capabilities and CSDP as an open project and be based on transparency, reciprocity, interface role of the Agency, flexibility and considering each case on its own merit.
17. Setting up a structured dialogue and enhancing engagement with European industry at all levels in support of innovative Pooling & Sharing solutions, longer-term capability development and underlying innovation, as a contribution for informed Member States' decisions.

#### Towards a More Efficient Output and Way of Working

18. Developing the Three-Year Planning Framework (3YPF) into a tool for increased prioritisation, output and impact: moving towards stronger top-down prioritisation and identification of activities with critical mass and impact (including in budgetary terms) which would serve primarily overarching policy objectives and Council taskings, be linked to the CDP-OSRA-KSA, have a strong catalytic and leverage effect with regard to future ad-hoc projects, reap synergies with other stakeholders and provide a sustainable path of development in the longer term. This entails



concluding activities, either passed over to lead nations/Member States or ceased if no longer supported by Member States.

19. While always striving for consensus among Member States, acknowledging, in line with the EDA Council Decision, the potential value of QMV in support of more effective decision-making. In full respect of the EDA Council Decision, there is full recognition that if a representative of a participating Member State in the Steering Board declares that, for important and stated reasons of national policy, it intends to oppose the adoption of a decision to be taken by qualified majority, a vote shall not be taken, and the appropriate procedures will be followed.
20. Moving towards a considerably enhanced Agency's integrated way of working, based on the development of integrated roadmaps (capability, R&T, armaments and industry, critical enablers, financial, legal) in support of identified priorities, backed by clearly identified and structured cross-Directorate teams.
21. Implementing enhanced Project Management throughout the Agency for enhanced steering and effective assessment of the Agency's project portfolio.

#### Adequate Resourcing

22. Recognising the importance of ensuring that the Agency has the required resources and expertise at its disposal, keeping in mind the economies of scale generated by cooperative activities, the opportunities stemming from rising national defence budgets, and the future changes in EDA membership. Without prejudging the outcome of future annual approval cycles of the EDA General Budget, it is acknowledged that the renewed ambition and expectations towards the Agency may have resource implications.
23. While safeguarding the intergovernmental nature and decision-making of EDA, administrative costs for Agency activities derived from the EDAP are to be covered by the EU budget. It needs to be assessed further if and to what extent the EU budget should cover the Agency's administrative and operational expenditure.

#### KEEPING FLEXIBILITY IN ADAPTING TO A FAST-PACED ENVIRONMENT

24. Agreeing to revert by spring 2019 at Ministerial level in view of taking stock of the progress and assess the need for additional recommendations and further steps, including in view of the revision of the EDA Council Decision, the forthcoming Multiannual Financial Framework (MMF) and eventual change in membership.

## ANNEX 10

### The various types of CSDP mission

The Council of the European Union of 14 November 2016 [14149/16] adopted conclusions on implementing the EU global strategy in the area of security and defence, which include an 'annex to the annex' setting out the **'Types of possible CSDP civilian missions and military operations derived from the EU level of ambition'**. The types of mission envisaged in 2017 are as follows:

'To be able to undertake rapid and decisive action in support of the level of ambition and its three strategic priorities, across the whole spectrum of crisis management tasks covered by Article 43 of the TEU, CSDP needs to be backed up by credible, deployable, interoperable, sustainable and multifunctional civilian and military capabilities. As a security provider, the EU should have wide reach, while focusing on its surrounding regions. It will act with partners wherever possible and always in compliance with international law. Based on previously agreed goals and commitments,<sup>19</sup> the EU should thus be capable to undertake the following types of CSDP civilian missions and military operations outside the Union, a number of which may be executed concurrently, in different scenarios<sup>20</sup>, including in situations of higher security risk and underdeveloped local infrastructure:

- Joint crisis management operations in situations of high security risk in the regions surrounding the EU;
- Joint stabilisation operations, including air and special operations;
- Civilian and military rapid response, including military rapid response operations inter alia using the EU Battlegroups as a whole or within a mission-tailored Force package;
- Substitution/executive civilian missions;
- Air security operations including close air support and air surveillance;
- Maritime security or surveillance operations, including longer term in the vicinity of Europe);
- Civilian capacity building and security sector reform missions (monitoring, mentoring and advising, training) inter alia on police, rule of law, border management, counter-terrorism, resilience, response to hybrid threats, and civil administration as well as civilian monitoring missions;
- Military capacity building through advisory, training, and mentoring missions, including robust force protection if necessary, as well as military monitoring/observation missions.

This non-exhaustive list provides input for the follow-on work to derive requirements based on a review of the Illustrative Scenarios, in line with agreed procedures under the Capability Development Mechanism, under the control of the Political and Security Committee.'

<sup>19</sup> Including the Headline Goal 2010, the Civilian Headline Goal 2010 as well as the ambition agreed by the European Council in December 2008.

<sup>20</sup> As appropriate, some of these missions and operations may also be deployed to provide assistance in the context of a global response to natural disasters and pandemics outside the EU, in particular when such situations can lead to large scale destabilisation.

## ANNEX 11

### PESCO-related provisions of the Treaties

#### TREATY ON EUROPEAN UNION

##### SECTION 2

##### PROVISIONS ON THE COMMON SECURITY AND DEFENCE POLICY

##### Article 42

1. The common security and defence policy shall be an integral part of the common foreign and security policy. It shall provide the Union with an operational capacity drawing on civilian and military assets. The Union may use them on missions outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter. The performance of these tasks shall be undertaken using capabilities provided by the Member States.

2. The common security and defence policy shall include the progressive framing of a common Union defence policy. This will lead to a common defence, when the European Council, acting unanimously, so decides. It shall in that case recommend to the Member States the adoption of such a decision in accordance with their respective constitutional requirements.

The policy of the Union in accordance with this Section shall not prejudice the specific character of the security and defence policy of certain Member States and shall respect the obligations of certain Member States, which see their common defence realised in the North Atlantic Treaty Organisation (NATO), under the North Atlantic Treaty and be compatible with the common security and defence policy established within that framework.

3. Member States shall make civilian and military capabilities available to the Union for the implementation of the common security and defence policy, to contribute to the objectives defined by the Council. Those Member States which together establish multinational forces may also make them available to the common security and defence policy.

Member States shall undertake progressively to improve their military capabilities. The Agency in the field of defence capabilities development, research, acquisition and armaments (hereinafter referred to as 'the European Defence Agency') shall identify operational requirements, shall promote measures to satisfy those requirements, shall contribute to identifying and, where appropriate, implementing any measure needed to strengthen the industrial and technological base of the defence sector, shall participate in defining a European capabilities and armaments policy, and shall assist the Council in evaluating the improvement of military capabilities.

4. Decisions relating to the common security and defence policy, including those initiating a mission as referred to in this Article, shall be adopted by the Council acting unanimously on a proposal from the High Representative of the Union for Foreign Affairs and Security Policy or an initiative from a Member State. The High Representative may propose the use of both national resources and Union instruments, together with the Commission where appropriate.

5. The Council may entrust the execution of a task, within the Union framework, to a group of Member States in order to protect the Union's values and serve its interests. The execution of such a task shall be governed by Article 44.

6. Those Member States whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union framework. Such cooperation shall be governed by Article 46. It shall not affect the provisions of Article 43.

7. If a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power, in accordance with Article 51 of the United Nations Charter. This shall not prejudice the specific character of the security and defence policy of certain Member States.

Commitments and cooperation in this area shall be consistent with commitments under the North Atlantic Treaty Organisation, which, for those States which are members of it, remains the foundation of their collective defence and the forum for its implementation.

#### *Article 43*

1. The tasks referred to in Article 42(1), in the course of which the Union may use civilian and military means, shall include joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation. All these tasks may contribute to the fight against terrorism, including by supporting third countries in combating terrorism in their territories.

2. The Council shall adopt decisions relating to the tasks referred to in paragraph 1, defining their objectives and scope and the general conditions for their implementation. The High Representative of the Union for Foreign Affairs and Security Policy, acting under the authority of the Council and in close and constant contact with the Political and Security Committee, shall ensure coordination of the civilian and military aspects of such tasks.

#### *Article 44*

1. Within the framework of the decisions adopted in accordance with Article 43, the Council may entrust the implementation of a task to a group of Member States which are willing and have the necessary capability for such a task. Those Member States, in association with the High Representative of the Union for Foreign Affairs and Security Policy, shall agree among themselves on the management of the task.

2. Member States participating in the task shall keep the Council regularly informed of its progress on their own initiative or at the request of another Member State. Those States shall inform the Council immediately should the completion of the task entail major consequences or require amendment of the objective, scope and conditions determined for the task in the decisions referred to in paragraph 1. In such cases, the Council shall adopt the necessary decisions.

#### *Article 45*

1. The European Defence Agency referred to in Article 42(3), subject to the authority of the Council, shall have as its task to:

- . a) contribute to identifying the Member States' military capability objectives and evaluating observance of the capability commitments given by the Member States;
- . b) promote harmonisation of operational needs and adoption of effective, compatible procurement methods;
- . c) propose multilateral projects to fulfil the objectives in terms of military capabilities, ensure coordination of the programmes implemented by the Member States and management of specific cooperation programmes;
- . d) support defence technology research, and coordinate and plan joint research activities and the study of technical solutions meeting future operational needs;

- e) contribute to identifying and, if necessary, implementing any useful measure for strengthening the industrial and technological base of the defence sector and for improving the effectiveness of military expenditure.

2. The European Defence Agency shall be open to all Member States wishing to be part of it. The Council, acting by a qualified majority, shall adopt a decision defining the Agency's statute, seat and operational rules. That decision should take account of the level of effective participation in the Agency's activities. Specific groups shall be set up within the Agency bringing together Member States engaged in joint projects. The Agency shall carry out its tasks in liaison with the Commission where necessary.

#### *Article 46*

1. Those Member States which wish to participate in the permanent structured cooperation referred to in Article 42(6), which fulfil the criteria and have made the commitments on military capabilities set out in the Protocol on permanent structured cooperation, shall notify their intention to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy.

2. Within three months following the notification referred to in paragraph 1 the Council shall adopt a decision establishing permanent structured cooperation and determining the list of participating Member States. The Council shall act by a qualified majority after consulting the High Representative.

3. Any Member State which, at a later stage, wishes to participate in the permanent structured cooperation shall notify its intention to the Council and to the High Representative.

The Council shall adopt a decision confirming the participation of the Member State concerned which fulfils the criteria and makes the commitments referred to in Articles 1 and 2 of the Protocol on permanent structured cooperation. The Council shall act by a qualified majority after consulting the High Representative. Only members of the Council representing the participating Member States shall take part in the vote.

A qualified majority shall be defined in accordance with Article 238(3)(a) of the Treaty on the Functioning of the European Union.

4. If a participating Member State no longer fulfils the criteria or is no longer able to meet the commitments referred to in Articles 1 and 2 of the Protocol on permanent structured cooperation, the Council may adopt a decision suspending the participation of the Member State concerned.

The Council shall decide by qualified majority. Only members of the Council representing the participating Member States, with the exception of the Member State in question, shall take part in the vote.

A qualified majority shall be defined in accordance with Article 238(3)(a) of the Treaty on the Functioning of the European Union.

5. Any participating Member State which wishes to withdraw from permanent structured cooperation shall notify its intention to the Council, which shall take note that the Member State in question has ceased to participate.

6. The decisions and recommendations of the Council within the framework of permanent structured cooperation, other than those provided for in paragraphs 2 to 5, shall be adopted by unanimity. For the purposes of this paragraph, unanimity shall be constituted by the votes of the representatives of the participating Member States only.

## **PROTOCOL 10 TO THE TREATIES**

### **ON PERMANENT STRUCTURED COOPERATION ESTABLISHED BY ARTICLE 42 OF THE TREATY ON EUROPEAN UNION**

THE HIGH CONTRACTING PARTIES,

HAVING REGARD TO Articles 42(6) and 46 of the Treaty on European Union;

RECALLING that the Union is pursuing a common foreign and security policy based on the achievement of growing convergence of action by Member States;

RECALLING that the common security and defence policy is an integral part of the common foreign and security policy; that it provides the Union with operational capacity drawing on civil and military assets; that the Union may use such assets in the tasks referred to in Article 43 of the Treaty on European Union outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter; that the performance of these tasks is to be undertaken using capabilities provided by the Member States in accordance with the principle of a single set of forces;

RECALLING that the common security and defence policy of the Union does not prejudice the specific character of the security and defence policy of certain Member States;

RECALLING that the common security and defence policy of the Union respects the obligations under the North Atlantic Treaty of those Member States which see their common defence realised in the North Atlantic Treaty Organisation, which remains the foundation of the collective defence of its members, and is compatible with the common security and defence policy established within that framework;

CONVINCED that a more assertive Union role in security and defence matters will contribute to the vitality of a renewed Atlantic Alliance, in accordance with the Berlin Plus arrangements;

DETERMINED to ensure that the Union is capable of fully assuming its responsibilities within the international community;

RECOGNISING that the United Nations Organisation may request the Union's assistance for the urgent implementation of missions undertaken under Chapters VI and VII of the United Nations Charter;

RECOGNISING that the strengthening of the security and defence policy will require efforts by Member States in the area of capabilities;

CONSCIOUS that embarking on a new stage in the development of the European security and defence policy involves a determined effort by the Member States concerned;

RECALLING the importance of the High Representative of the Union for Foreign Affairs and Security Policy being fully involved in proceedings relating to permanent structured cooperation;

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

#### *Article 1*

The permanent structured cooperation referred to in Article 42(6) of the Treaty on European Union shall be open to any Member State which undertakes, from the date of entry into force of the Treaty of Lisbon, to:

- a) proceed more intensively to develop its defence capacities through the development of its national contributions and participation, where appropriate, in multinational forces, in the main European equipment programmes, and in the activity of the Agency in the field of defence capabilities development, research, acquisition and armaments (European Defence Agency), and
- b) have the capacity to supply by 2010 at the latest, either at national level or as a component of multinational force groups, targeted combat units for the missions planned, structured at a tactical level as a battle group, with support elements including transport and logistics, capable of carrying out the tasks referred to in Article 43 of the Treaty on European Union, within a period of 5 to 30 days, in particular in response to requests from the United Nations Organisation, and which can be sustained for an initial period of 30 days and be extended up to at least 120 days.

#### *Article 2*

To achieve the objectives laid down in Article 1, Member States participating in permanent structured cooperation shall undertake to:

- a) cooperate, as from the entry into force of the Treaty of Lisbon, with a view to achieving approved objectives concerning the level of investment expenditure on defence equipment, and regularly review these objectives, in the light of the security environment and of the Union's international responsibilities;
- b) bring their defence apparatus into line with each other as far as possible, particularly by harmonising the identification of their military needs, by pooling and, where appropriate, specialising their defence means and capabilities, and by encouraging cooperation in the fields of training and logistics;
- c) take concrete measures to enhance the availability, interoperability, flexibility and deployability of their forces, in particular by identifying common objectives regarding the commitment of forces, including possibly reviewing their national decision-making procedures;
- d) work together to ensure that they take the necessary measures to make good, including through multinational approaches, and without prejudice to undertakings in this regard within the North Atlantic Treaty Organisation, the shortfalls perceived in the framework of the 'Capability Development Mechanism';
- e) take part, where appropriate, in the development of major joint or European equipment programmes in the framework of the European Defence Agency.

#### *Article 3*

The European Defence Agency shall contribute to the regular assessment of participating Member States' contributions with regard to capabilities, in particular contributions made in accordance with the criteria to be established, inter alia, on the basis of Article 2, and shall report thereon at least once a year. The assessment may serve as a basis for Council recommendations and decisions adopted in accordance with Article 46 of the Treaty on European Union.

## ANNEX 12

### Abbreviations

EDA	European Defence Agency
CDP	capability development plan
HR/VP	High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the European Commission
LoI	letter of intent
MFF	multiannual financial framework
NDPP	NATO Defence Planning Process
OCCAR	Organisation for Joint Armament Cooperation
NATO	North Atlantic Treaty Organisation
PESCO	permanent structured cooperation
CSDP	common security and defence policy
UK	United Kingdom



**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES**

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PHOTO CREDIT: iStock International Inc

SBN 978-92-846-1688-6 (paper)  
ISBN 978-92-846-1689-3 (pdf)  
doi:10.2861/671405 (paper)  
doi:10.2861/773220 (pdf)

