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ANALYSIS – May 27, 2015

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ANALYSIS NOTE

Permanent Structured Cooperation The Sleeping Beauty of European Defence

By **Frédéric Mauro**

27 May 2015

Abstract

Raising the subject of the “Permanent Structured Cooperation (PESCO)” in the circles of power generally produces shrugs of disinterest or disillusion. However, the acronym is frequently heard in Brussels, recently. So, what is really PESCO? A major innovation of the Treaty Establishing a Constitution for Europe, when it was rewritten in the Treaty of Lisbon, PESCO was distorted and became illegible. Therefore, in order to understand what it really is, one needs to rediscover the original spirit of the preparatory works which led to it writing.

PESCO is, with the European Defence Agency and the Collective Defence Clause, one of the three indivisible elements which were eventually to give birth to the “European Security and Defence Union”, the carbon copy of the Economic and Monetary Union. It was supposed to be created before the enlargement. But it was not. Nevertheless, the mechanism contained in it remains intact. It only needs one condition to be implemented: willingness.

Résumé

La Coopération structurée permanente: La Belle au bois dormant de la défense européenne

Évoquer la « Coopération structurée permanente » (CSP) dans les cercles de pouvoir suffit généralement à provoquer des haussements d'épaule ou des soupirs de désillusion. Pourtant, c'est un acronyme que l'on entend beaucoup ces derniers temps à Bruxelles. Mais alors : qu'est-ce que vraiment la CSP ? Innovation majeure du Traité établissant une Constitution pour l'Europe, la CSP a été défigurée au moment de son incorporation dans le Traité de Lisbonne, au point d'être devenue illisible. Pour la comprendre il faut alors retrouver son esprit dans les travaux préparatoires qui menèrent à sa rédaction.

La CSP est, avec l'Agence européenne de défense et la clause de défense collective, l'un des trois éléments indissociables qui devaient donner naissance à une « Union européenne de sécurité et de défense », copie carbone de l'Union économique et monétaire européenne. Elle était censée s'appliquer de droit, avant l'élargissement. Elle ne l'a pas été. Pourtant le mécanisme est intact. Il n'a pas rouillé. Et pour le mettre en œuvre une seule condition suffit : le vouloir.

Introduction

There has been much talk of late in Brussels about “Permanent Structured Cooperation” (PESCO). On 17 May 2014, Jean-Claude Juncker set out three objectives for the foreign policy of the European Union, one of which, indeed, was PESCO. On 20 January 2015, Jean Arthuis, chairman of the European Parliament’s budget committee, followed suit, affirming that “it is time for the High Representative and ministers to implement the provisions of the Treaty that enact Permanent Structured Cooperation between European countries on defence”.

The same day, Michael Gahler, a member of the defence sub-committee and president of the Kangaroo Group—the parliamentary study group—declared: “we need a decision on the launch of Permanent Structured Cooperation”. In February 2015, a report by a working group chaired by Javier Solana, published under the title *More Union in European Defence*, concluded with a call for a “European Defence Union”, making use of PESCO to manage its geometry. Finally, on 28 April, Germany’s Federal Defence Minister Ursula von der Leyen added her support to the Solana group report, recommending the creation of a “European Defence Union” and referring to PESCO.

Despite being presented as a major advance of the Lisbon treaty in 2007, PESCO has, with a few rare exceptions,¹ been overlooked by academics, snubbed by European political leaders, and ignored by the general public. So much so that it seemed to have fallen into a deep sleep from which nobody ever expected it to awaken. Why, then, this sudden flurry of Prince Charmings?

1. What exactly is PESCO?

Let us begin by clearing up a common misunderstanding: structured cooperation is not a form of enhanced cooperation. Enhanced cooperations—as provided for under Article 329 of the TFEU—are designed to enable a group of Member States to take the initiative in an area of general interest for the Union, creating rights and obligations between them to which other Member States do not wish to adhere. They can be civilian or military, but in the latter case, they must be authorised by a unanimous vote of the European Council.

And whether civilian or military, they must involve at least nine Member States. Only three civilian enhanced cooperations have been set up since 2007,² and none within the framework of the common foreign and security policy (CFSP).

PESCO is also distinct from any CFSP tasks that the Council might confer on “a group of Member States which are willing and have the necessary capability for such a task” under Articles 43 and 44 of the TEU. These provisions were briefly thrown back into the limelight

1. Notably the work of Sven Biscop from the Egmont Institute (Royal Institute for International Relations) and Federico Santopinto, from the Group for Research and Information on Peace (GRIP) on this topic.

2. Cooperation for the recognition and execution of judgements on divorce and legal separation (2010); cooperation on European patents (2011); proposed tax on financial transactions (2013).

when the Defence Council of November 2014 mentioned in its conclusions “the potential value added of using Article 44”. But no task has ever been conferred on this basis.

Unlike enhanced cooperations, Permanent Structured Cooperation exclusively concerns the field of defence. It is referred to in the singular, because—like the Stability Pact—there can only be one, or else none at all. Above all, it is intended to be “permanent”, i.e. to last forever, and to be “structured”, and therefore structure-imposing. These powerful epithets have a certain ring about them, like the founding principles of a future European defence.

2. A legal regime rendered more incomprehensible with each round of negotiations...

The set of provisions in Articles 42(6) and 46, and Additional Protocol 10 outline a complex legal regime. It is constituted by a definition that is—to say the least—elliptic, along with two conditions, five commitments and one activation mechanism.

Under the terms of Article 42(6), PESCO is a kind of union that dare not speak its name, set up by “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.” Higher than what? More binding commitments than whom? The text does not specify. The first article of the protocol, however, says that to belong to this union, a Member State must fulfil two cumulative conditions: it must “proceed more intensively to develop its defence capacities (...)” and it must “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 (...)”.

That the fulfilment of these conditions was to be assessed in 2010, at the latest—a stipulation not found in the Treaty Establishing a Constitution for Europe (TECE)—seems to suggest that PESCO was not conceived of as an optional add-on, but was intended, rather, to come into effect as soon as the ratification process was completed. This interpretation is confirmed by the use of “shall”—which, in legalese, means “must”—in Article 42(6): “Those Member States whose military capabilities fulfil higher criteria (...) shall establish permanent structured cooperation within the Union framework.” Note in passing that this gives the European Commission, as the custodian of the treaties, a right of scrutiny over the implementation of PESCO and provides a legal basis for Jean-Claude Juncker’s declarations.

Under Article 2 of the protocol, participating Member States must sign up to 5 commitments, pledging to:

Cooperate [...] 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;

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;

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;

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”;

take part, where appropriate, in the development of major joint or European equipment programmes in the framework of the European Defence Agency.

This complex and restrictive procedure nonetheless represents a degree of flexibility relative to the enhanced cooperation framework in two important respects: one, there is no minimum number of Member States required to activate PESCO (it could therefore be formed by just two Member States), and two, the decision to authorise PESCO is taken by a qualified majority of the Council (unanimity is not required).

Two further elements should be underlined. On the one hand, Article 46(6) stipulates that “The decisions and recommendations of the Council within the framework of permanent structured cooperation (...) shall be adopted by unanimity” by the participating Member States. On the other hand, Article 3 of the additional protocol provides that: “The European Defence Agency shall contribute to the regular assessment of participating Member States' contributions with regard to capabilities (...) and shall report thereon at least once a year (...).”

The PESCO legal mechanism is, as we can see, difficult to understand, and even more so to summarise. But the real issue is not so much its complexity as its utility.

What is it all for? Everybody understands, of course, that the purpose of PESCO is bound up with the commitments of which it is constituted: financial effort, harmonisation of defence mechanisms, increased interoperability, narrowing of capability gaps, and participation in major weapons programmes. But Member States can just as well do this at any time, by means of bilateral agreements, without asking the Council's permission, even by a qualified majority. That, indeed, is exactly what France and the UK did in 2010 with the Lancaster House Treaty.

What benefits can be gained from it? The Lisbon Treaty contains no incentives to encourage the activation of PESCO. No hint of deducting defence investment spending from the budget calculation for meeting the Stability Pact criteria, no VAT exemption on purchases of military equipment... nor indeed anything else. That is precisely why it is so hard to provide a short, simple answer—one that everybody can understand—to the question “What is PESCO for?”

3. And yet the overall plan is a model of clarity: the European Defence Union

If the mechanism is currently so impenetrable, it is because it has been reworked by successive negotiations, which have overwritten the end purpose of the final text, leaving only the mechanism that was supposed to take us there. To recover this lost purpose, we

must track down the paragraph that disappeared between the TECE and the Lisbon Treaty. That paragraph is 40(7) of the TECE, which followed on immediately from the one on PESCO, and specified: “Until such time as the European Council has acted in accordance with paragraph 2 of this Article” (i.e. until it has been decided unanimously to move on from the common defence and security policy to common defence), “closer co-operation shall be established, in the Union framework, as regards mutual defence.” Here we see the real goal of PESCO: an ever-closer union in the field of defence. Once that is understood, it all becomes clear. The *raison d’être* of PESCO is to enable us to do together—thanks to this closer union—what we will no longer be able to do alone: i.e. defend ourselves. Which is, in and of itself, incentive enough. Just so long as everybody plays fair: whence the numerous “commitments”.

As Federico Santopinto, a researcher at the Group for Research and Information on Peace (GRIP), so rightly says, to understand the spirit of PESCO one must trace it back to the source: when, how, and under whom was it born? Its history begins at the Laeken Summit in December 2001 with the convening of the Convention on the Future of Europe, chaired by Valéry Giscard d'Estaing, which paved the way for the TECE. After an initial phase of hearings and surveys, during which it appeared that there was a genuine demand among citizens for a common defence, the Convention’s Presidium decided to set up a working group (number VIII) on defence policy under the presidency of Michel Barnier. The group’s work was reported meticulously by its secretary: the Belgian ambassador Philippe de Schoutheete.³

It was within this working group, under Michel Barnier’s spirited leadership, that PESCO came into being, benefitting from the decisive input of the joint contribution by Dominique de Villepin and Joschka Fischer, on 22 November 2002, which called for nothing less than the creation of a “European Security and Defence Union”. The aim, in their view, was to enable a vanguard of willing countries to make a more resolute commitment to a “closer entente” in the field of defence, prior to enlargement, without renouncing the principle of sovereignty. This construction was to remain within the framework of the Union, but without the Union being able to veto it. This was the project that was presented to the European Council of Thessaloniki on 19 June 2003 and which was carried over, substantially unchanged, in the final draft signed on 18 July of the same year. There was nothing in the preliminary draft about submitting the decision to set up a structured cooperation to the Council for authorisation, and the participating Member States alone were to decide on whether to admit other Member States to their form of cooperation.

Unfortunately, the launch of Operation Iraqi Freedom on 24 March 2003 led to deep divisions within the European camp. But despite their differences, the Member States were aware that the crisis had to be overcome, for the sake of European construction. The meeting of the British, French and German heads of government in Berlin in September came up with a compromise that was accepted by the European Council on 13 December 2003. The UK agreed to the creation of an embryonic operational general staff in the form of a cell attached to the Council of Ministers, on condition that it was not based at Tervuren, the symbolic venue of the eponymous summit which had sparked a mini-crisis between some of the European allies and the Americans. In return, France and

3. Chaillot Papers 71 – *La cohérence par la défense : une autre lecture de la PESD* – October 2004.

Germany accepted substantial modifications to the structured cooperation and mutual defence clause.

The text produced by the Convention put in place a system established by a protocol which remained to be written, as it would be largely self-determined and self-managed. It was this very point that drew reservations from the British side. The additional protocol was therefore drafted *ex ante* so that the Council could rule objectively on the participation or non-participation of Member States. The definition of cooperation was also substantially modified in the direction of greater openness to non-participating countries.

The latter are brought in on the decision to set up such a cooperation, even if the actual decision is made by the Council acting by a qualified majority; in the initial text, the cooperation did not even need to be authorised. It is also the Council, again by a qualified majority, that may subsequently admit non-participating countries into the enhanced cooperation. In the meantime, they are associated with the workings of the cooperation: they can take part in its debates but not, of course, in voting.

Despite everything, the overall plan was still coherent. And what was it? It was about putting in place the ways and means for the gradual integration of national defences. The idea was, quite deliberately, the same as in the Maastricht Treaty⁴: to create the conditions for the desired end state—European defence—through the prior, progressive and measurable convergence of defence systems; the hope being that quantitative standards will act as a catalyst, helping to bring about the desired goal of common defence. The same basic idea lay behind the birth of the common currency, except that the PESCO “commitments” are not a set of same-level criteria, like the Maastricht criteria; they are more like a series of steps, to be taken in a logical order.

Convergence must, first of all, be budgetary: money, of course, is the sinews of war. The idea of a common effort measured in percentages of GDP was explicitly discussed by the working group. But the criterion that was ultimately chosen is less ambitious, though more precise, namely a “level of expenditure on defence equipment”.

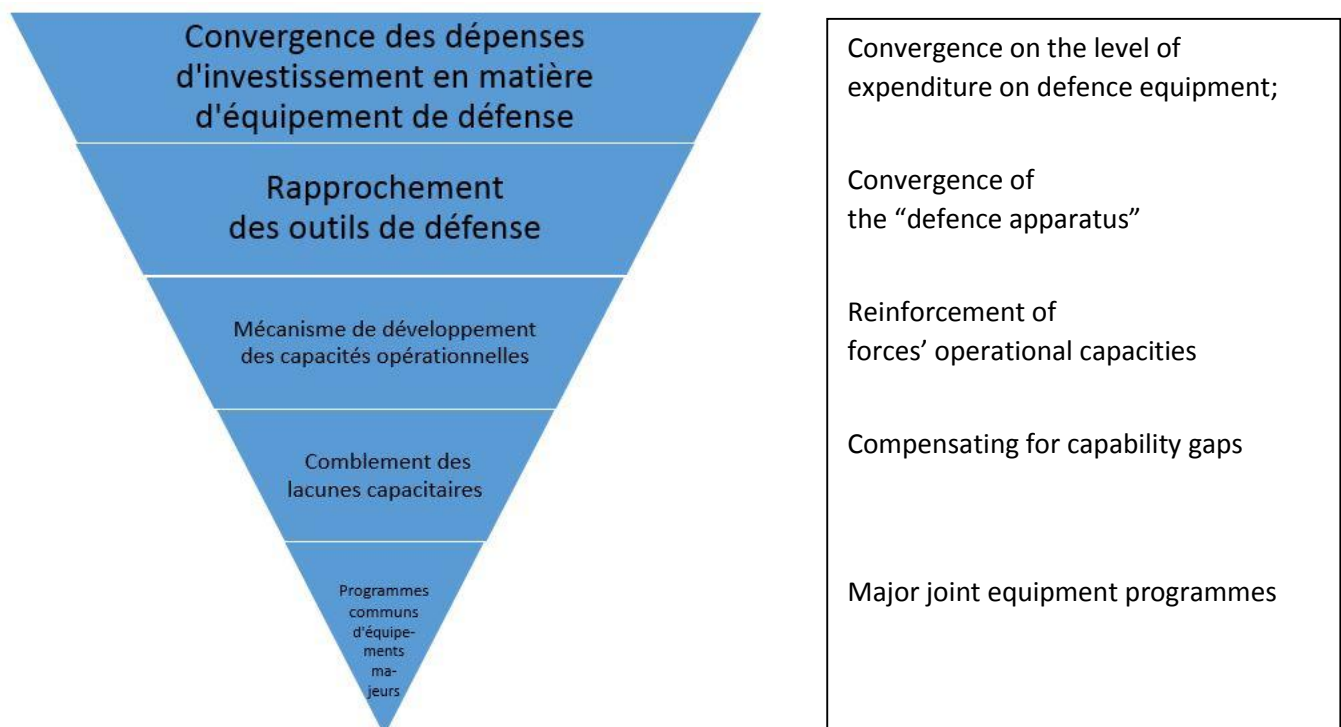
The second step is a convergence of the “defence apparatus”. This must be done upstream, by “harmonising [...] military needs”—which implies a joint strategic analysis and the subsequent definition of an acquisition strategy—and downstream, by “pooling” and “specialising”. Cooperation in training and logistics is not overlooked. The specialisation of defence systems, it is worth noting, is a very advanced phase of integration, since each participating Member State will no longer be able to act without the agreement of the other(s).

4. Final report of Working Group VIII, § 54: *“Several members of the Group have proposed that as the Maastricht Treaty set up a specific form of cooperation for the introduction and management of the euro, the new treaty should consequently provide for a form of closer cooperation between Member States, open to all Member States wishing to carry out the most demanding tasks and fulfilling the requirements for such a commitment to be credible. One of the conditions for taking part in this ‘defence Euro-zone’ would have to be a form of presumption that pre-identified forces and command and control capabilities would be available.”*

Step three: the reinforcement of forces' operational capacities, which depends on "identifying common objectives regarding the commitment of forces, including possibly reviewing their national decision-making procedures." Nothing if not ambitious.

Step four: compensating for capability gaps in the context of a mysterious "Capability Development Mechanism". The title prefigures the "European Stability Mechanism" in the financial field, and the idea behind it corresponds to what we now call "defence planning".

The final step is the development of "major joint or European equipment programmes in the framework of the European Defence Agency". The convergence of defence industries follows a logical sequence: it comes after a common operational requirement has been defined, not before. Once defence industries have been amalgamated and specialised, and duplication has been eliminated to reduce non-recurrent costs, it becomes extremely difficult, or even impossible, to turn back the clock.



PESCO therefore follows an incremental progression, part of a "pragmatic" approach, as Jacques Chirac famously put it,⁵ citing the founding fathers: no discontinuity, no sudden leaps, but a gradual shift. Big vision, small steps. Witness the fact that PESCO decisions continue to be made unanimously, as the European Security and Defence Union initiative does not propose any kind of federalist leap forward.

About the end objective, however, there is no doubt: it is "common defence", the precursor of European defence, i.e. the defence of Europe, by Europe, for Europe. European defence is not incompatible with the Atlantic Alliance, but it does demand a

5. Dialogue of Mr Jacques Chirac with Humboldt University students, 26 June 2000.

certain autonomy: Europe must be able to “act alone” (Chirac), which pre-supposes “full capability” (Villepin-Fischer), or what later came to be called “strategic autonomy”. It is, essentially, the idea of a “European pillar of NATO”—an expression deliberately used in the Villepin-Fischer contribution.

The elaboration of a common defence policy must remain within the framework of European construction. That is why the decision to activate PESCO is submitted to the Council; it is also why the PESCO mechanism must remain open to any Member States that might wish to join the pioneer group. It must not be possible, however, for it to be obstructed by neutral Member States, or by those that look to NATO for their own defence. That is why the Council’s decision is made on a majority basis and not unanimously; it is also why there is no fixed minimum number of Member States. It only takes two Member States to activate the PESCO clause.

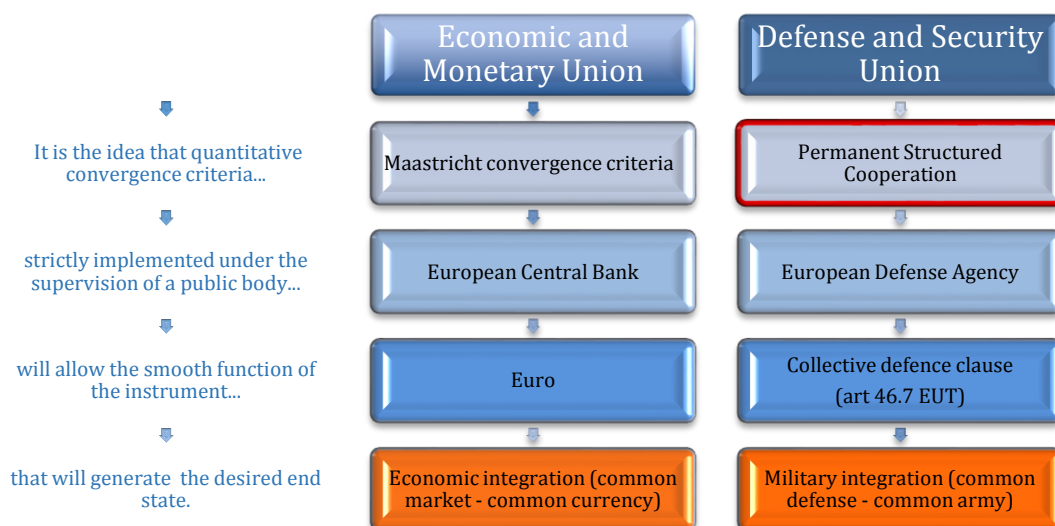
With the plan thus traced out, the European Security and Defence Union rested—like the Economic and Monetary Union—on three elements:

1. Quantitative standards: the defence “criteria” and “commitments” set out in the PESCO mechanism play the same role as the “convergence criteria” in the monetary union;
2. A body tasked with monitoring its implementation: the European Defence Agency, whose full title is much more explicit: “Agency in the field of defence capabilities development, research, acquisition and armaments”.
3. Finally, the collective defence clause, Article 40(7) of the TECE, which draws its inspiration from the Symmachia—that ancient alliance of Greek cities, under which to attack one city was to attack them all—and which makes the European Union, like it or not, a military alliance.⁶ Such an alliance is only meaningful, however, if the Member States have defences worthy of the name, and if the commitment is verified over time. Whence PESCO and the EDA.

6. The final report of Working Group VIII is very clear on this point (cf. § 61-63): “61. Several members of the Group proposed a collective defence clause. In this context it was also suggested that Member States which so wished could share between themselves the obligations laid down in the Brussels Treaty relating to mutual assistance, thus bringing to an end the Western European Union. 62. Such a collective defence clause was considered unacceptable by some members for reasons connected with the non-aligned status of certain Member States, and by others who considered that collective defence was covered by the Atlantic Alliance. 63. Under those circumstances, those members of the Group who were in favour of the collective defence clause thought that it would be sensible to allow those Member States wishing to intensify their cooperation, and in particular to take over the commitments of the WEU Treaty, to do so within the framework of the Union rather than outside the Union. The new Treaty could therefore establish a closer type of cooperation on defence, open to all Member States wishing to enter into such a commitment and fulfilling the requirements for such a commitment to be credible, in particular in terms of command and control capabilities, force preparedness, interoperability and deployment capabilities. Decisions would be taken only by the participating Member States. The methods of operation and decision-making procedures for such cooperation would be specified in the text establishing such cooperation.”

The three elements are therefore inseparable. They are only meaningful, and useful, when taken together. PESCO is not a “tool” in a “toolbox”. It is a matrix, part of a larger mechanism designed to lead to a European defence.

What happened next is, alas, all too familiar. The French “non” to the referendum on the ratification of the “Constitution” in May 2005, combined with the departure of Gerhard Schröder from the political scene in November 2005 and the weakening of Jacques Chirac in September of the same year, plunged the idea of a European Defence Union—and with it PESCO—into a deep sleep. The words that were supposed to enable everyone to understand it—“pioneer group”⁷, “European superpower”³, “vanguard”⁸, “centre of gravity”⁴ or, even more explicitly, “defence Euro-zone”⁹, “European Security and Defence Union”¹⁰—suddenly seemed too strong, after Lisbon, to continue to be pronounced. We have all now forgotten the overall plan, seeking to decipher a mutilated text from which the spirit departed long ago.



7. Speech by Jacques Chirac to the Bundestag, Berlin, 27 June 2000.

8. Speech by German foreign minister Joschka Fischer on the goals of European integration, Berlin, 12 May 2000.

9. Final report of European Convention Working Group VIII, chaired by Michel Barnier, 16 December 2002.

10. Dominique de Villepin and Joschka Fisher: *Joint Franco-German proposals for the European Convention in the field of European security and defence policy*, 21 November 2002.

4. Is it still realistic to suggest activating PESCO?

Firstly, PESCO is assimilated to an increase in defence spending. At a time when it would be excellent news merely to learn that the constant cuts in European defence budgets had been brought to a halt, that sounds unrealistic. Secondly, whatever European political leaders may say, the activation of PESCO is up to the Member States and to them alone. And to date, none has shown any sign of interest. Placed end-to-end, these two arguments are sufficient to brush off any mentions of PESCO as eccentric ramblings.

4.1 As realistic, if not more so, than the political commitments made in the NATO framework

On closer examination, neither of these arguments holds water. If it is so absurd to envisage an increase in the European defence effort, what are we to say of the unanimous commitment of the European States at the last NATO summit on 4 and 5 September 2014? Everyone knows, however, that these commitments are unlikely to be met, even over a ten-year period. The table below shows that, for the last year with available data, 2013,¹¹ compliance with the 2% standard would have led to additional spending of 87.6 billion dollars (€79.5bn) for European countries (Turkey excepted). Simultaneous compliance with both criteria—spending 2% of GDP on defence, and 20% of defence spending on equipment and research—would result, all else being equal, in an extra 26 billion dollars (€23bn) of equipment spending for the European allies.

PESCO seems cheap by comparison: for an identical standard (2% of GDP), and a scope reduced to the Euro Zone, it would cost “only” an additional 57 billion euros, or 62.6 billion dollars. Moreover, PESCO offers two compelling advantages. Firstly, the commitments are legally binding, overseen by the EDA and regularly re-assessed. Secondly, its scope and intensity can be modulated in response to Member States’ situations: all can aspire to participate, but not all need to be in at the outset.

Suppose for a moment that a Permanent Structured Cooperation had been established in 2013 between the countries of the Weimar Triangle, enlarged to include Spain and Italy (Weimar Plus), and the Visegrad Group. This would have led to an increase in defence spending of 36 billion euros, even with a NATO spending standard of only 1.8%. Limited to the five founding countries of the EATC, and with an objective of 1.6%, setting up a PESCO would have required an additional effort of 13.2 billion euros.

Further reducing the scope to just Germany and France, a PESCO at 1.6% would result in an additional defence effort of nearly 8.5 billion euros a year. But the conjunction of these two heavyweights of the Union, reinforced by a Member State like Poland, would be enough to create a critical mass that might attract many others. Ultimately, PESCO and the NATO budget commitments are pursuing the same objective. Implementing the former would give greater credibility to the latter.

11. At the time of writing, NATO still hadn’t published the figures for 2014, which—specifically due to the commitments made at the Wales Summit—need to be readjusted.

Required efforts to meet the commitments of the Wales Summit (NATO standards)

Effort nécessaire pour respecter les engagements du Sommet du pays de Galles (norme OTAN)

dépenses de défense en % du PIB : 2 %

dépenses d'équipement en % des dépenses de défense : 20 %

2013	dépenses de défense constatées		dépenses d'équipement constatées		dépenses de défense pour respecter la norme			dépenses d'équipement pour respecter la norme		
	En % du PIB	En millions USD	En %	En millions USD	En %	En millions USD	Différence	En %	En millions USD	Différence
Belgium	1,0	5 257	2,8	147	2,0	10 514	+ 5 257	20,0	2 103	+ 1 956
Bulgaria	1,4	749	2,3	17	2,0	1 070	+ 321	20,0	214	+ 197
Croatia	1,5	848	10,7	91	2,0	1 131	+ 283	20,0	226	+ 135
Czech Rep.	1,1	2 148	9,5	204	2,0	3 905	+ 1 757	20,0	781	+ 577
Denmark	1,4	4 547	9,9	450	2,0	6 496	+ 1 949	20,0	1 299	+ 849
Estonia	2,0	479	14,2	68	2,0	479	0	20,0	96	+ 28
France	1,9	52 250	28,6	14 944	2,0	55 000	+ 2 750	28,6	15 730	+ 787
Germany	1,3	48 718	16,0	7 795	2,0	74 951	+ 26 233	20,0	14 990	+ 7 195
Greece	2,3	5 669	17,7	1 003	2,3	5 669	0	20,0	1 134	+ 130
Hungary	0,9	1 210	9,8	119	2,0	2 689	+ 1 479	20,0	538	+ 419
Italy	1,2	25 173	13,6	3 424	2,0	41 955	+ 16 782	20,0	8 391	+ 4 967
Latvia	0,9	291	12,0	35	2,0	647	+ 356	20,0	129	+ 94
Lithuania	0,8	354	9,3	33	2,0	885	+ 531	20,0	177	+ 144
Luxembourg	0,4	248	15,8	39	2,0	1 240	+ 992	20,0	248	+ 209
Netherlands	1,3	10 313	13,1	1 351	2,0	15 866	+ 5 553	20,0	3 173	+ 1 822
Norway	1,4	7 398	18,9	1 398	2,0	10 569	+ 3 171	20,0	2 114	+ 715
Poland	1,8	9 077	13,9	1 262	2,0	10 086	+ 1 009	20,0	2 017	+ 755
Portugal	1,5	3 316	9,2	305	2,0	4 421	+ 1 105	20,0	884	+ 579
Romania	1,4	2 602	14,6	390	2,0	3 717	+ 1 115	20,0	743	+ 364
Slovakia	1,0	997	5,5	55	2,0	1 994	+ 997	20,0	399	+ 344
Slovenia	1,1	518	1,5	8	2,0	942	+ 424	20,0	188	+ 181
Spain	0,9	12 746	22,9	2 919	2,0	28 324	+ 15 578	22,9	6 486	+ 3 567
UK	2,4	60 283	23,1	13 925	2,4	60 283	0	23,1	13 925	0
Europe		266 191	19,8	49 971		342 832	+ 27 841	22,2	76 927	+ 28 018
Albania	1,4	182	15,8	29	2,0	260	+ 78	20,0	52	+ 23
Turkey	1,8	14 365	20,5	2 945	2,0	15 961	+ 1 596	20,5	3 272	+ 327
NATO - Europe		289 738	19,8	62 946		369 063	+ 89 316	22,1	79 311	+ 28 366
Canada	1,0	18 428	14,5	2 672	2,0	36 856	+ 18 428	20,0	7 371	+ 4 699
US	4,4	736 164	24,7	181 683	4,4	736 164	+ 0	24,7	181 683	+ 0
NATO	2,9	1 024 320	23,2	237 200		1 131 081	+ 107 743	23,7	269 286	+ 31 086

Restated information from NATO website Database

The debate about whether PESCO should be “inclusive” (all Member States must take part) or “exclusive” (a single vanguard)—which developed during the Belgian presidency of the Union in 2010—is a sterile debate that should not be reopened. If such a debate had been held for the common currency, the euro would probably never have seen the light of day. And we should not be timid about interpreting the Lisbon Treaty criteria

flexibly. That is the message we take from the conclusions of the Solana working group,¹² which recommends revising the PESCO implementation mechanisms and retaining just one criterion: the “mind-set”, i.e. the resolute determination to move forward towards a common defence.

CSP pour la zone euro ⇒ 57 Mds € de dépenses de défense en plus si la norme de 2 % était respectée

2013	En % du PIB	En prix courants	Monnaie Locale	Dépenses pour respecter la norme	Effort
Greece	2,3	4 275	m. Euro	4 275	0
Estonia	2,0	361	m. Euro	361	0
France	1,9	39 402	m. Euro	41 476	+ 2 074
Portugal	1,5	2 501	m. Euro	3 335	+ 834
Germany	1,3	36 739	m. Euro	56 522	+ 19 783
Netherlands	1,3	7 777	m. Euro	11 965	+ 4 188
Italy	1,2	18 983	m. Euro	31 638	+ 12 655
Slovenia	1,1	391	m. Euro	711	+ 320
Belgium	1,0	3 964	m. Euro	7 928	+ 3 964
Slovakia	1,0	752	m. Euro	1 504	+ 752
Spain	0,9	9 612	m. Euro	21 360	+ 11 748
Luxembourg	0,4	187	m. Euro	935	+ 748
UK	2,4	38 614	m. Pound	38 614	0
Poland	1,8	28 733	m. Zloty	31 926	+ 3 193
Croatia	1,5	4 845	m. Kunes	6 460	+ 1 615
Bulgaria	1,4	1 105	m. Leva	1 579	+ 474
Denmark	1,4	25 572	m. Kroner	36 531	+ 10 959
Norway	1,4	43 427	m. Kroner	62 039	+ 18 612
Romania	1,4	8 666	m. New Lei	12 380	+ 3 714
Czech Rep.	1,1	42 016	m. Koruny	76 393	+ 34 377
Hungary	0,9	271	b. Forint	602	+ 331
Latvia	0,9	154	m. Lats	342	+ 188
Lithuania	0,8	921	m. Litai	2 303	+ 1 382

Restated Information from NATO website Database

2013	En % du PIB	En M. euros courants	Dépenses pour respecter la norme	Effort à fournir
France	1,9	39 402	39 402	0
Germany	1,3	36 739	50 869	+ 14 130
Italy	1,2	18 983	28 475	+ 9 492
Slovakia	1,0	752	1 354	+ 602
Spain	0,9	9 612	19 224	+ 9 612
Poland	1,8	6 929	6 929	- 0
Czech Rep.	1,1	1 531	2 506	+ 974
Hungary	0,9	1 419	2 839	+ 1 419

Restated Information from NATO website Database

Norme : 1,8 %

+ 36 229

2013	En % du PIB	En prix courants	Dépenses pour respecter la norme	Effort
France	1,9	39 402	39 402	0
Germany	1,3	36 739	45 217	+ 8 478
Netherlands	1,3	7 777	9 572	+ 1 795
Belgium	1,0	3 964	6 342	+ 2 378
Luxembourg	0,4	187	748	+ 561

Restated Information from NATO website Database

Norme : 1,6 %

+ 13 212

12. See the aforementioned CEPS report: *More Union in European Defence*, February 2015, p. 21

4.2 The path to PESCO runs through Germany and France, and it is in the interest of both

The second obstacle is that the path to PESCO passes through the Member States. That much is true, with one reservation: the Commission is the custodian of the treaties. Likewise, it is true that neither France nor Germany have shown the slightest interest in the mechanism since the days of Jacques Chirac and Gerhard Schröder. But the reasons for this are economic; it is not the result of any structural impediment. It only needs a change in this “mind-set” for the implementation of PESCO to be reconsidered in a positive light. At the legal level, Permanent Structured Cooperation can be activated rapidly, for three good reasons: one, it is featured in the treaties and does not require any major negotiation; two, there is no minimum number of Member States; and three, it can only be prevented by a majority of the Member States in the Council, which is unlikely.

So, talking about PESCO is not a sign of naïve idealism. France and Germany only have to want it to happen, and to be able to make it happen. Do they? Can they? Not for now. But the Franco-German engine is increasingly showing signs of firing up again, and it could all change very quickly. From a budgetary viewpoint, Germany has plenty of room for manoeuvre and France—given the efforts it already makes—would only be expected to make a moderate contribution. From a capability viewpoint, PESCO would provide new opportunities for cooperation between the two countries, beyond the projects that are currently being finalised (an alliance in the field of armoured vehicles, the MALE UAV project, cooperation on military satellites).

Furthermore, implementing a PESCO, as a budget and capability measure, would not oblige France to renege on its alliance with the UK, whether from an operational angle or with regard to projects to which it is already committed. Finally, from a political viewpoint, PESCO would offer France and Germany the possibility of taking concrete action in response to the Ukrainian crisis. Above all, it would provide a clear framework of action for Member States like Poland that are keen to do more. Which leads us to our final question.

5. Why bring it up again now?

Quite simply because on top of the dwindling of Europe’s national defences, a long-term and apparently unstoppable phenomenon, we now have a sudden and violent deterioration in our strategic environment. This formidable scissor effect—between the threats we are faced with and our ability to deal with them—demands a response from political decision-makers.

5.1 The scissor effect between declining defence spending and growing threats...

The dwindling of Europe’s defences is a long-standing phenomenon, caused mainly by declining defence budgets. The euro is not to blame, as all European countries are affected, including the UK. Unfortunately, all the initiatives taken over the last ten years to try and mitigate its effects have proved ineffective, and the impact of the most recent attempts will not be felt for several years.

That most emblematic of international cooperations, the Franco-British alliance concluded at Lancaster House, has been relatively unfruitful at the industrial and capability level: the cooperation has failed when it comes to aircraft-carriers, armoured vehicles, frigates, submarines, and MALE UAVs. The few successes it has achieved will yield results only in the long term. In the European multilateral framework, the “pooling and sharing” measures are below what is really needed to generate significant room for manoeuvre, and the only real success story so far has been the EATC.

On the demand side, the major European programmes initiated in the framework of the European Defence Agency (in-flight refuelling, military satellite communications, cyber defence) are being implemented one small step at a time. Tellingly, the most promising programme, the MALE UAV (France, Germany and Italy) seems to be going ahead at the cost of sidelining the EDA.

On the supply side, no significant effects will be seen from the Preparatory Action for Security Research until the next Multiannual Financial Framework (MFF 2021-2027). As for the reworking of the Defence and Security Procurement Directive (DSPD), which might facilitate the introduction of innovative concepts—such as that of the European defence economic operator—this does not seem to be among the priorities of the authorities in Brussels for the time being.

If nothing is done, Europe’s “defence apparatus” will continue to dwindle, and the European defence industrial base will continue to suffer for a long time yet. The lack of demand coming the way of the manufacturers will aggravate the current chronic under-investment in research and development on generic technologies for tomorrow’s weapon systems, leaving Europe’s defence industry lagging even further behind its American competitors. The inability of European governments to make a credible commitment to anti-ballistic missile defence is typical of this situation.

Alongside this internal change, Europe’s environment has grown considerably more sombre in the space of a few months. Two external shocks—Ukraine and terrorist attacks—have highlighted the developing threats on the eastern and southern flanks, as well as within Europe’s borders.

5.2 ... calls for a large-scale initiative, not just plastering over the cracks

A vigorous response is necessary. It is, even, in the order of things, as the European authorities are well aware: since 2013 they have been producing a wealth of Councils, roadmaps and action plans. A mechanism for convergence has been set in motion. But, for the time being, the wheels of the machine are turning in vain, for lack of take-up by the Member States.

The “Policy Framework for Systematic and Long-Term Defence Cooperation” adopted at the latest Council meeting of Defence Ministers on 18 November 2014, is an interesting initiative. The central idea is to ensure the convergence of Europe’s defence systems, starting out from a major budget effort. This is, basically, the same idea as Permanent Structured Cooperation; indeed, it is revealing to observe how the words “long term” and “systematic” somehow echo the words “permanent” and “structured”. To put it plainly, we are doing little more than “tinkering around the edges”.

All of these initiatives still come up against the inertia of national state apparatuses, procurement agencies, and general staffs that prefer the reassuring comfort of their habits to the discomfort of transformations that they perceive as revolutions. Meanwhile, the UK's hostility to any kind of European defence is so strong that it discourages the country's partners from taking even the slightest initiative. Finally, the inability of national diplomatic services to break away from the cosy logic of "little steps" and "pragmatism" has trapped us in a logical dead-end. No cathedral was ever built by piling one stone on top of another. It is time for an architect to draw up the plans, or at the very least to demonstrate a vision that goes beyond the length of a single stride. In other words it is time—high time—that the political leaders took a truly large-scale initiative.

And of all the potential large-scale initiatives, PESCO is the most likely

The opportunities for such an initiative—without pronouncing the taboo words "federal state"—are not infinite. In a June 2012 report,¹³ the French Senate recommended the creation of a "Euro defence group", which also draws inspiration from the euro, and presents a number of advantages over PESCO: it can be implemented outside of any treaty framework, between willing Member States, and can therefore not be blocked by other Member States; its format, calendar and obligations are entirely open to negotiation, and so offer maximum flexibility: no budget commitments, no capability commitments, no conditions, no criteria... The majority-voting rule could even be integrated into it, which would be a real game changer. But that would need to be negotiated, which would take time.

The defence enhanced cooperations of Articles 43 and 44 have little structural power and, above all, their application is subject to the unanimous agreement of the Member States, making them awkward—and risky—to implement. In fact, it is hard to see what purpose they serve, other than sending out a political signal that the Member States "are doing something together".

We are left, then, with PESCO, or more exactly the Defence Union. If we are serious about resuming the march towards European defence, we must dispense with the label PESCO (adapted from the obscure acronym PSC during the Belgian presidency in 2010) in favour of words that every citizen can understand: the European Defence Union. Ursula von der Leyen, and the working group chaired by Javier Solana, made no mistake about it when they judiciously revived the name "European (Security and) Defence Union" (EDU). The EDU would be a powerful way to build Europe, every bit as powerful—whatever its detractors may say—as was the euro. The mechanism on which it relies has lost nothing of its effectiveness. Just start it up, and it will deliver the goods. It could not be easier to implement. We must only have the will to do so.

The time has come to remember how to dare.

13. *Pour en finir avec "l'Europe de la défense" - Vers une défense européenne*. Information report by Daniel Reiner, Jacques Gautier, André Vallini and Xavier Pintat, on behalf of the Foreign Affairs, Defence and Armed Forces Committee of the French Senate, n° 713 (2012-2013), 3 July 2013.

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