



European Defence: What's in the CARDS for PESCO?

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Suddenly everything is happening at once: Permanent Structured Cooperation (PESCO), the Coordinated Annual Review on Defence (CARD), the European Defence Fund (EDF)... The launch of PESCO is expected before the end of the year or in early 2018 at the latest. Now that things seem to be moving fast, let us make sure that they move in the right direction.

Leading the way are the European Commission on the one hand and France and Germany on the other. They are focusing on the heart of the matter: the urgent need for Europeans to start designing, building and procuring all future major equipment together, instead of competing each other into the ground.

The Commission seeks to provide incentives. In the next budgetary cycle, post-2020, the capability window of the EDF, the European Defence Industrial Development Programme (EDIDP), should amount to €5 billion per year, from which up to 20% can be funded from the EU budget, for multinational projects that address a commonly identified shortfall. For projects in the framework of PESCO, an additional bonus of 10% is foreseen. France and Germany are proposing what those

projects could be. At their bilateral meeting on 13 July 2017, they announced joint initiatives, among others, to develop major land combat, artillery, and maritime patrol systems, and a combat aircraft, while confirming their support for the Eurodrone programme with Spain and Italy, and launching structured cooperation between their cyber commands.

Other EU Member States should be able to join all of these. Indeed, they will have to. For if Paris and Berlin effectively do what they seem to be announcing, i.e. creating a Franco-German military industrial complex (I know I am not mincing my words), then the other Member States will have to plug in or their own defence industry will not survive. Even British defence industry may find it imperative to join in. At the same time, France and Germany effectively need others to join, for in many areas even together they cannot reach the critical mass of investors and customers needed to make a project economically viable.

France and Germany therefore need to establish a core group that agrees on the way ahead. Which is why together with Italy and Spain they submitted a first detailed proposal for the activation of PESCO (which has already been underwritten by Belgium). What could be done through PESCO, how could it be done and, most importantly, why should we do it?

WHAT?

The current debate is strongly focused on projects. Understandably so, for projects render PESCO tangible. Around a dozen Member States that have expressed an interest in joining PESCO have tentatively identified nearly 40 projects that could be undertaken in that framework. Many of these however are unrelated to any EU objective. Member States not unexpectedly looked for projects that they were going to do anyway that could credibly be re-labelled as a contribution to PESCO.

It is urgent therefore to prioritize, collectively. The proposal mentions “strategic defence capabilities projects”. The number one priority should without any doubt be strategic enablers: their absence affects all Member States’ capacity to deploy, and it cannot be remedied by any Member State alone. Without this top-down but collective political steering, the interests of industry and of individual States will prevail, and the added value of PESCO will remain very limited.

Capability projects is only the first layer of what could be done through PESCO. The second layer is to create more integrated forces, so that additional capabilities will be operated in the most cost-effective way possible. Once a project has delivered, would it not make more sense to operate the resulting capability as a single force, co-owned by all participating States, rather than to divide it up again? Thus a drone fleet, or a transport fleet could emerge, for example. Individual drones or aircraft can still be owned by individual Member States, but they could rely on a single structure for command, logistics, maintenance and training, and they can all follow the same rhythm of upgrades. Such integration should be wired into PESCO from the start.

Combat units can be operated more cost-effectively as well, by anchoring them into multinational frameworks. Even a smaller State can maintain a significant combat

capacity, if its battalions or its fighter aircraft can be anchored in a multinational formation. Rather than having to field all support units itself, combat support and combat service support will be provided through a combination of pooling and division of labour between the participating States. Just like Belgian-Dutch naval cooperation: a ship sails under the Belgian flag with a Belgian crew or under the Dutch flag with a Dutch crew, but there is only one naval command and one naval operations school, only the Dutch provide logistics, maintenance and training for all frigates, and only the Belgians for all mine-hunters.

Apart from a reference to making better use of existing multinational structures such as Eurocorps, this dimension is not now discussed very much in the context of PESCO. But it is exactly what Germany and its partners are doing in the context of the Framework Nations Concept (FNC), under the aegis of NATO. Both schemes can fit together, however. If, hypothetically, 15 Member States would join PESCO, that does not mean that all 15 have to do everything together. In some areas, especially strategic enablers, there could indeed be only one cluster of all or nearly all 15. But in other areas, there can be more than one cluster within the PESCO group. Thus, when it comes to land forces, the German-led FNC group with the Dutch, the Czechs and others could constitute one building-block of PESCO, one multinational corps structure, and a French-led group with for example the Belgians and the Spanish another.

Even if all Member States were to spend more, if they all do so separately, they will not be able to address the strategic capability shortfalls. If they do so collectively, PESCO will act as a multiplier.

How?

Launching projects requires participating States to invest. Integrating forces requires them to bring capabilities to the table. Hence the need

for binding commitments, to ensure that everybody contributes a fair share, and continues to do so over time. The same debate is of course taking place in NATO, where Allies have pledged “to aim to move towards the 2% guideline” by 2024. In the debate on PESCO, a commitment to increase defence budgets in real terms is on the table, in order to reach “agreed objectives”. What those objectives are, is not spelled out however, because many States will simply not now spend as much as 2% of GDP on defence. At the same time it would hardly make sense for States to say, in the context of PESCO, that 1.5% is enough when they have already signed up to 2% in NATO.

Much more important, because more realistic, and mentioned explicitly, is the commitment for 20% of total defence spending to be invested. First of all, investment is key to kick-starting PESCO. Second, this forces States who now spend two thirds or more on salaries to increase defence spending anyway, but without spelling it out. And in the EDIDP, which is a form of common funding, they now have an important incentive to fulfil this obligation. Some pundits belittle the EDIDP, stating that €5 billion per year is not much compared to the more than €200 billion that the EU-28 spend on defence. But compared to the €45 billion or so of this total that is spent on investment (€35 billion without the UK), it is a sizeable amount of money. If it is put to use to launch a limited number of key projects, it can really orient the decisions of the participating States. Furthermore, under PESCO States would commit to multinational projects as the default option and launch national projects only when no other option is available.

We generate capabilities so that we can use them when necessary. Therefore, participating Member States would also commit to provide “substantial support with means and capabilities” to every CSDP operation. The

Council launches operations by unanimity, of course, but no Member State that is in PESCO should vote for an operation and then decline to take part in it. Or, if it does not possess any relevant capability (a land-locked country without a navy can hardly take part in Operation Sophia or Atalanta), to co-fund it. The fact remains however that in recent years the most substantial operations, in terms of numbers deployed and risk incurred, have been conducted outside the EU or NATO framework, by individual States or ad hoc coalitions.

Once enacted by the Council, these commitments will be not just politically but legally binding as well, unlike NATO’s Wales pledge. More like the Maastricht criteria, in effect. That does create another dynamic. To this day not all members of the Eurozone fulfil all criteria, but they fulfil most. A proposal for a governance mechanism is on the table, including sanctions for non-compliance, that will see to it that PESCO becomes equally successful. For those joining PESCO, CARD can be an important assessment tool, but then it should be made compulsory (and not just supported “to a maximum extent acknowledging [its] voluntary nature”, as is now the proposal). If not linked to the concrete commitments made in PESCO, CARD will probably have but little impact.

These criteria make for an “inclusive and ambitious” PESCO, as the proposal states, because they are realistic. They are within reach of every Member State that wants to, which will then ipso facto have the right to join.

WHY?

Thanks to the legally binding nature of PESCO and the financial contribution by the Commission, a new defence initiative has more chance of success through the EU. But why is an integrated European initiative necessary in the first place? Because Europeans need to achieve strategic autonomy, as the EU Global

Strategy (EUGS) points out. That means the capacity to undertake certain vital military tasks at all times, if necessary therefore by ourselves, without recourse to any non-European assets. Therefore the plan is for PESCO to create a “coherent full spectrum force package”.

What are these tasks exactly that we should be able to carry out autonomously? On 14 November 2016, the Council adopted the Implementation Plan on Security and Defence, intended to operationalize the EUGS. This plan lists an ambitious range of operations that the EU should be able to undertake, from “joint crisis management operations in situations of high security risk in the regions surrounding the EU” and “joint stabilisation operations, including air and special operations”, through air security and maritime security operations, to capacity-building. The fact that among EU officials this list is commonly known as “the annex of the annex” indicates that its impact on what is actually happening is limited.

The reason is that the Implementation Plan does not specify how many operations the EU has to be able to conduct simultaneously, only that “a number of [these] may be executed concurrently”. Nor does it give any indication of the envisaged scale of these operations. In fact, the Implementation Plan limits the scale by stating that the EU should be capable of these operations based on “previously agreed goals and commitments”, i.e. the existing Headline Goal. In reality, strategic autonomy cannot be achieved within that framework, but Member States were not willing, at 28, to open the Headline Goal for debate. An update of the five Illustrative Scenarios that drive the identification of military requirements, by the EU Military Staff, will feed into an update of the Capability Development Plan, by the European Defence Agency, by the end of 2018. But since they cannot go beyond the current Headline Goal, the actual military level of ambition concomitant with the EUGS

remains undefined (to the quiet exasperation of many involved in this task). This makes it difficult to prioritise and quantify capability initiatives through PESCO.

What proved impossible at 28, can still happen within the group of Member States that join PESCO, however. In fact, an ambitious proposal is already on the table. One of the flagship projects envisaged by France, Germany, Italy and Spain is the creation of an “EUFOR Crisis Response Operation Core” or EUFOR CROC.¹ A hideous acronym, but an excellent idea: to produce not a “readiness force”, but a concrete list of force elements, which would accelerate the force sensing process after the Council has decided to launch an operation. This would be an important improvement on the existing generic Force Catalogue. The scale of this land-centric CROC is none other than that of the Headline Goal: 60,000 troops, or a corps headquarters, three divisions and 9 to 12 brigades. As this is to be achieved by the PESCO group alone, and of course without the UK, it represents a significant increase in the level of ambition for the participating Member States.

The initiators explicitly state that they “do not strive for a European army, but envision deployable and interoperable force components ready to be employed under one command and as one multinational coherent full spectrum force package for the most demanding EU crisis response operations”. Yet creating this package will definitely imply a far-reaching degree of integration of forces, along the lines described above. If seen through to the end, ever more multinational procurement, multinational capability development, and multinational formations will logically and automatically lead to the next step in European defence: ex ante multinational defence planning. Just like over the years the Belgian and Dutch navies have grown so close that, though it was never the stated intent, they now have to plan together (and continue to provide

the required budget, of course) in order to maintain the same degree of integration.

If air and naval forces are added at the same scale, and all the enablers required to project them, this is the military level of ambition that Europeans need if they really want to live up to the political level of ambition expressed in the EUGS. That requires thinking on a truly European scale. We should not allow our thinking to be limited to the highest level of ambition of any individual Member State, as a military officer rightly told me. Perhaps no individual European country sees the need for a carrier group or a fleet of armed drones, but that doesn't mean that it cannot be a requirement for Europe as a whole.

MORE QUESTIONS

Questions remain, notably about how Germany sees the exact link between PESCO, pushed mostly by the foreign ministry, and the FNC, which comes first on the agenda of the defence establishment. As a German official put it to me, so far both initiatives have been “de-conflicted, but not yet coordinated”. In some views, the *Bundeswehr* should prioritize the FNC, understood to aim at high-intensity operations in the context only of collective defence; force generation for expeditionary operations would remain a challenge.² But even if the majority of the force package that the German-led FNC group is building would indeed focus on territorial defence, some existing modules clearly are of an expeditionary nature, notably the anchoring of the Dutch air-mobile brigade in the German air-mobile division. This and other modules that can serve both territorial defence and expeditionary operations could be pre-identified as part of the CROC.

This relates to the broader question of where PESCO fits in the EU-NATO relationship. Assuring the strategic autonomy of European

allies and partners as a group is not an objective of the NATO Defence Planning Process (NDPP) – so it doesn't. What PESCO does is to formulate the level of ambition for the strategic autonomy of a group of European states. That strategic autonomy does not (yet) include territorial defence, but only the protection of Europe against threats falling short of the Article 5 threshold, and expeditionary operations across the spectrum. This collective level of ambition must be incorporated into the NDPP, in between the level of ambition for NATO as a whole and the targets for every individual ally, in order to ensure that the future capability mix does take into account the need for European strategic autonomy. As the proposal explicitly mentions, PESCO will thus “strengthen the European pillar within the Alliance”.

Just like in NATO, the proposal is that the participating States in PESCO should submit a “national implementation plan” outlining how they plan to reach the targets to which they have committed. Two phases, 2018-2021 and 2021-2025, are envisaged, so that commitments can be sequenced. Those that are both NATO allies and members of PESCO could draw up a single plan. It is at the national level that NATO and PESCO targets must be coordinated in the first place.

Very importantly, at the 13 July Franco-German meeting it was also announced that in 2018 French troops will deploy to Lithuania, in the context of the German-led prepositioned NATO-forces. At the same time, Germany and France will support the G5 Sahel countries³ with training and equipment. These might just be “courtesy deployments”, as a NATO official worded it to me. But it could also be seen as a symbolic expression of the crafting of a new strategic consensus between the two States who, if they now act upon their ambitious proposals, will constitute the core of European defence.

CONCLUSION

Will they do it? That is the ultimate question, of course. Having been writing about European defence for nearly twenty years now, I have written more than one article in which I proclaimed that the moment for a breakthrough had arrived – only to see it come and go. And yet I remain (cautiously) optimistic, because optimism is in my nature, for one, but also because today there are objective reasons for my optimism. With France and Germany and the Commission championing European defence, putting concrete and ambitious proposals on the table and offering incentives, leadership is

stronger than at any time in the past two decades. Perhaps, just perhaps, I will next write a paper explaining the success of PESCO.

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REFERENCES

- ¹ Two other flagship projects under consideration are a centre of excellence for EU training missions, and a “military Schengen” aiming to facilitate movement across Member States.
- ² Rainer L. Glatz and Martin Zapfe, “Ambitious Framework Nation: Germany in NATO”. *SWP Comments* No. 34. Berlin, Stiftung Wissenschaft und Politik, September 2017, 8pp.
- ³ Burkina Faso, Chad, Mauritania, Mali and Niger.