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FROM EU STRATEGY TO DEFENCE SERIES

European defence core groups

The why, what & how of permanent structured cooperation

The deteriorating security situation around Europe and the burgeoning messages from Washington that Europe has to take more responsibility for its own security call for a step change in European defence cooperation. So far, progress has been too slow. This Policy Brief argues that permanent structured cooperation (Pesco) offers the option to take a more ambitious and more productive route by member states willing to move forward more quickly, set more demanding objectives and commit themselves more strongly. This would end the well-known 'voluntary basis' which has often been used as an excuse for doing little or nothing at all.

Europe at a crossroads¹

With President Donald Trump in the White House the pressure on Europe to invest more in its own defence will further increase. The question of how the European countries will respond to this demand will then arise. So far, progress in European defence cooperation has been too slow. Business as usual can no longer be an option. Europe is at a crossroads. The rapidly deteriorating international security environment asks for a real step change. The European Union's new Global Strategy of June 2016 provides the overall strategic framework. On 14 November 2016 the Council has welcomed the Implementation Plan for Security and Defence by High Representative Federica Mogherini.

It includes the option of *permanent structured cooperation*, also known by its acronym *Pesco*. In essence, Pesco is the Lisbon Treaty provision for launching a core group of European countries, willing to move forward more quickly, to set more demanding objectives and to commit themselves more strongly.

This Policy Brief aims to explain the 'why, what & how' of Pesco. The 'why' section looks primarily at the issue of added value. Why can a Pesco core group succeed where existing EU defence cooperation at 28 is failing? In the 'what' part answers are given to the key question of what a Pesco package should look like. What should be the core group's concrete output criteria and what capabilities are required? Finally, the 'how' section addresses the topic of how to launch and sustain Pesco with particular attention being paid to the burning question of squaring the principles of effectiveness in a smaller core group with the inclusiveness of all member states.

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The 'why'

Why do we need Pesco, while there are already many opportunities to work together? The short answer to this question is: 'well, yes, there were ample opportunities, but the member states have failed to take them'. The track record of European defence cooperation during the last fifteen years is not good. Despite the many declarations and statements in favour of cooperation, according to EDA, the percentage of collaborative project investments has decreased. The list of European capability shortfalls has largely remained the same and has even grown longer. Paired with the deteriorating security situation in the immediate vicinity of the EU and the burgeoning messages from Washington that Europe has to take more responsibility for its own security, this is untenable. Somehow, somewhere, incentives need to be found to make EU member states more serious about a credible defence which befits the EU's security concerns and strengthening the European part of NATO. This incentive could be Pesco.

Why would Pesco be better than other attempts of the past? The main advantages of Pesco are the following:

- 1. Real commitment.** Pesco would end the escape route into 'voluntarism', which is the keyword in any EU declaration on the improvement of military capabilities during the last 15 years. Pesco will have a contractual character. The relevant protocol attached to the Treaty reads that failing to comply with the conditions could entail that the membership of new countries or the suspension of some of them is decided by the Council by a qualified majority of the members participating in Pesco. This is unprecedented in the field of European security and defence: Pesco would for the first time offer an enforceable legal instrument to keep member states from back-tracking on their commitments.
- 2. Greater speed.** Currently, the 'unwilling' or 'reluctant' member states set the slow pace on European defence cooperation as 'the lowest common denominator'

which is decisive. This practice can only be reversed by creating a core group of countries which are willing to move forward more quickly. By agreeing to ambitious, but realistic output criteria for member states to join, Pesco has the potential to spur on a large number of member states to contribute to the best of their ability. But the unwilling will no longer be able to block the progress that the willing are ready to undertake. The decades-long EU defence paralysis could thereby come to an end.

- 3. Channelling funding.** The output targets of the Pesco group would provide clear capability guidance. They would set priorities for the participating member states in their own defence planning and procurement, tying them together in a common effort. At the same time Pesco could provide the key capability driver for policies, legislation and financial support from the European Commission. In particular, Pesco participants could benefit from the European Defence Research Programme under the successor of Horizon 2020. Equally, this could apply to other funding opportunities offered by the EU budget.
- 4. Bridging clusters.** There are many examples of successful defence cooperation clusters, such as the European Air Transport Command, the Belgium-Netherlands naval cooperation, the Eurocorps and others. However, what these dispersed clusters of cooperation lack is a mechanism that binds them together towards jointly developing those capabilities that have been identified as being crucial for fulfilling the collective tasks. Pesco could provide an umbrella for such clusters, bringing them into an overall European framework. It could ensure that cluster nations concentrate their efforts on the capability priorities that the EU will identify in the follow-up to the Implementation Plan.
- 5. Steer European defence industry.** Instead of national demand driving national defence industries, Pesco would open the door for European-level demand that could steer the European

Defence Technological and Industrial Base (EDTIB). It would be a catalyst for consolidating European defence industries, promote a more rational and cost-effective EDTIB and open up the market for companies across the supply chain.

- 6. Assessment.** Another shortcoming that could be overcome by Pesco is the lack of a proper assessment of capability development by the member states. The Pesco protocol foresees such a role by the European Defence Agency; progress by the core group's participating member states would be measured and assessed annually. Clearly, EDA would need additional staff and resources to carry out this task.

Finally, for those countries that shy away from what seems like an experiment, the following question arises: will continuing on the same path of a voluntarist, bottom-up, project-by-project approach yield significant results this time around? If it has not worked so far, what will be different from 2017 onwards? At the very least, Pesco has the ability to create a new dynamism and momentum and it merits careful consideration by those countries that want a credible European defence.

The 'what'

The Pesco language in the Treaty states that member states should make "more binding commitments to one another in this area in view of the most demanding missions". Thus, Pesco sets force requirements across the full spectrum, up to the highest level. Clearly, this has implications for priorities in capability development.

- A. Full spectrum capabilities.** It is in this area where Europe lacks key capabilities, from enablers such as air-to-air refuelling (AAR) and strategic intelligence & reconnaissance (ISR) to adequate levels of accurate fire power, in particular delivered by precision munitions. Pesco should unify those European countries that are willing to invest first and foremost in these capabilities. Full interoperability

will be a key factor, which can be best achieved by procuring and using the same equipment. A nucleus of European interoperable forces, able to operate across the full spectrum, will also be to the benefit of NATO.

- B. Civil-military connectivity.** The 'what' should also take into account the specific features of the EU: its comprehensive approach in which all available tools – civil and military – can be deployed together in a coordinated way. This applies to the Union's Common Security and Defence Policy (CSDP) far-way operations, but also to those closer to home. A new CSDP task is to support the protection of Europe, in particular at the external borders in response to the spill-over effects of instability and turmoil in the Middle East and Africa. Civil-military interoperability will also be key in military support to actors such as the expanded EU Border and Coast Guard Agency. Thus, standardisation should not be limited to the military but encompass the civil-military interface.

- C. Multinational defence planning.** Deeper defence cooperation can only succeed when countries plan, procure and maintain the same equipment. This requires a complete change of mind-set. Think multinational first, then national – instead of the other way around. Pesco would more or less force countries to align their defence planning in order to buy the same kit. Collaborative programmes, using the EDA and OCCAR potential, should be the norm – not the exception. Pesco members could build on the experience of countries that have already started to align their defence planning in smaller clusters.

Pesco has to be concrete. Therefore, it is essential that countries proposing Pesco elaborate the content. This should consist of a package which defines the output criteria for operations, the required capabilities and related plans and programmes. The box provides an example of what Pesco could look like. It is not meant to be a proposal.

A Pesco example

- **Operational output:** the ability to conduct military operations across the full spectrum at (...) level, including air and naval assets as required, and supported by military or dual-use space-based capacities. Equipment should be fully interoperable and standardised. Where applicable, interoperability with assets of civilian actors should be ensured.
- **Capability output:** to solve all identified shortfalls for realising the operational output targets by year X. Priority will be given to (...), with the aim of having initial operational capability by (year X-minus). NB: this could be further specified per capability area, such as AAR, ISR, precision munitions, etc.
- **Defence planning output:** defence planning will be aligned, starting with existing plans to the extent possible and realising the full alignment of all defence plans by (year Z).
- **Collaborative procurement output:** unless it proves to be impossible, all procurement will be conducted collaboratively, using the European Defence Agency for the requirements phase and OCCAR for the development and procurement phase.

The 'how'

So far, Pesco has been drifting between the potentially conflicting aims of inclusiveness and strengthening European military capabilities rapidly and effectively. The problem is that 'you can't have both'. Recent history has shown the downside of unanimous decision-making with all member states around the table. Thus, inclusiveness and effectiveness have to be balanced in order to ensure that Pesco works. This could be done along the following lines.

(i) Inclusiveness based on output targets. A Pesco group should aim to be as inclusive as possible regarding participating member states. This inclusive approach, however, should not be to the detriment of real progress. The challenge is to agree on ambitious output targets which would set the bar higher than the lowest common denominator of all EU member states. But the targets have to be realistic for the Pesco participants collectively. They should be formulated as objectives over time, with agreed deadlines by which the output targets need to be reached.

All member states participating in Pesco would sign up to achieving these targets – this would form the Pesco package. The door should be left open for member states that want to join at a later stage, on condition that they commit themselves to the Pesco acquis.

(ii) Modular projects. While all participating member states commit themselves to the commonly defined output targets, project participation within the Pesco framework could be modular as voiced in the November 2016 Council Conclusions. For example, the development and procurement of high-technology ISR capabilities would most probably be carried out by a smaller cluster of countries. This modular approach – which is in the DNA of the European Defence Agency (*géometrie variable*) – fits perfectly with the aim of a singular Pesco framework for cooperation. Other examples of projects that could be undertaken in smaller clusters are the creation of a European Medical Command, a Joint Helicopter Wing or a European Logistic Hub.

(iii) Measuring progress. To review member states' progress, a system of monitoring and assessment needs to be put in place. This could take the form of a Co-ordinated Annual Defence Review as foreseen in the Council Conclusions of 14 November. However, for the Pesco participants it would not be voluntary but obligatory. Based on the Pesco protocol the EDA would monitor and assess the progress made by the Pesco members and report to the Council on an annual basis, chaired by the HR. More detailed discussions could take place in the EDA Steering Board.

It will be very important to connect the activities of the Pesco members to the wider CSDP efforts and the work of the Commission under the European Defence Action Plan. The triple hat of the High Representative, who is also the Vice-President of the Commission and the Head of the EDA, provides the ideal combination connecting the various actors in order to synchronise their common efforts to improve European military capabilities. However, to initiate Pesco, it is up to the member states to take the lead. The eyes are on those countries that will make up the bulk of the European defence efforts after the UK's departure: France and Germany.

Conclusion

The deteriorating security environment and the pressure by the US on Europe to take more responsibility for its own security requires a different approach

to strengthening European defence cooperation. The last couple of decades have shown that the existing way of 'doing business all together' is too slow and often leads to 'no business at all'. Permanent structured cooperation offers the option to take a more ambitious and more productive route by member states willing to advance more quickly and to commit themselves more formally – ending the well-known 'voluntary basis' which has often been used as an excuse for doing little or nothing at all.

Pesco is not about creating a European army, but about the realisation of real European defence cooperation within a group of member states signing up to criteria with clearly defined output targets and deadlines. Pesco membership can be as inclusive as possible but in order to be effective it has to be limited to those willing and ready to commit themselves – and assessed on the progress made annually. This cooperation has to be 'permanent' and 'structured': it has to encompass a Pesco package of various criteria and output targets, but which would still allow for modular execution in terms of capability projects.

At a crossroads, Europe faces a fundamental choice: either the willing and able take the challenge seriously and launch a Pesco core group or the old approach of the lowest common denominator will continue to prevail. The latter is endangering European security, not only of the unwilling but also of the willing. Thus, there is no other choice than to move forward with the core group of the willing.

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