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INTRODUCTION: WHO WANTS TO ACT?

Who *really* wants to do it? Since the Brexit referendum in the UK and the publication of the EU Global Strategy (EUGS) in June 2016, there has been a flurry of proposals by Member States to deepen defence cooperation in the context of the EU. Most notable among these were two Franco-German papers, first by the two foreign and then by the two defence ministers, and a proposal by the French, German, Italian and Spanish defence ministers. Most notable, because without both France and Germany involved, no initiative can reach the scale to make it worthwhile. And because if France, Germany, Italy and Spain would go ahead and do it, that would create the kind of momentum necessary to make it work.

“It” would be Permanent Structured Cooperation (PESCO). The Franco-German-Italian-Spanish paper sees this unused provision of the Lisbon Treaty as “a fundamental instrument”. It would allow for the creation of a smaller group (which can mean any number below twenty-eight), of 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”, and who would cooperate “within the Union framework” (Art. 42.6 TEU). The Protocol on PESCO annexed to the Treaty lists five broad commitments participating Member States have to make:

1. To agree on the level of investment in defence equipment;
2. To “bring their defence apparatus into line with each other as far as possible”, by harmonizing military needs, pooling, and specialization;
3. To enhance their forces’ availability, interoperability, flexibility and deployability, notably by setting “common objectives regarding the commitment of forces”;
4. To address the commonly identified capability shortfalls, including through multi-national approaches;
5. To take part in equipment projects in the context of the European Defence Agency (EDA).

The Treaty also assigns to the EDA the task of assessing whether these binding commitments are met.

So far however, nobody has done “it”, and it is still not clear that anybody will. Yes, the Foreign Affairs Council (14 November 2016) adopted extensive conclusions on the implementation of the EUGS in the field of security and defence. The result, as all involved kept repeating, of 19 hours of negotiations in the Political and Security Committee, these conclusions produced a self-congratulatory mood in the Brussels bubble. There is real progress, such as the creation of “a permanent operational planning and conduct capability at the strategic level for non-executive military missions”, envisaged in the first half of 2017. Now that the Member States agree, the

EU as such can implement this and some other decisions. But on anything that Member States would have to implement, the Council conclusions are far less concrete. And since all military capabilities are Member State capabilities, this means that in reality it is as yet far from certain that any initiative generating real additional capability will see the light.

The EU level has done what it can. The EU can exhort, facilitate, and incentivise, as it has done in the past. Indeed, without the title page, it is difficult to distinguish the wording on defence cooperation in EU documents today from, for example, the European Council Conclusions of December 2013 – and one could cite much earlier documents. This is not to say that nothing can happen – just to make it absolutely clear that on the most crucial aspect, i.e. delivering capability, more or less everything still has to happen. And that it better happen now.

The good news is that PESCO is back on the agenda at least. For in 2010, when it was first discussed, the Belgian Presidency discovered that its many ideas on how to activate PESCO hit an unbreachable wall of Member States doubting whether it should be activated at all.¹ Ever since, PESCO has been seen as toxic – until today. It seems that the combination of three powerful agents, Putin, Brexit, and Trump, has started the decontamination process. The Franco-German-Italian-Spanish paper states that “we should consider a PESCO”, and the November Foreign Affairs Council said as much. So did the European Council of 15 December 2016, concluding that “the High Representative will present proposals in the coming months as regards [...] elements and options for an inclusive Permanent Structured Cooperation based on a modular approach and outlining possible projects”.

In 2017 we will know soon enough therefore who is willing to enter into PESCO. But before Member States can make up their mind, we will need to specify which objectives PESCO is actually supposed to achieve.

¹ For a review of the 2010 debate see: Sven Biscop and Jo Coelmont, “CSDP and the Ghent Framework: The Indirect Approach to Permanent Structured Cooperation?”, in *European Foreign Affairs Review*, Vol. 16, No. 2 (2011), p. 149-167.

WHY TO ACT

The problem is that Member States have been unwilling to seriously discuss the military level of ambition. Moreover the structures make it very difficult to discuss the overall European rather than a separate EU and NATO level of ambition. Yet if Member States seek to integrate their single set of forces through PESCO, the resulting force package must enable them to meet all their commitments, so the debate cannot focus on the EU's Common Security and Defence Policy (CSDP) alone.

On the EU side, the EUGS defines three sets of military tasks. The first, protecting Europe, can imply operations on Europe's borders, but also safeguarding sea lines of communication worldwide. The second, capacity-building, can entail long-term efforts in several neighbouring countries, but also military cooperation with partners such as ASEAN, especially in the maritime area. Finally, responding to (or preventing) crises may require more than one long-term stabilization operation, of at least brigade-size, in the neighbourhood, without forgetting that the EUGS also mentions contributing to worldwide UN peacekeeping. But it can also mean a high-intensity crisis management operation of several brigades and/or squadrons in the neighbourhood. These scenarios may occur simultaneously, so a high degree of concurrency is inevitable. Furthermore, the EUGS states that in these areas the EU must achieve strategic autonomy or, as the December 2016 European Council put it: "The European Union and its Member States must be able to [...] act autonomously when and where necessary and with partners wherever possible".

Implementing the EUGS within the existing EU military level of ambition is simply not possible. This demands more forces than the Headline Goal that the EU set in 1999, i.e. the ability to deploy, and to sustain for at least one year, up to an army corps (60,000 troops) and concomitant air and naval forces. To make things worse, EU Member States cannot even deploy this number for any longer period of time, unless the US provides the bulk of the strategic enablers. And they count on the availability of US forces and US political will to act as a strategic reserve as well, even though the reality is that with the election of Donald Trump as President of the US that political will may evaporate very fast. Contrary to good military practice however, EU Member States have insufficient capabilities to have as many troops in reserve as they deploy in case an operation goes awry. Clearly, the EUGS has implicitly increased the EU level of ambition.

Everybody knows this, but nobody officially wants to say it. Member States have not been willing to draw the logical conclusion and open the Headline Goal for discussion. In its November 2016 conclusions, the Council "tasks to review the military requirements stemming from the EUGS and the level of ambition". But while the conclusions do include a section entitled "Level of Ambition", that does no more than illustrate the three tasks set by the EUGS with examples of operations, without any

indication of the number and scale of operations involved. Except to say, in the annex, that the EU should be capable to do all of this “based on previously agreed goals and commitments”, defined in a footnote as: the existing Headline Goal.

Nevertheless, there is margin for manoeuvre. Although the Council did not explicitly mention it, a month later the European Council did restate the EUGS aim for the EU to be able to act autonomously. That means that even within the existing Headline Goal, more strategic enablers are needed. And in reality it also means that the EU has to go beyond the 60,000, because Europe will have to have its own reserves as well. Moreover, the day Brexit happens, the British contribution, which amounts to a full 20%, will have to be deducted from the EU’s Force Catalogue (of capabilities that Member States have already listed as available on a case-by-case basis). Of course, British forces will not disappear, and when Europeans decide to launch operations, in whichever framework (the CSDP, NATO, the UN, or ad hoc), the UK is more likely to be part of the action than not. But for the purpose of stepping up the EU effort, it is better to discount them, so that even if the current Headline Goal is maintained, the remaining EU Member States must contribute more in order to fill the gaps left by the UK – and in the end, the overall sum of deployable forces of the EU27+1 will be bigger than it is today.

When reviewing EU military requirements, “ensuring coherence of outcomes and timelines with the NATO Defence Planning Process” (NDPP), as the Council explicitly added to the tasking, is crucial. The NDPP translates what the Alliance as a whole, including the non-EU Allies, should be capable of into capability targets for every individual Ally. It does not attempt to ensure that the sum of the capabilities held by the Allies (and partners) that are EU Member States alone constitutes a coherent force package, capable of operations without having recourse to assets of the others. And so it is not. The US especially contributes much more than its share of strategic enablers – and President Trump is widely expected to continue to rub that in. So the spread of capabilities resulting from the NDPP as it works today does not guarantee EU strategic autonomy. But if the next iteration of the NDPP can incorporate a clearly defined EU level of ambition, a capability mix can be designed that allows the Europeans to do all: contributing to collective defence, and undertaking expeditionary operations with the US and the other non-EU Allies *or* autonomously. Like a set of Russian dolls, the EU level of ambition for autonomous operations to implement the EUGS fits into the higher NATO level of ambition, which includes the non-EU Allies and adds the task of collective defence.

The ambiguous Council conclusions threaten to leave a missing link between the ambitious wording of the EUGS and any future capability development, including through PESCO. If the EU will leave it unspecified which and how many strategic enablers its autonomy requires, to name one of the most crucial aspects, then what would guide PESCO? This *floeu artistique* can be an opportunity, however, if it is put

to creative use to define a de facto higher EU level of ambition when reviewing the military requirements and producing the new Capability Development Plan by spring 2018, as tasked by the Council. Then the Member States launching PESCO can decide which share of the requirements defined by the NDPP and by the EU (for the EU level of ambition within the NDPP), they will seek to meet through their collective endeavour. Achieving those targets, the “NDPP/EU”, will demand far-reaching integration of effort.

HOW TO ACT

Here looms another risk. In order to make PESCO more palatable, “modular” and “projects” have become keywords, like in the European Council conclusions. That PESCO will be modular goes without saying. Not every Member State that joins PESCO will be expected to contribute to every capability area encompassed by PESCO, nor therefore to every project launched in the context of PESCO. But PESCO must be about a lot more than projects to develop or procure equipment. Member States can already sign up for projects in different constellations today – that is why the EDA exists. Calling this PESCO will not make any difference.

The real added value of PESCO lies in the second criterion that the Treaty defines: bringing Member States’ defence apparatus into line with each other. Because until today they are doing the opposite. States do strictly national defence planning, in splendid isolation, and without much regard for either the EU or NATO. Possibilities for cooperation are only explored afterwards, by which time many opportunities are precluded by the national choices already made. This works – if every State has a defence budget and troop numbers large enough to maintain full spectrum forces alone. Which hasn’t been the case for decades now.

PESCO can turn this around. Participating Member States should plan together, as if for one force, and then decide which contribution every individual State will make. The aim: to arrive at a single coherent full-spectrum force package that delivers a significant share of the “NDPP/EU” target. This would make PESCO the core of European defence: at the same time the European pillar of NATO and the armed branch of the EU.

Which force package exactly the participants aim at would be the subject of a permanent dialogue, like a permanent capability conference or a “capability-generating community”,² which revises and upgrades the target as the means and the “NDPP/EU” requirements evolve. A permanent dialogue would generate a living *chapeau* to guide all activities taking place through PESCO.

Under this *chapeau* equipment projects can then be launched, notably to acquire the strategic enablers on which the force will have to rely. But PESCO has to go further than that: once acquired, strategic enablers should not be divided up among the States that took part in their development, but operated as a permanent multinational capacity. To that end, we should not just replicate the model of European Air Transport Command (EATC), as called for by the Council, but improve upon it. EATC is a single body to manage separate transport fleets; the next logical step would be a

² Jo Coelmont, *Permanent Sovereign Cooperation to Underpin the EU Global Strategy*, Brussels, Egmont, December 2016 (Security Policy Brief No. 80).

single fleet with nationally manned and owned aircraft but integrated maintenance, logistics and training. A European medical command, which Germany always puts forwards as an example of what PESCO can achieve, would be another valuable project. But it cannot be the flagship of PESCO, for it would confirm all the prejudices about German and European unwillingness to engage in “serious” military operations. More to the point therefore would be European fleets of drones, satellites, patrol aircraft, and coast guard vessels. And, in the longer term, of the next generation of fighter aircraft and frigates.

In all of these areas, those participating in PESCO should commit to the development of a single platform, and they should do so fast, if we want new capabilities to enter our arsenals in the 2030s (given how long development takes). In this way PESCO can help ending the wastage of multiple European programmes that compete with each other – and cannot compete with the US. At the same time, assembled in a “PESCO fleet” rather than scattered among nations, more capabilities would be readily available (and even if one contributing State does not want to be a part of a specific operation, one can organize around that if the fleet is large enough, as EATC has already proved).

But PESCO should not end even there. As the reference to fighter aircraft and frigates already indicates, not only strategic enablers can be pooled. In addition, participating States can build permanent multinational formations with dedicated multinational headquarters: army corps, air wings, and naval squadrons. To these every participant would have to contribute national manoeuvre units in the areas of his choice, such as mechanized battalions, fighter aircraft, or frigates. All the support functions however can be ensured by a combination of pooling (permanent multinational units) and specialization (a division of labour among participating countries).³ Obviously, no participant should be allowed to contribute to the support units only: risk-sharing is vital to make this scheme work. Anchoring the “head”, everybody’s manoeuvre units, in large multinational frameworks would allow for a major reduction of the “tail”, which each nation now provides separately. These synergies and economies of scale would make national defence spending less fragmented, and release funds for investment in more capability and for actual operations.

The multinational formations established through PESCO should indeed become the framework of choice to mount European operations, in all frameworks: the CSDP, NATO (including the multinational forces deployed in the Baltics, for example), the UN, and coalitions of the willing. From the corps, wing or squadron, tailor-made forces could be generated in a modular way for any specific operation. Participating Member States would thus end up doing defence planning, capability development,

³ Belgian-Dutch naval cooperation is an existing example, at a smaller scale, of how this works in practice: both countries contribute frigates and minehunters sailing under their own flag with their own crew, but there is only one headquarters and one operational school (pooling), while the Netherlands is in charge of training, logistics and maintenance for the frigates and Belgium for the minehunters (specialization).

and operations in the same framework. Common experience in all three dimensions would gradually produce more and more alignment in their ways of operating, in their thinking, and ultimately in their strategic cultures. Unlike today, when nations sometimes deploy headquarters but rarely if ever actual combat units through the many existing multinational formations. In which, consequently, the degree of integration for the most part remains minimal.

PESCO can be used in a constructive manner however to streamline the various other clusters and frameworks in which the participating Member States also take part. If (the majority of) their participants are in PESCO, existing clusters of cooperation could be brought under its *chapeau*.⁴ This would create opportunities for widening and deepening existing formats while ensuring their relevance for the overall level of ambition. If PESCO is activated, it will also have an impact on the participating Member States' cooperation with those who have chosen not to join (yet). A nation can engage in military cooperation (i.e. render its forces interoperable) with different sets of nations in different frameworks. But once it integrates its forces with one set of nations in PESCO (i.e. goes for permanent and far-reaching pooling and specialization), it cannot integrate them again with another set of nations in another framework. If PESCO is launched, that will be the predominant focus for the participating States therefore, but of course the PESCO force package as a whole can still cooperate and be made interoperable with other States and other frameworks.

Through PESCO, smaller Member States would gain relevance. By anchoring more or less their entire armed forces in various multinational formations, they would be able to devote a larger share of their defence expenditure to maintaining and deploying their remaining manoeuvre units, and would thus have a greater say in multinational decision-making. Larger Member States would have to offer the core of the large multinational structures, without necessarily having to include all of their own forces from the start. In return, they would be able to establish the critical mass needed to acquire the strategic enablers and to maintain the full spectrum forces that their aspirations still call for but which alone they can no longer afford. At the same time, PESCO would not mean the end of sovereignty. Because the manoeuvre units within the multinational formation would remain national, one participant could still flexibly deploy an infantry battalion, for example, without all others having to follow suit, as long as everybody's staff in the support units do their job. In fact, by pooling all too limited national military sovereignty, PESCO would revive sovereignty, i.e. the capacity for action, at a higher level.⁵

All these advantages of military integration have been pointed out by many people for many years though. What could convince Member States to – finally – do it now?

⁴ Anne Bakker, Margriet Drent and Dick Zandee, European Defence Core Groups. *The Why, What & How of Permanent Structured Cooperation*, The Hague, Clingendael, November 2016 (Policy Brief).

⁵ Hence the title of Jo Coelmont's latest publication on the issue – see note 2.

INCENTIVES TO ACT AND CRITERIA TO TAKE PART

Stepping up cooperation is in the air. Not only is PESCO being discussed, many nations have also engaged in one of the three groups established under the heading of NATO's Framework Nations Concept (FNC). The FNC reads like PESCO under a different name: the idea is for one or more larger nations to offer the framework, such as a corps or a headquarters, in which a number of smaller nations plug in with specific contributions, in order to achieve their NDPP targets together.⁶ A German proposal originally, it was never really made clear why Berlin thought NATO rather than the EU was the better forum to introduce it, or indeed how it thought to make the FNC compatible with the more recent proposals that it tabled in the EU again.

Nations could choose to use the FNC rather than PESCO as the main framework to make the leap from cooperation to integration. Of the three FNC groups currently existing, the German-led one of 16 appears the most promising in this regard, though it remains to be seen how far participants are really willing to go. Having started out by focusing on capability development (with sub-groups of various sizes addressing specific capability areas), it is now also used to generate temporary multinational deployments, notably to the east in the context of NATO.⁷ If they opt for the FNC, Europeans would still have to redefine the level of ambition, of course, in order to arrive at an "NDPP/EU" that builds their strategic autonomy.

Whichever format is chosen, real integration will eventually demand a legally binding international agreement between the participating States that codifies who contributes which capabilities to the planned force package, in order to guarantee that each will continue to finance his agreed contribution over time, as a safeguard against national budget cuts. That agreement will also have to define the procedures for deployment on actual operations. The starting point of cooperation is trust, but integration requires guarantees. Otherwise, a model like the FNC risks ending up like the EU's European Capability Action Plan (ECAP) of the early 2000s: voluntary participation in working groups per capability area led only to the voluntary absence of results. PESCO has the advantage over the FNC that it offers a ready-made legal framework, within the TEU – the legal base could not be more solid.

Moreover, contrary to when it was first debated, PESCO now also comes with an – almost – ready-made incentive to join: the European Defence Fund proposed by the European Commission. That is, if the Commission is prepared to put up half of the €5

⁶ Diego A. Ruiz Palmer, *The Framework Nations Concept and NATO: Game-Changer for a New Strategic Era or Missed Opportunity?*, Rome, NATO Defence College, July 2016 (Research Paper No. 132).

⁷ A UK-led group of 7 focuses on deployment, through participation by the others in the British Joint Expeditionary Force (JEF). An Italian-led group of 6 focuses on stabilization and reconstruction operations. It should be noted that France is not now engaged in any FNC group and seems unlikely to shift its main multinational capability effort to NATO. And without France, no framework can reach the scale necessary for success.

billion per year that it envisages itself. Combining the first, fourth and fifth of the criteria in the Treaty, i.e. an agreed level of investment, in projects to address the priority shortfalls, through the EDA, PESCO could be configured to entail an obligation to contribute to the defence fund. The reward would be that every Euro from the Member States would be matched by a Euro from the Commission, and that the fund would be used for capability projects decided upon through PESCO (within the priority requirements resulting from the “NDPP/EU”). The first set of participating States would thus have to assemble €2.5 billion, divided according to GDP; that target could be raised when additional Member States join later. Member States that remain outside PESCO could have the right to join in any project on a case-by-case basis, by contributing to its funding.

This “capability window”, as the Commission calls it, is one of two dimensions of the European Defence Fund. The other will be the “research window”, for which the Commission plans to provide €500 million per year in the next budgetary period (post-2020). This will function far more upstream, without a direct link to PESCO, but it is important that requirements resulting from the “NDPP/EU” guide expenditure, so that research leads smoothly to development projects that can take place in the context of PESCO at a later stage. Still under discussion is whether the European Investment Bank could play a role in defence, which could further increase the available funds. Furthermore, by discounting all investment, including in defence, when assessing Member States’ annual budgetary balance, the Commission would greatly encourage investment and wealth creation.

On the capabilities side, the European Defence Fund is the most concrete outcome since the December 2013 European Council debated defence – if it materializes as planned. Then it could be a very powerful incentive to activate PESCO, and to use PESCO to generate more capabilities rather than just to pool what is there already. The Fund would be impervious to national budgetary evolutions, and would guarantee that investment sets the right priorities: those that concern the common level of ambition. For the participating Member States therefore, contributing to the Fund would be the most important criterion. More important because it is more operational and more feasible than the NATO target of spending 2% of GDP on defence, which has become a fetish that obstructs rather than advances European defence – and which most nations will never reach.

Because contributing to the European Defence Fund is a feasible criterion, it guarantees the inclusiveness of PESCO, a prerequisite that many Member States have stressed. Inclusiveness should be understood correctly. It cannot mean that everybody should just be allowed to join – that would render the instrument useless. Rather, it means that everybody willing to make the effort to meet the entry criteria can automatically join, and that those criteria have to be real (entailing a real effort to do more than today) yet realistic (because proportionate to GDP).

The assessment by the EDA prescribed by the Treaty could then focus not on the overall defence expenditure of the participants in PESCO, but on the degree and the pace at which they are meeting the capability targets that they have taken upon themselves, and on the extent to which all opportunities for pooling and specialization are being exploited and nations are adapting their defence planning to each other. The November 2016 Foreign Affairs Council invited the High Representative to present proposals in the spring of 2017 for a “coordinated annual review on defence”, on a voluntary basis, with exactly this focus. This review could be made compulsory for those participating in PESCO. The rolling process of defining the “NDPP/EU” and the annual assessment can be undertaken by the EU Military Staff and the EDA, though some reinforcement will likely be necessary.

Clearly, all the necessary instruments are at hand – are the Member States ready to use them now?

CONCLUSION: IT IS TO BE DONE

Until now, Member States write papers and give speeches about PESCO. Academics can do that – it doesn't take a ministry of foreign affairs or defence. Those who really want to do PESCO now urgently have to come forward, before the window of opportunity closes again.

If we do PESCO, we have to do it right. Using PESCO as no more than an umbrella under which to do various procurement projects means to waste PESCO, for Member States can do that already, via the EDA. Once set on this path, it will be very difficult to change course. We have already foreclosed the optimal use of the Mutual Defence Clause (Art. 42.7 TEU) in this way, by activating it (after the 13 November 2015 terrorist attacks in Paris) and then not doing anything that could not have been done without it.

Doing it right requires first and foremost the right mind-set. Participating Member States must be willing to exploit all opportunities for pooling and specialization to the maximum and to adapt their national defence planning to the commonly agreed capability targets, without any taboos. That also means doing away with any existing or envisaged national capability that turns out to be redundant. It also implies that purely national defence industrial interests must give way to multinational priorities – which will generate multinational economic opportunities. Only a very few of the many existing bi- and multinational cooperation initiatives have already reached this stage (and the FNC groups are not among them). And of course, those targets must be sufficiently ambitious. There is no point in launching PESCO if there is no ambition to achieve strategic autonomy.

I had the opportunity to be closely involved in the first debate on PESCO, in 2010, and I am fortunate to be involved again today. I don't think there will be a third time that I can write about why we need PESCO: either we do it now or we never will. But I do hope that I will be able to write about the success of PESCO.

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