

STRENGTHENING EUROPEAN DEFENCE: WHO SITS AT THE PESCO TABLE, WHAT'S ON THE MENU?



Elvire Fabry | *Senior Research Fellow, Jacques Delors Institute*

Nicole Koenig | *Senior Research Fellow, Jacques Delors Institut - Berlin*

Thomas Pellerin-Carlin | *Research Fellow, Jacques Delors Institute*

The military capacity of European states is plagued by 20 years of under-investment, fragmentation and national short-sightedness. While previous attempts at launching Permanent Structured Cooperation (PESCO) failed due to the difficulty of defining who could join the club, a deal is now within reach: Europeans might be serious about taking their security in their own hands.

Time has come for Europeans to take their security in their own hands. In his State of the European Union address, European Commission President Jean-Claude Juncker called for further efforts leading towards a “fully-fledged European Defence Union” by 2025. In his Sorbonne speech, French President Emmanuel Macron argued for a European Defence Initiative. In line with their joint efforts made last year for closer European defence cooperation, including Permanent Structured Cooperation (PESCO), France and Germany could turn out to be key drivers. While previous attempts at launching PESCO failed due to the difficulty of defining who could join the club, a deal is now within reach. On 19 October 2017, the European Council welcomed “significant progress” in the preparations and signalled that PESCO could be launched before the end of 2017. The Member States only have one shot at sealing this deal which will set the table for the next decade of EU defence cooperation. The issue at stake is to ensure that inclusiveness does not undermine the level of ambition of PESCO.

1. It's time to set the table: let's be serious about strategic autonomy

The military capacity of European states is plagued by 20 years of under-investment, fragmentation and national short-sightedness. Past choices left our armies with key capability shortfalls (e.g. satellites, drones, Air to Air Refuelling) making national strategic autonomy and, with it, national sovereignty, an illusion rather than a reality.

This happens at a time when the European neighbourhood's instability has become a source of threat for Europeans. Multiple crises call for comprehensive

responses combining diplomacy, trade, development aid, economic development, good governance, and sometimes also a military component. Stabilising Mali for instance requires an efficient military and security presence that allows for aid to effectively reach the areas where it is most needed.

Those times when Europeans expected the US to provide military support whenever it was needed, have passed. The US has been reluctant to back up European crisis management efforts, for instance in Africa. Its pivot towards Asia continues while President Donald Trump is everything but a sound and reliable ally.

The combination of these factors makes the case for a higher level of European strategic autonomy. To be able to protect their strategic interests and values, Europeans should be able to intervene in Europe and its neighbourhood, independently from the US.

The necessary steps towards a higher level of European strategic autonomy are well known. We do not need an EU army. We need an ambitious, structural, and pragmatic defence cooperation between willing and able European states, which, through binding commitments, makes cooperation the norm and unilateralism the exception. This will allow reaping the benefits of important economies of scales as well as an enhanced interoperability between armies. Implementing such systematic cooperation requires high-level political involvement to overcome the reluctance of some segments of the military and of the industry.

Defence constitutes one policy area where further European integration is sensible, feasible and most needed. Increased defence cooperation enjoys

continuous popular support and becomes easier as, with the perspective of the Brexit, the British Government stopped acting as a compulsive veto-player on EU defence cooperation.

EU actors such as the European Commission, the European Defence Agency (EDA), and the High Representative for Foreign Affairs and Security Policy have done their homework. We now have concrete steps forward with a Military Planning and Conduct Capability (MPCC) that is up and running, a European Defence Fund (EDF) under negotiation and the pilot run for a Coordinated Annual Review on Defence (CARD). To build on this progress and go one step further several Member States, spearheaded by France and Germany, have decided to launch PESCO. Its added value will depend on the ability to bridge inclusiveness - involving a maximum number of Member States - and ambition - favouring the highest common objectives.

2. Who can join the club? A single set of criteria

France and Germany have been key drivers behind recent European defence initiatives. They should continue endorsing this leadership role as they represent opposite views on PESCO that need to be reconciled. Paris regards it as a tool for a small and ambitious avant-garde of Member States that make binding commitments to enhance Europe's strategic autonomy with a view to the most demanding missions in conflict regions such as the Sahel. Berlin views it through the prism of EU integration and stresses inclusiveness, i.e. with the aim to ensure that as many Member States as possible can be on board. Reflecting both views, the June 2017 European Council agreed on the need to launch an 'inclusive and ambitious' PESCO, without making a clear decision on the balance between both criteria.

In July 2017, France, Germany, Italy and Spain struck a preliminary compromise on PESCO criteria and commitments, subsequently endorsed by Belgium, the Czech Republic, Finland, and the Netherlands. The European Council Meeting on 19-20 October 2017 welcomed significant progress on PESCO preparations without publicising concrete commitments and projects. The key questions thus remain: who will sit at the table and what will be on the menu?

Formally speaking, the Protocol No.10 of the Treaty on European Union (TEU) defines the minimum criteria for having the right to sit at the PESCO table.

Article 2 defines five categories of binding criteria and commitments:

- Cooperate on military investments (e.g. quantitative defence spending goals),
- Bring defence apparatus into line with each other,
- Enhance availability, interoperability, flexibility and deployability of forces,
- Cooperate on capability development,
- Develop major joint programmes in the framework of the EDA.

Translating these aims into concrete and clearly defined entry criteria has been an important bone of contention in the past. The tension between ambition and inclusiveness often boiled down to the question of whether countries such as Malta or Luxembourg that spend 0.5% of GDP on defence should be included in the EU's defence avant-garde.

The compromise that seemingly emerged in September consists of setting ambitious objectives while allowing for gradual implementation. In other words, we agree on soft or flexible entry criteria and count on convergence *a posteriori*. For instance, Member States could join PESCO even if their defence spending is currently low (e.g. at 1% of the GDP), but should ensure a regular increase of this spending with a view of getting closer to previously agreed objectives such as 2% of the GDP by 2024 - as all NATO Member States already agreed at the 2014 Wales Summit. Quantitative entry criteria could also comprise the benchmarks agreed in 2007 in the framework of the EDA, notably ensuring that 20% of total defence spending is invested in equipment procurement, and that at least 35% of total equipment spending goes to European collaborative equipment procurement. Such a flexible interpretation of PESCO criteria should allow around 20 Member States to join PESCO by early 2018.

Two risks related to this compromise should, however, be avoided. The first one would be that the agreed objectives would not be ambitious or specific enough to make a difference. An unspecific commitment to increase defence expenditure without a binding timeline is likely to have little impact, especially if nothing is done to enhance the efficiency of defence spending. The second risk would be that PESCO membership fails to foster convergence. As with other international targets, Member States could simply neglect PESCO commitments. It is thus necessary to take accountability and compliance mechanisms seriously.

A first step would be making participation in the CARD a compulsory entry criterion. PESCO members should submit national implementation plans clearly outlining how and by when the agreed objectives should be attained. In the framework of CARD, the EDA should regularly assess compliance. An additional option would be linking compliance with PESCO criteria to financial incentives under the European Defence Fund. According to the Commission proposal, PESCO members should receive an additional 10% of co-financing for capability development projects. These PESCO-specific financial incentives could be cut if a member no longer fulfils the relevant criteria. A more radical sanctioning mechanism, outlined in Article 46(4) TEU, is the suspension of a member by a qualified majority of PESCO members. If anything, suspension is an option of last resort.

Setting a PESCO table should not be equivalent to forming an exclusive club. Openness and transparency should be key guiding principles for PESCO governance. In addition to non-PESCO member participation in Council negotiations, transparency should be ensured through regular information by the High Representative and in the Political and Security Committee where all the EU Member States are represented. The door should at all times be kept open for new members that are willing and able to meet the relevant criteria. Finally, a second table should be set-up for willing and able third countries (e.g. Norway, post-Brexit Britain) that could join PESCO projects and decision-making processes at project-level on an *ad hoc* basis. Specific sets of criteria and commitments would apply to such PESCO associates.

3. What's on the menu? A flexible set of choices

The necessary balance between ambition and inclusiveness also applies to the choice of projects. There are currently around 30-40 projects under discussion that might be eligible for the initial PESCO menu. These will differ in terms of quality and time frame. While the concrete projects are not yet public, we will likely be able to distinguish between a set of inclusive and lighter starters, heavier main courses, and optional desserts.

A large group of Member States is likely to go for the lighter (or softer) starters. These PESCO clusters, such as the creation of a European Medical Command, would be most inclusive and allow smaller Member States to play a leading role.

PESCO's real level of ambition will be reflected in the more substantial main dishes, in other words, the projects that have the potential of filling Europe's most pressing and strategic capability gaps. Such projects can include existing ones (e.g. Eurodrone MALE) that can be expected to deliver in the medium-term as well as new ones with a longer time frame (e.g. next generation battle tank) where a balanced membership between large and small Member States could allow for a sensible specialisation. To maintain a level of ambition while ensuring inclusiveness, every PESCO member should actively participate in at least one of these main projects.

As for every good dinner, there should be desserts for the Member States who intend to be really serious about Europe's strategy autonomy. These would include projects that ensure an ambitious integration of PESCO members not only when they design and acquire military equipment (as currently envisaged for the main dish, such as for the Eurodrone), but also in terms of maintenance and training. This would not only yield significant savings, but also constitute the opportunity to ensure the interoperability of most military equipment and procedures, thus enhancing military efficiency on the ground.

One already existing successful example of such intense cooperation is Admiral Benelux where the Belgian and Dutch navies have decided to join forces to buy the same ships, pool their maintenance facilities and train their soldiers together. Concretely, Belgium buys a model of frigate that has been jointly agreed with the Netherlands and Belgian frigates benefit from maintenance in the Netherlands where the respective sailors are also trained. This yields important savings for Belgium and genuine interoperability for both navies while preserving the Belgian sovereign political right to decide whether and when to engage its navy. Building on this 20-year Belgo-Dutch experience, groups of Member States could take advantage of PESCO's framework to launch *avant-gardes* in specific areas, for instance naval integration between the Spanish, French, German and Italian navies.

CONCLUSION

PESCO is a further step forward in the defence cooperation European Nation-States need if they want to safeguard a relevant military. To guarantee that as many EU Member States as possible can join PESCO, its entry criteria will be low and accessible. PESCO's ambition will mainly be spelled out through the level of ambition of its concrete projects and clusters geared towards filling capability gaps and fostering interoperability. To ensure that this ambition becomes reality, there should be a set of compulsory requirements (e.g. spending targets and participation in at least one main dish), financial incentives as well as potential sanctions if key criteria are not fulfilled (e.g. suspension of financial incentives).

While discussing modalities and structures is important, the political aim of PESCO should always be kept in mind: ensuring Europe's autonomy to be able to intervene independently in its neighbourhood whenever important values or interests are at stake. PESCO can strengthen the EU's capacity to act as a security provider and thus provide substance to the narrative of a "Europe that protects". However, it is no silver bullet and will not automatically foster a joint definition of these values and interests or the will to act on them collectively. Continuous work towards a collective strategic vision will thus be the central ingredient on the PESCO menu.

On the same themes...

THE EU AS A 3-D POWER: SHOULD EUROPE SPEND MORE ON DIPLOMACY, DEVELOPMENT AND DEFENCE?

Nicole Koenig and Jörg Haas, Policy Paper No.206, Jacques Delors Institut - Berlin, September 2017

FRANCE AND GERMANY: SPEARHEADING A EUROPEAN SECURITY AND DEFENCE UNION?

Nicole Koenig and Marie Walter-Franke, Policy Paper No.202, Jacques Delors Institut - Berlin, July 2017

EUROPE FACING THE CHALLENGE OF ITS DEFENCE: BETWEEN REALISM AND RESPONSIBILITY

Luc Vincent, Synthesis, Jacques Delors Institute, July 2017

EU SECURITY: A MATTER OF POLITICAL URGENCY

Jacques Delors, Pascal Lamy, António Vitorino, Eneko Landaburu, Etienne Davignon, Nicole Gnesotto, Elisabeth Guigou, Philippe De Schoutheete, Elvire Fabry, Nicole Koenig and Thomas Pellerin-Carlin, Tribune, Jacques Delors Institute, March 2016

WHAT EUROPEAN SECURITY AND DEFENCE POLICY DO WE NEED?

Elvire Fabry, Thomas Pellerin-Carlin and Emmett Strickland, Synthesis, Jacques Delors Institute, September 2015

WHY WE SHOULD BELIEVE IN EUROPEAN DEFENCE

Elisabeth Guigou, Tribune, Jacques Delors Institute, November 2014

Managing Editor: Sébastien Maillard • The document may be reproduced in part or in full on the dual condition that its meaning is not distorted and that the source is mentioned • The views expressed are those of the author(s) and do not necessarily reflect those of the publisher • The Jacques Delors Institute cannot be held responsible for the use which any third party may make of the document • Original version • © Jacques Delors Institute