European Defence: Give PESCO a Chance

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It is easier to deal with an open objection than with a profession of agreement in principle which covers an underlying reluctance to translate it into practice. While clear opposition presents an obstacle that can be surmounted, hesitant acquiescence acts as a constant break on progress.

Basil H. Liddell Hart

Sir Basil Liddell Hart’s remarks about his attempts to promote the reform of the British Army between the two world wars unwittingly capture the current state of European defence. At their 1998 Saint-Malo Summit, the UK and France initiated the creation of a military arm for the European Union, now known as the Common Security and Defence Policy (CSDP). Ever since, EU member states have consistently claimed that more cooperation between their armed forces is the only way to significantly increase military capability. Successive projects have been proposed, yet none has ever really been implemented.

Sceptics can therefore be forgiven for eyeing the EU’s latest initiative, known as Permanent Structured Cooperation (PESCO), with some suspicion – not least because the EU has already tried and failed to activate PESCO, in 2010 after the entry into force of the Lisbon Treaty. Yet the latest attempt,
formally launched in December 2017, feels different. Success is obviously not guaranteed, but seems more likely in this case than in the past.

**Why PESCO is different**

The EU’s Council of Ministers decided to establish PESCO on 8 December 2017, with the involvement of 25 member states – all but the UK (for obvious reasons), Denmark (which has a standing opt-out from the CSDP) and Malta. The remaining 25 members have signed up to 20 commitments.

The most tangible of these is the obligation to take part in at least one of a list of capability projects that the participating states agree to be ‘strategically relevant’. This obligation is linked to a general commitment to help address, through collaborative projects, the common capability shortfalls that the EU identifies, and to look for collaborative options first even when filling a national shortfall. Furthermore, all projects should help make the European defence industry more competitive and avoid unnecessary overlap, thus supporting the European Defence Technological and Industrial Base. Member states have also committed to make available strategically deployable formations, in addition to the battalion-strength EU Battlegroups, in order to achieve the EU’s military level of ambition, and to provide substantial support every time the EU launches an actual operation.

All of this comes at a price, hence states have further committed to ‘regularly increas[es] defence budgets in real terms, in order to reach agreed objectives’, as well as to allocate 20% of their defence spending to investment, and 2% to research and technology (R&T). The ‘agreed objectives’ in question are not spelled out, because many states will likely never reach the objective that they signed up to as NATO members to spend 2% of GDP on defence. The fact that the NATO allies had already committed to the 2% threshold made it impossible, however, for the EU to specify a lower number. A commitment under PESCO to spend 20% on investment and 2% on R&T means that states that now spend two-thirds or more of their defence budget on salaries will be forced to increase their budgets.

What makes PESCO different from previous initiatives? Firstly, because Council decisions are legally binding, PESCO, unlike other initiatives, will not go away. Previous schemes typically fizzled out after a year or two once
it became clear that states were not actually going to do anything. Not so PESCO: because it has been written into EU law, the Council of Ministers will annually assess whether the member states are fulfilling their commitments, on the basis of a report by the High Representative. The states themselves are required to produce an annual National Implementation Plan. As with the NATO Defence Planning Process (NDPP), this does not guarantee that states will meet all of their targets, but does mean that they will have to explain any failure to do so to their fellow member states, as well as to their publics and parliaments. Moreover, the commitment to enter into collaborative capability projects will mean collective engagements, which are more difficult to renege on: once a state commits to a specific multinational project, it cannot withdraw without incurring the wrath of the other states taking part. In this area at least, the participating states will serve to keep each other in line, potentially making PESCO more forceful than the NDPP.

PESCO may come with a stick, but for the first time there is also a carrot. The European Commission has proposed a European Defence Fund that, as of the next budgetary cycle (2021–27), will include a ‘development window’ of up 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 falling within the PESCO framework, an additional bonus of 10% is foreseen. Compared to the €35bn or so that the PESCO states annually spend on investment today, that is not a negligible sum. Of course, the EU budget also comes from the member states, but the European Defence Fund represents a new pot of common funding. If it is used to launch a limited number of key projects, it may help to orient member states’ decisions.

Whereas defence was traditionally seen to fall outside its remit, the EU Commission has now become a key driver of the defence debate within the EU. That is good news, given that things usually advance once the Commission puts its shoulder to the wheel. Even more importantly, the initiative to launch PESCO came not from Brussels, but from member states, who took it upon themselves to enhance their defence effort without being exhorted to by the US, NATO or the EU. France and Germany took the initiative at a bilateral summit on 13 July 2017, tabling a detailed proposal
that was underwritten by Italy and Spain. Belgium, Estonia, Finland and the Netherlands were also invited to co-sign the proposal and its successive updates. Strong Franco-German leadership led to the countries’ proposals being adopted in record time: less than half a year elapsed between the Franco-German summit and the Council decision.

Making PESCO work

Continued leadership will be necessary to ensure that PESCO fulfils its potential and does not fall victim to its own success. In its current form, it embodies a compromise between France and Germany as to the number of states that have joined it. The French expectation was that a core group of around a dozen members would pull the others along, and therefore Paris emphasised ambitious criteria, conceiving of PESCO as a platform to generate forces for operations. Germany, on the other hand, had a more inclusive vision. Both views were to shape the ultimate outcome, but it is clear that PESCO was not designed to have so many members. All decision-making, except when it comes to the admission of new members, is unanimous, a set-up that has had consequences from the start, notably for the first list of 17 PESCO projects.

‘Medical HQ to Spearhead EU Military Push’ read one implicitly sceptical headline when the list was announced. In fact, deployable medical assets constitute a real strategic shortfall, and no government will deploy its troops if medical support is not available. But most of the other projects, while useful for the states that proposed them, do not meet any of the collectively identified European shortfalls. In many cases, the states concerned were going to undertake them anyway, PESCO or no PESCO. A prior assessment by the EU Military Staff told member states as much, but the suggestion that it should formally validate project proposals was discarded. France and Germany had initially aimed at five to ten projects, but when it became clear that member states were joining en masse, it became politically impossible not to accept at least some of their project proposals (nearly 50 in total). Nor could Paris and Berlin simply impose their views on the others; indeed, they dropped some of their own projects to keep the list to a manageable number. On the bright side, some of the projects are
expected to produce results in the near term, which will serve to demonstrate the value of PESCO to political leaders and publics alike, and help to keep the momentum going.

Nevertheless, this lack of focus should be rectified in the next round of project proposals, scheduled to take place before the end of 2018. For PESCO to add real value, it must focus on projects that, because they require a large critical mass of participating states and address a common rather than a national shortfall, would not otherwise happen – projects that really are ‘strategically relevant’, such as long-range air and sea transport; intelligence, surveillance, target acquisition and reconnaissance (from drones to satellites); air-to-air refuelling; and deployable networks. These are the strategic enablers that Europeans need to project military force beyond the borders of Europe. Some EU members may acquire a limited national capacity in some of these areas, but certainly not enough to allow them to conduct significant operations without relying on US assets. Most simply cannot afford any capacity at all in these areas, except at the expense of their basic war-fighting capabilities.

The first list of PESCO projects does not distinguish between ‘strategically relevant’ projects and others. It would be advisable if the next one did. All projects could count towards PESCO states’ general obligation to engage in collaborative projects, but states should be obliged to participate in at least one ‘strategically relevant’ project. By limiting the number of these to three to five per annual round of projects, PESCO could generate the critical mass that each of them needs. (Of course, this would present the political difficulty of telling some states that their projects are less relevant than others.) Ideally, PESCO would only use Commission co-funding for the strategic projects, given that scattering the means of the European Defence Fund across a plethora of projects will greatly reduce its effectiveness.

A system to assess member states’ performance in terms of their PESCO commitments is already in place, and the Council is scheduled, before summer 2018, to specify more precise objectives and to sequence their fulfilment in two phases (2018–20 and 2021–25). But developing a culture of compliance will be crucial. The only sanction provided for non-compliance, once a state has been given a time frame for consultation and rectifying the
situation, is suspension from PESCO, a nuclear option that is unlikely to be used. Yet member states must be made to understand that they cannot join PESCO just to make up the numbers. This will require clear and firm language (something the EU is not necessarily known for) in the annual report on every state’s performance, as well as complete transparency so as to generate pressure both from peers and the public. Most importantly, the original authors of the PESCO proposal, namely France, Germany, Italy and Spain, must lead by example. They must demonstrate not only that they are implementing the commitments in full, but also that they truly respect the spirit of PESCO, and put the collective European interest first. It is incumbent upon them to propose genuinely strategic projects that smaller states do not have the scale to initiate.

France and Germany set the course at their July 2017 bilateral summit, at which they announced joint initiatives to develop major land-combat, artillery and maritime-patrol systems, as well as a combat aircraft (among other projects), while confirming their support for the Eurodrone programme with Italy and Spain. These initiatives represent a departure from the status quo, under which European states seek to satisfy their own national requirements for any new equipment. A host of companies will usually compete for national contracts, which typically represent only a very small share of the market as each state requests its own national variant of the equipment on offer. If, however, Paris and Berlin, along with Rome and Madrid (the ‘big four’), were to systematically join hands and harmonise requirements in all major capability areas under the auspices of PESCO, Europeans could finally be in a position to design, build and procure a single system in each domain. Like in the US, there could still be competition between two or three big industrial consortia, but in the end Europeans too would opt for a single project, which would then be significantly more competitive, including vis-à-vis the American alternatives on the market.

If the big four were thus to gradually integrate requirements and procurement, the other EU members would have no choice but to join in. Lacking the necessary scale to launch alternative projects, their national defence industries (comprising mostly small and medium-sized enterprises) would not survive outside the large consortia competing for big-four pro-
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Projects. Indeed, not even the big four are capable of reaching the critical mass of investors and customers needed to make a project economically viable without the participation of other members. This implies that the defence firms of smaller states will have a fair chance of joining the main consortia.

A cultural shift is clearly needed that only France, Germany, Italy and Spain can initiate. If they are serious about PESCO, they must abandon all protectionism, including offsets (the practice of returning money spent on procurement in another country to a purchasing state in the form of sub-contracts to its own defence industry, or even investments in other economic sectors), in defence procurement. This may seem a distant prospect, but the alternative – national defence industries engaging in ruinous competition that ultimately leaves Europe with no defence industry at all – is already on the horizon. For its part, the European Commission has sent a strong signal by taking legal action, for the first time, against EU member states accused of violating EU defence-market legislation. Italy, Poland and Portugal have been cited for awarding contracts to national industries without public tender, and Denmark and the Netherlands for demanding undue offsets.

Towards integration

The implementation of PESCO is understandably focused on capability projects, its most tangible dimension. But the fact that states participating in any given project will acquire the same equipment could serve as the foundation for more integrated forces, in which any additional capabilities can be operated in the most cost-effective way. Once a project has been completed, it only makes sense for the resulting capability to be co-owned, as part of a unified force, by all the states that helped to develop it, rather than being divided between them. This would apply in particular to strategic enablers, such as transport aircraft and ships, drones, and satellites, the development of which requires a large critical mass of participating states to take off. Individual drones, ships and aircraft could still be owned by individual states and even operated by national personnel, but they could be incorporated into a single structure with multinational personnel for command, logistics, maintenance and training, and subject to a standardised upgrade programme. Not only would this reduce duplication between states, but it
would also enhance the availability of capabilities for operations, as compared with small, national capabilities, some portion of which is always in maintenance. The experience of the European Air Transport Command in Eindhoven, which operates the transport fleets of France, Germany, Italy, Spain and the Benelux countries, shows how important efficiency gains can be achieved, even without merging logistics and maintenance, which could be the next step.

Combat units could be operated more cost-effectively as well. Even Europe’s smaller states could maintain a significant combat capacity if, rather than having to field all support units themselves, combat support and combat service support were provided through a combination of pooling and a division of labour among several states. Belgian–Dutch naval cooperation is an example of this model. Manoeuvre units remain nationally staffed: ships sail either under the Belgian flag with a Belgian crew, or the Dutch flag with a Dutch crew. But there is only one, pooled, naval command and one naval-operations school; and there is a division of labour with regard to logistics, maintenance and training, with the Dutch providing these services for all frigates and the Belgians for all minehunters.

This dimension of PESCO has received far less attention since 2017 than it did in 2010, though one of its (less stringently worded) commitments states that members ‘could commit’ to an active role in existing and future multinational structures, such as the Eurocorps, meaning that states would go beyond interoperability (making sure that their forces can be deployed alongside each other) toward integration (creating permanent multinational capabilities to support their national forces). Such a move would arguably maximise the impact of PESCO. Furthermore, although the Council decision states that this commitment does not ‘cover a readiness force, a standing force [or] a stand by force’, it is difficult to see how states can meet operations-related commitments or make strategically deployable formations available without to some degree creating more permanently integrated force packages with collective enablers. Without readiness, a force does not constitute a capability. If this commitment refers only to the existing EU practice of declaring the theoretical availability of non-identified national forces, it is meaningless. Instead, integration ought to be wired into PESCO from the start.
One of the first 17 PESCO projects to be announced is a Crisis Response Operation Core (CROC) that should facilitate force generation for expeditionary operations. To achieve this goal, which was first proposed in a Franco-German ‘food-for-thought’ paper, a generic contingency plan for a crisis-response operation would be developed and a force package derived from it that would consist of one land division or three brigades, plus the required strategic enablers. Participating states would then assign capabilities to this package, which would be logged in a database to be maintained by the EU Military Staff. The list of projects annexed to the Council decision states that CROC ‘will decisively contribute to the creation of a coherent full spectrum force package’. The original Franco-German paper, however, had stated that ‘no concrete names and figures of assigned capabilities/forces are foreseen’, leading one senior military officer to describe CROC as ‘no more than an Excel sheet’. If, by contrast, participating states assign pre-identified forces and anchor them permanently in a CROC with pre-assigned enablers, this could be the beginning of a move from interoperability to integration.

**PESCO vs other initiatives**

Many of the states that have joined PESCO are simultaneously engaged in another scheme, NATO’s Framework Nations Concept (FNC), which also seeks to promote cooperation and possibly integration. The way in which the FNC involves a larger nation offering a framework, such as a corps or headquarters, to which smaller nations make specific contributions in the collective pursuit of the states’ capability targets, invites a direct comparison with PESCO. The fact that the FNC was originally a German idea raises questions about why it was tabled in NATO rather than the EU. Bringing together 19 allies, the German-led FNC group started out with a focus on capability development, with sub-groups of various sizes addressing specific capability areas. It now also functions as a framework for generating deployments, notably on Europe’s eastern borders, in the context of NATO’s Enhanced Forward Presence there. The extent to which participating states are willing to integrate with German forces remains to be seen, although bilateral German–Dutch cooperation between land forces has already progressed very far indeed. Dutch armoured and air-mobile units have been anchored
within larger German formations, and effectively rely on specific German-only support elements, which seems to prove that integration can work.

While Germany takes the lead in the development of the FNC, France has launched yet another scheme. The European Intervention Initiative (EII), which focuses on territorial defence, was announced by French President Emmanuel Macron in a speech at Sorbonne University in September 2017. In view of the timing of the speech, which was delivered just as work on PESCO was accelerating, many assumed that Macron was referring to CROC, but it has since become clear that EII is meant to be a separate scheme falling outside the framework of PESCO and even of the EU. Macron apparently envisages that, by the beginning of the next decade, participating states will have achieved a common intervention force, a common defence budget and a common doctrine for action. France has initially invited nine countries in total to join the scheme (Belgium, Denmark, Estonia, Germany, Italy, the Netherlands, Portugal, Spain and the UK), but the precise form the initiative will take remains unclear. The emphasis seems to be on doctrine, planning, intelligence and strategic culture rather than on force packages. The participation of the UK would not prevent the launching of the EII as a PESCO project, since third-country participation in individual PESCO projects will be provided for, and indeed will help the larger projects to achieve critical mass.

The emergence of CROC, the FNC and EII suggests that at least some European states are convinced of the need to build more integrated force packages. But too many parallel initiatives risk undermining each other. Many states are involved in all three projects. If all were to be pursued at the same pace, overlap and competition would be bound to occur. It is possible to make a state’s forces interoperable with many others in the context of different frameworks. But as soon as a state moves toward integration, choices must be made: a capability that has been integrated into one framework cannot simultaneously be merged with another. Given the importance of French and German leadership to the success of PESCO, will they be able to take the lead on EII and the FNC at the same time? Who will take the lead on CROC? Is PESCO’s top priority territorial defence, or power projection, or both? Neither France nor Germany has clarified its ultimate plans. While the German foreign ministry and the political leadership of the defence min-
istry appear to be backing PESCO, many in the Bundeswehr still prioritise NATO and the FNC. Meanwhile, many within the French defence establishment seem disillusioned with the EU, believing that only the UK and the US can be relied upon in combat. EII could be the result of French disappointment with PESCO, which turned out differently than Paris expected.

In order to ensure that all initiatives fit together with PESCO, states need to be more clear about its purpose, which remains surprisingly vague. The established EU practice of pushing on with concrete measures that member states can agree on, while leaving the more contentious end goal undefined, risks failure in this case, because the ongoing non-EU schemes could hollow out PESCO. Without a long-term view, it will be difficult to maintain any sort of coherence between successive annual rounds of project proposals, let alone to decide what the priority projects should be. Participating states need to think carefully about what PESCO might allow them to do that they cannot do today.

**PESCO and European security**

The Council decision states only that PESCO members have made commitments to each other ‘with a view to [preparing for] the most demanding missions, and contributing to the fulfilment of the Union level of ambition’. The EU’s military level of ambition has not been updated since 1999, however, when the EU adopted the (land-centric) Headline Goal of achieving the capacity to deploy, and to sustain for at least one year, 60,000 troops, with concomitant air and naval support, for expeditionary operations.

In 2016, the EU Global Strategy (which guides all EU external policies) added the qualitative objective of strategic autonomy. In operational terms, strategic autonomy means the capacity to undertake certain military tasks at all times and therefore, if necessary, alone. The precise nature of the operations the EU should be capable of was defined by the Council of Ministers, which on 14 November 2016 adopted the Implementation Plan on Security and Defence, intended to operationalise the Global Strategy. The plan lists an ambitious range of operations, 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. However, it specifies neither how many operations the EU should be able to conduct simultaneously, nor the envisaged scale of these operations. Member states were not willing to enter into detail, most likely because doing so would have revealed that the existing Headline Goal, which has not been attained, is actually insufficient to achieve a significant degree of concurrency. Moreover, member states have hitherto been reluctant to undertake high-intensity operations under the EU flag. As a result, the Implementation Plan’s list of operations seems already to have been forgotten; military staffers in Brussels refer to it as ‘the annex of the annex’. The CROC food-for-thought paper, however, is more explicit, translating the existing Headline Goal into a need for a corps headquarters, three divisions and nine to 12 brigades, with the three brigades that it calls for in the short term constituting only a first step.

The CSDP was created for expeditionary purposes only, but the Global Strategy, besides introducing the need for strategic autonomy, also added a new task: the protection of Europe. The idea is not for the EU to take charge of collective territorial defence, even though there is a legal basis for this in the Lisbon Treaty; that will remain the prerogative of NATO. There is a range of contingencies, however, that fall below the threshold of NATO’s Article V, in which the armed forces have a mostly supporting role to play, and which the EU is arguably better placed to address, such as homeland security, cyber security and border security. Of course, such contingencies exist on a continuum: homeland security may require defeating an enemy abroad, such as the Islamic State, in addition to patrolling the streets at home; border security may be conditional upon creating a safe and secure environment in Europe’s neighbouring countries; and cyber security may be the theatre of confrontation that replaces, or precedes, warfare between regular forces. Capability requirements sit along a continuum as well: the shortfalls in European arsenals identified by NATO and the EU are nearly identical. The key to defining PESCO’s place in Europe’s security architecture would be to acknowledge this continuum, and to break through the organisational divide between the EU and NATO that hinders any serious strategising by Europeans.
At present, Europe’s capability shortfalls are such that it can neither meet its NATO obligations for territorial defence, nor achieve strategic autonomy with regard to the protection of Europe and expeditionary operations as demanded by the EU Global Strategy. Defence spending is going up in nearly all European states, but spending more is not in itself the answer, given that the nature and scale of many key shortfalls (notably strategic enablers) is such that no single European state is capable of acquiring sufficient capabilities to make a difference. Even if all European states were to spend 2% of GDP on defence, they would still be dependent on US strategic lift, intelligence and more to actually employ their forces. Thus, cooperation and integration is needed. By pooling their defence efforts, Europeans can make the best use of the available resources to address their forces’ shortfalls. By working together to achieve synergies and effects of scale, and by minimising duplication, they might even do so by spending less than 2% of GDP. After all, this spending target should not be seen as an objective in its own right: the real aim is to achieve all capability targets. If that can be done for less money, so much the better. Of course, spending less than 2% is not an objective in its own right either.

**PESCO, NATO and the EU**

PESCO could be the single umbrella under which European states engage in cooperation and integration to meet all of their capability targets, for both NATO and the EU. This is what the 25 PESCO members actually stated in the 13 November 2017 notification document in which they announced their intention to launch the initiative. According to the document, ‘A long term vision of PESCO could be to arrive at a coherent full spectrum force package – in complementarity with NATO, which will continue to be the cornerstone of collective defence for its members’. The Council decision did not repeat this wording, but this is precisely what PESCO should (and not just could) be.

Achieving this will require that a number of taboos be broken, and some artificial limitations be superseded. The EU, for example, would have to accept that developing capabilities within an EU framework does not mean that they will necessarily be put to use under the EU flag. The type of capa-
PESCO in practice serves both the EU and NATO

PESCO’s first list of projects shows that, in practice, it already serves both the EU and NATO, even though this has not been stated explicitly. Its military-mobility project is a prime example. The aim is to facilitate the movement of armed forces across the EU, by tackling both procedural obstacles and infrastructure problems (such as roads and bridges that are unsuitable for heavy military vehicles). NATO itself used to take charge of this, but after the end of the Cold War the existing mechanisms were neither updated nor extended to new allies in Central and Eastern Europe. Today, the EU is much better placed to assume this responsibility, even though the primary objective is to enhance the capacity for rapid reaction in the context of collective defence. The project has therefore been explicitly welcomed by NATO and the US. The EuroArtillery project is another example. Aiming to develop a new mobile precision artillery platform, this capability is clearly suited to the type of high-intensity operations that, at least until now, European states have conducted through NATO or ad hoc coalitions rather than the EU.
Since PESCO already serves both expeditionary operations and territorial defence, there is no need to choose between them (or indeed homeland security), nor to create additional schemes outside PESCO. States that today are mostly concerned with the defence of their territory, such as Finland and Poland, as well as states that are focusing more on operations abroad, such as Belgium, could pursue their defence policies within the PESCO framework. This is not to say that PESCO’s participating states will need to do everything together, in every capability area. It would be perfectly possible, in the field of land capabilities, to create two cores within PESCO. France could bring EII under the PESCO umbrella, merge it with the CROC project, and take the lead in building an integrated multinational force package geared towards expeditionary operations, from which forces could be generated quickly in times of crisis. Germany could likewise bring the FNC group under the PESCO umbrella and continue with the integration of a force package geared toward territorial defence. The idea would not be a strict division of labour: France and Germany should obviously engage in both cores (as they do in operational terms, with German troops deployed in Mali and French troops in Lithuania). This would rather be a division of leadership, with each country taking the lead in the project that fits best with its strategic culture. France and Germany together, with Italy and Spain, should propose projects to acquire the strategic enablers required to support all operations. In this way, contrasting dynamics would strengthen rather than undermine each other.

By using PESCO as the sole umbrella for multinational capability development, complete consistency between the EU and NATO could be assured. Although the NDPP and the EU’s Capability Development Plan logically identify the same shortfalls, they do not necessarily produce the same order of priorities. More importantly, ensuring the strategic autonomy of Europe is not an objective of the NDPP, which currently sets targets only for individual allies and for NATO as a whole, without guaranteeing that the European allies (and partners) will be able to conduct certain operations autonomously. Putting the EU and NATO targets together would allow the PESCO states to create a capability mixture that enables them, on the one hand, to assume their share of the burden of collective defence and to con-
tribute to expeditionary operations together with other allies; and, on the other hand, to ensure European security and to launch by themselves the expeditionary operations identified by the EU level of ambition.

In this context, the European states that belong both to NATO and PESCO should consider merging the two National Implementation Plans they currently have – one detailing how they will achieve NATO’s ‘Wales pledge’ of spending 2% of GDP on defence, and the other detailing how they will meet the PESCO commitments – to produce a single plan. This plan would be systematically assessed by NATO, via the established NDPP, and by theEU, which has launched a Coordinated Annual Review on Defence that will focus on the extent to which states have harmonised requirements and engaged in collaborative projects.

NATO targets are of course well established. As for the EU targets, the November 2016 Implementation Plan already identifies the types of operations that Europeans should be able to run on their own. Quantitatively, the existing Headline Goal could continue to be used, since the fact it will now have to be achieved without the UK means that it actually represents an increased level of ambition for the 25 PESCO states. If the EU were to achieve a degree of strategic autonomy thanks to PESCO, it would be able to assume first-line responsibility for crises in its neighbourhood (that remain below the threshold of Article V), without having to rely on US assets. It could then also take the lead politically and address crises according to its own values and interests. The US, in turn, could focus its strategy and capabilities on its own priorities. In other words, PESCO would help the European allies and partners to achieve the more equitable burden-sharing within NATO that the US has been demanding for so long.

**PESCO and the US**

It therefore came as a surprise to many European officials and observers when, on the eve of the NATO Defence Ministers Meeting in Brussels on 14–15 February 2018, first the US and then NATO Secretary-General Jens Stoltenberg suddenly voiced concerns about PESCO. Kay Bailey Hutchison, US ambassador to NATO, stated that the EU’s defence plans should not lead to a duplication of NATO, nor create transatlantic economic
barriers. This view of European defence harks back to Madeleine Albright’s initial negative reaction to the idea in the late 1990s, at which time she called for no duplication, no discrimination and no decoupling.18 Yet at least since 2008 (the final year of George W. Bush’s second term as president), the US has had a much more pragmatic view, seeming to be saying to Europeans that ‘if you want to continue merely talking about European defence, don’t waste our time; but if you want to really do something about it, by all means, go ahead – we welcome any scheme that produces more capability, regardless of its logo’.

If the current US administration has reverted to the more critical view, perhaps that is because of its strong focus on trade and a fear that PESCO will negatively affect American defence exports to Europe. It is one of PESCO’s avowed objectives to strengthen the European defence industry, but even as it urges its members to ‘buy European’, this does not mean ‘buy only European’, especially as the European and American defence industries are closely intertwined. Still, strategic autonomy does also imply industrial autonomy. Surely nobody in the US sincerely expects the European allies to use increases in their defence budgets only on the purchase of more American equipment?

A strong plea by European leaders in favour of European defence, notably at the Munich Security Conference immediately after the NATO Defence Ministerial in 2018, shows that Washington has misjudged the mood in Brussels. It would be in the interests of the US, the EU and NATO alike if Washington adopted a more constructive attitude. In autumn 2017, when PESCO was still in the making, it was apparently suggested by members of US Defense Secretary James Mattis’s inner circle that NATO might be granted observer status within PESCO. Such a suggestion is certain to raise hackles among those who prefer to maintain strict barriers between the EU and NATO, but it is just the kind of cross-cutting idea that is needed to maximise the performance of the stove-piped European security architecture. The NATO–EU relationship is already more transparent than it used to be: for example, NATO has been invited to the first set of bilateral meetings under the Coordinated Annual Review on Defence between the European Defence Agency and the individual PESCO states, in order to discuss their
first National Implementation Plans. Offering NATO permanent-observer status within PESCO’s central governance bodies would serve to solidify PESCO’s role as the sole platform for multinational European capability development for both the EU and NATO. At the same time, the EU could be given a permanent-observer seat at the North Atlantic Council, thus creating full mutual transparency.

It could be argued that US concern can be taken as a good sign, demonstrating that PESCO has real potential – if it didn’t, the US wouldn’t be worrying about it. As with any complex scheme, it is possible to think of many reasons why it might not work, but it is too early to predict its failure. PESCO is qualitatively different from other schemes and could succeed where others have failed, but only if its member states (especially France, Germany, Italy and Spain) sustain an active leadership role and refrain from diluting it through uncoordinated parallel schemes. The role of the European Commission will also be crucial. One thing is certain: if European states want to significantly increase their military capacity, or even attain some degree of strategic autonomy, a collaborative scheme is the only option. They need to give PESCO a chance.

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Notes

4 There will also be an ‘R&T window’ of €500 million per year.
5 The involvement of Belgium, Estonia, Finland and the Netherlands has not always been as substantial as
they might have wished: they have sometimes received drafts already approved by Paris, Berlin, Rome and Madrid with a request for comments by noon.

The full list of 17 projects encompasses the European Medical Command; the European Secure Software-defined Radio (ESSOR); the Network of Logistic Hubs in Europe and Support to Operations; Military Mobility; the European Union Training Mission Competence Centre (EU TMCC); the European Training Certification Centre for European Armies; Energy Operational Function (EOF); the Deployable Military Disaster Relief Capability Package; Maritime (semi-) Autonomous Systems for Mine Countermeasures (MAS MCM); Harbour & Maritime Surveillance and Protection (HARMS PRO); Upgrade of Maritime Surveillance; the Cyber Threats and Incident Response Information Sharing Platform; Cyber Rapid Response Teams and Mutual Assistance in Cyber Security; the Strategic Command and Control (C2) System for CSDP Missions and Operations; the Armoured Infantry Fighting Vehicle / Amphibious Assault Vehicle / Light Armoured Vehicle; Indirect Fire Support (EuroArtillery); and the EUFOR Crisis Response Operation Core (EUFOR CROC).


France and Germany invited Italy and Spain to co-sign their proposals. Ideally, Poland would have been included in this group, as the most important eastern EU member state, but under the current Polish government, this was not possible. Indeed, Poland only joined PESCO at the last minute, after everybody else did (and after having tried in vain to have the texts modified).

In a highly competitive field, CROC must surely win the prize for ‘worst acronym ever’.


Rainer L. Glatz and Martin Zapfe, Ambitious Framework Nation: Germany in NATO (Berlin: Stiftung Wissenschaft und Politik, September 2017).

Article 42.7 of the Treaty on European Union, the so-called Mutual Assistance Clause, states that ‘if a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power’. The clause has been activated once, at the request of France following the 13 November 2015 terrorist attacks in Paris, but this was mostly a symbolic move. See Sven Biscop, ‘The European Union and Mutual Assistance: More than Defence’, International Spectator, vol. 51, no. 2, 2016, pp. 119–25.

Participating States, ‘Notification on
Permanent Structured Cooperation (PESCO) to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy, Brussels, 13 November 2017.

Pace Cyprus, the only EU member state that is neither a member nor a partner of NATO.

Michael Peel, Katrina Manson and Mehreen Khan, ‘Pentagon Fires Warning Shot to EU over NATO Unity’, Financial Times, 15 February 2018.