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European Defence and PESCO: Don't Waste the Chance

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Abstract

Permanent Structured Cooperation (PESCO) is a major initiative in differentiated integration within the EU in the field of defence. This paper assesses whether the legal framework (the 20 binding commitments), and the way the 25 participating member states have organised to implement it, are sufficient to achieve the purpose of PESCO. Moreover, it asks the question whether there is a clear sense of purpose at all. Analysing the ongoing debates between the member states about the future of the Common Security and Defence Policy as a whole, the paper then proposes recommendations to make PESCO work: by focusing on a more concrete objective, by prioritising strategically relevant projects and by enhancing compliance.

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Executive Summary

Permanent Structured Cooperation (PESCO) is an EU instrument of differentiated integration in defence with great potential, but it is not yet working as it should.

With 47 projects adopted, there is a lot of activity, but the current projects do not effectively address the priority shortfalls. Moreover, PESCO entails 20 binding commitments, which have received far less attention. What the commitments really entail is an integrative defence effort: multinational force packages.

The reason why PESCO is not yet on track is twofold. First, the purpose of PESCO remains unclear. The core of the EU's Common Security and Defence Policy (CSDP) as a whole is a non-binding Capability Development Plan (CDP) and a forgotten Headline Goal. No intermediate objective has been defined for PESCO: Which force package do the participating member states aim to build? Second, the culture of non-compliance in the CSDP affects PESCO as well. member states use PESCO to further national objectives instead of a common EU goal.

The German proposal to set a "Strategic Compass" for the CSDP could remedy the absence of a sense of purpose, but not in time for the strategic review of PESCO in 2020.

In order to ensure that PESCO succeeds, three courses of action are recommended:

(1) Focus on a concrete objective: Use the Crisis Response Operation Core (CROC) as the central PESCO project, to which the other projects must be tailored, and build an integrated multinational force package with national brigades as the building blocks.

(2) Prioritise strategically relevant projects: Distinguish between strategically relevant PESCO projects and others, oblige member states to participate in at least one of the former, and focus funding from the Commission's European Defence Fund (EDF) on those.

(3) Promote compliance: Clearer procedures and more peer pressure will help, but only so much. A more effective solution is to interlock the CDP and the NATO Defence Planning Process (NDPP), making both equally binding.

For PESCO to work a "core within the core" is needed: a subset of the PESCO states that takes the lead and *does things*. This core will emerge organically, bringing together the member states that prove more willing to integrate their efforts and to contribute to the big projects.

Introduction

There was a copious flow of polite conversation, at the end of which a tactful report was drawn up [...] Thus we had arrived at those broad, happy uplands where everything is settled for the greatest good of the greatest number by the common sense of most after the consultation of all.
(Churchill 1948: 464)

Less than three years after 25 EU member states¹ activated Permanent Structured Cooperation (PESCO), one can obviously not expect any significant increase in their military capabilities yet. Capability development is a slow process. But one can assess whether decisions have been made and steps taken that will produce major effect in due time. That is why from the start a strategic review of PESCO was planned for 2020.

To be dismissive of European defence initiatives is easy. The activation of PESCO, in quick-time, was a real achievement. It is an instrument of differentiated integration² within the EU with great potential that must be given an honest chance to work (Biscop 2018). It is, however, only a means to an end. But what is the end, actually? This paper will assess whether PESCO works, looking both at the legal framework and at the politics of how the participating member states have organised PESCO in practice.³ It will include a diagnosis (spoiler alert!) of the reasons why it does not yet work as it should, and will propose a clear purpose and a way ahead in order to ensure that we don't waste the chance.

1. Does PESCO work?

Member states have given PESCO a very broad scope. It addresses the whole of member states' armed forces, rather than just the elements that they have declared theoretically available for the Common Security and Defence Policy (CSDP), in order to achieve maximum synergies and effects of scale. Furthermore, many member states see PESCO as an instrument to achieve both EU and NATO capability targets – a pragmatic attitude that was unimaginable before. Examples of this practical approach are projects on military mobility (which serves large-scale troop movements on EU territory) and on artillery and missiles (which are listed among the EU's requirements, but are not the type of capabilities needed for the kind of CSDP operations that we have seen until now).

1 All except Denmark and Malta.

2 Defined for the purpose of EU IDEA as any modality of integration or cooperation that allows states (EU members and non-members) and sub-state entities to work together in non-homogeneous, flexible ways.

3 What in the context of EU IDEA are defined as the regulatory and organisational dimensions of differentiation (Lavenex and Križić 2019: 5).



With 47 projects adopted in total, there certainly is a lot of activity in PESCO. The list of projects is a very mixed bag, however. A project requires a core of member states who agree on the objective and who commit funds. Otherwise, it is but an idea (a policy paper, as it were). Quite a few projects on the list are still in this stage, and will perhaps never leave it. Of the “real” projects, many would have happened anyway, PESCO or not, or they have mostly been proposed because member states are eyeing co-funding from the Commission’s European Defence Fund (EDF). That is understandable, and there would have been very few projects in the first batch without rebranding existing projects. PESCO has allowed some of these projects to gain more participants, and to be ring-fenced against national budget cuts. Nevertheless, the added value of PESCO is limited. Most importantly, this list of projects does not effectively address the priority capability shortfalls that the member states have commonly identified.

If member states are at least active in proposing projects, they are paying far less attention to the full list of 20 binding commitments that they signed up to by joining PESCO. Projects are the most tangible aspect; the easiest way to sell PESCO is to say that one is building something. By using PESCO as a platform to jointly procure the arms and systems with which to equip their national forces, member states will still save money. But this is not enough. What the commitments really add up to is a move from mere cooperation towards the *integration* of member states’ defence efforts.

Some may have regrets, but member states have committed: to make available strategically deployable formations and to optimise existing and possible future multinational structures (such as the Eurocorps); to overcome the capability shortfalls identified under the Capability Development Plan (CDP) and the Coordinated Annual Review on Defence (CARD); to contribute to at least one strategically relevant capability project; to harmonise requirements for all capability projects and to jointly use existing capabilities; and to apply a European collaborative approach to all projects by default. And, in order to pay for all of this, to increase defence budgets in real terms and to dedicate 20 per cent of defence spending to investment.⁴

Taken together, these commitments mean that member states must create *multinational force packages*. There is no other realistic way of achieving a “strategic” power projection capacity as the commitments demand. Within these force packages, member states could harmonise the equipment the troops use; around them they could organise the strategic enablers required for deployment. Put even more succinctly, the purpose of PESCO is “to arrive at a coherent full spectrum force package” (Council of the EU 2017: 70). This is how the member states themselves put it in the 13 November 2017 Notification Document in which they announced their intention to activate PESCO.

Member states worded this provisionally – this is what “a long term vision of PESCO could be” (Council of the EU 2017: 70) – and the Notification Document is now but an annex of the 11 December 2017 Council Decision that launched PESCO, which itself did not repeat this wording. The sense of purpose faded fast, therefore, but without

4 PESCO website: *Binding Commitments*, <https://pesco.europa.eu/?p=967>.

it the projects may not make much of a difference – activity cannot substitute for strategy. None of the current projects is useless, but it is such a disparate and incoherent set that even if member states were to realise all 47, they would still not be much more capable than they are today.

PESCO is not yet realising its full potential, therefore, and the member states are at risk of wasting the chance.

2. Why PESCO doesn't work (I): A lack of purpose

The absence of a clear purpose is the foremost reason why PESCO is not on track.

The 1999 Headline Goal sets the quantitative level of ambition for the CSDP as a whole: the ability to deploy an army corps (60,000 troops plus naval and air assets) for expeditionary operations within two months and to sustain it for at least one year (European Council 1999). There are two problems with the Headline Goal, however: it is no longer sufficient, and member states simply ignore it. The 2016 EU Global Strategy redefined the tasks of the CSDP and added the protection of Europe to the existing tasks of crisis response and capacity-building in third countries. But member states refused to revise the Headline Goal accordingly and set the EU Military Staff (EUMS) the absurd task of revisiting capability requirements *within* its confines. All involved know that these three tasks surpass the Headline Goal. The reality is that member states have long given up on it anyway; few if any see the Headline Goal as a real objective that the EU will one day achieve.

Yet formally, the Headline Goal remains the basis for much of the EU's capability development effort. The EUMS elaborates illustrative scenarios, through which it translates the Headline Goal into capability requirements and identifies the shortfalls. The European Defence Agency (EDA) then prioritises the capability areas to be addressed in the CDP, including the High Impact Capability Goals that the EUMS identifies as having the most immediate operational impact. But at the same time the CDP actually looks beyond the Headline Goal and what member states have committed to the CSDP; it addresses the totality of their armed forces and intentions. Then again, this was never meant to be a defence planning process: the CDP is not binding; it does not set individual targets for the member states but overall objectives for the EU as a whole; and it focuses on cooperation as a goal in itself rather than on specific requirements. The guidance thus amounts to "take your pick" rather than "fix these" (Witney 2019: 5). Nowhere, consequently, does the CDP drive national defence planning. At the same time, the EU member states that are NATO allies do have individual and binding targets under the NATO Defence Planning Process (NDPP). These targets are rarely fully met, but they do drive national defence planning, whereas the CSDP mostly is but an afterthought.

All of this greatly limits the impact of the CSDP. CARD assesses member states' defence expenditure and future intentions, with a focus on the degree of multinational cooperation – a very useful mapping. There is also the PESCO obligation to submit an annual National Implementation Plan (NIP) – a strong inducement for member states to try and demonstrate a substantial contribution. Yet ultimately there is a profound mismatch between all of these instruments (PESCO, CARD, NIP) and the fact that the core of the CSDP is a non-binding, collective CDP aiming to achieve but at the same time circumventing a forgotten Headline Goal. If that void remains the reference base and member states refuse to define in more detail which force package they want to build through PESCO, we will never see coherent and resolute action. PESCO is a capability initiative: it cannot deliver if the desired capabilities are not defined.

3. Why PESCO doesn't work (II): A culture of non-compliance

After more than 20 years of the CSDP, member states overwhelmingly retain a national focus in their defence planning and show very little discipline in meeting the commitments that they undertook. Perhaps this is the case for defence cooperation in any forum, but it does greatly undermine the effectiveness of the CSDP.

The intergovernmental EU policy areas, i.e. diplomacy and defence, contrast sharply with the supranational areas. In the latter, binding decisions are taken by qualified majority, and member states that don't respect them are hauled before the European Court of Justice. In the former, member states take decisions by unanimity with little or no intention of implementing them. There is almost no culture of compliance. The question must be asked how many member states really intended to meet the commitments when they signed up for PESCO. In some countries, the defence establishment surely saw in PESCO a useful tool to impress the importance of a serious defence effort upon their national political authorities. But many governments probably joined more out of fear of being left out than from a sincere desire to join in. Moreover, when one doesn't comply, nothing happens. PESCO does provide for the possibility of suspending a member state, but that nuclear option is unlikely ever to be used. Many commitments are in any case so broadly phrased that it is quite feasible to formally comply without actually doing very much that one wasn't doing already. In reality, the fact that formally the 20 PESCO commitments are binding does not change very much at all.

Little prevents member states, therefore, from focusing on their national objectives. Instead of using PESCO as an instrument to reach a common EU goal, member states instrumentalise it to further their own projects. They ask not what they can do for PESCO, but what PESCO can do for them. The hoped-for answer is: money. Member states hope to get their hands on the EDF. Conversely, they have not been very eager to translate the PESCO commitments into more precise objectives and set deadlines, as foreseen in the Council Decision. That would entail firm budgetary

commitments, and perhaps more naming-and-shaming of the laggards: everything that most capitals seek at all cost to avoid. A more integrative PESCO would furthermore lead to more consolidation of the defence industry, while most member states remain very protective of their national industry.

That became very clear in the paralysing debate on third-country participation in PESCO projects. Member states want to be able to accept or refuse third countries on a project-by-project basis, without automaticity, and logically do not want them to benefit from EU funding. Some favour a very restrictive approach, apparently seeing a chance to push their British and American competitors out of the EU market. But at the same time, involving non-EU member states can help projects achieve the critical mass that renders them economically viable. Whatever the merits of the case, a deadlock resulted which at the time of writing still absorbed the PESCO decision-making bodies. All the while, little or no substantive debate on the many other dimensions of PESCO took place.

Indeed, a lot of the remaining bandwidth has been taken up by an inconclusive debate on strategic autonomy. The Global Strategy introduced strategic autonomy as an EU objective, and it is included in the PESCO commitments.⁵ Arguably, this ought not to be contentious, for even though the EU did not previously use the term, strategic autonomy in expeditionary operations was the whole point of the CSDP from the beginning. The Headline Goal was meant to enable the EU to undertake crisis response operations “where NATO as a whole is not engaged”, to use the language from 1999. Under PESCO and the EDF, defence industrial autonomy is now also an explicit objective.⁶ EU member states are increasing defence spending, and they naturally want the European industry to benefit, and to further European research and technology. If PESCO and the EDF work as intended, EU member states will buy more, though not only, European.

This industrial dimension has triggered a harsh US reaction. Washington has focused more on the defence exports that it may lose than on the capabilities that PESCO may bring to the EU and NATO, and is actively campaigning in every EU capital against what it sees as sheer protectionism. By pushing too hard the US risks undermining PESCO as a whole, because it plays straight into the old fear that EU defence efforts are to the detriment of NATO, which still dominates thinking in many East European capitals. Statements by some European leaders hinting that strategic autonomy might also apply to some degree to territorial defence have amplified this divisive effect. These leaders are not necessarily mistaken: since the US now prioritises the Asian theatre, it may well be that American reinforcements will arrive later and in smaller numbers than hitherto planned if a crisis in Europe coincides with a crisis in Asia. That is a reality that few European decision-makers are willing to face, however, because of its hard military and budgetary implications.

5 Commitment No. 15: “Help to overcome capability shortcomings identified under the Capability Development Plan (CDP) and CARD. These capability projects shall increase Europe’s strategic autonomy and strengthen the European Defence Technological and Industrial Base (EDTIB).”

6 Commitment No. 20: “Ensure that the cooperation programmes – which must only benefit entities which demonstrably provide added value on EU territory – and the acquisition strategies adopted by the participating Member States will have a positive impact on the EDTIB.”

The strategic autonomy debate could have been more productive had it been channelled into a debate about more precise objectives for PESCO. Even without an overall consensus on the meaning of strategic autonomy, member states could have tried to agree on a certain force package as an intermediate objective for PESCO, in order to achieve at least an initial degree of autonomy in expeditionary operations. But instead of a sober and practical strategic debate this became a divisive and ideological dispute. The terms of the debate have now shifted; increasingly one hears the term “freedom of action” instead of strategic autonomy.

Overall, no member state has yet made the switch from a strictly national to a truly European focus. PESCO will not disappear: unlike previous informal defence initiatives, it is part of the institutional set-up of the EU. But that is no guarantee that it will yield results. That is a problem, for even though member states are spending more, they no longer have the scale to individually address many of the key capability shortfalls that the EU and NATO have prioritised. Without a more integrative European effort therefore, NATO will not see its targets met either, and the European countries will remain largely incapable of power projection, let alone collective defence, without major American support.

4. A Strategic Compass for the CSDP

For now, PESCO is a core group without a core purpose. A new and potentially promising debate has started, however, in late 2019, on a German proposal to provide the CSDP with political guidance by way of a “Strategic Compass”. Few member states were very enthusiastic, but actually the starting point is sound.

Under the Global Strategy there are different thematic and regional strategies (on cyber security, maritime security, counter-terrorism, non-proliferation, the Sahel, etc.), but there is no strategy for the CSDP.⁷ What we do have is a confused and inherently contradictory task list. The three tasks for the CSDP set by the Global Strategy (crisis response, capacity-building, and the protection of Europe) form the basis for an Implementation Plan on Security and Defence (Council of the EU 2016). However, the Global Strategy also emphasises maintaining free access to the global commons (the seas, space, air space, and cyber space), but that has not been prioritised as a military task. Within the task of crisis response, the Global Strategy prioritises the protection of civilians in armed conflict, but in reality, member states undertake military operations primarily to safeguard their own security and economic interests. A further complicating factor is that the Treaty on European Union on the one hand does not allow for CSDP operations on EU territory, yet on the other hand in Article 42.7 creates an obligation of aid and assistance “if a Member State is the victim of armed aggression on its territory” – and then adds that for member states that are NATO allies, the alliance “remains the foundation of their collective defence

7 Whereas in the US, for example, the National Security Strategy, the equivalent of the Global Strategy, is followed up by a National Defense Strategy; in NATO, the Political Guidance links the NDPP to the Strategic Concept.

and the forum for its implementation". What exactly then does the task of protecting Europe entail?

If the "Strategic Compass" were to address this conundrum, it would be a useful exercise. The EU lacks an up-to-date politico-military strategy under the Global Strategy that clearly expresses which security and defence responsibilities the member states are really willing to assume through the CSDP, for which purposes, through which types of operations (high and low intensity), at which scale, and with which concurrency. This would be an alternative route to an update of the analysis underlying the 1999 Headline Goal, avoiding the now contentious notion of strategic autonomy. Indeed, to have an impact, the "Strategic Compass" must subsequently lead to the adoption, if not of a new Headline Goal, then at least of more precise intermediate military objectives that could provide guidance for the CDP and for PESCO in particular. Which "coherent full spectrum force package" could deal with these tasks? There is no point in clarifying the task list if one is not willing to revisit the means accordingly.

For now, the scope of the "Strategic Compass" remains unclear. Through informal discussions, member states have come to a consensus that the "Compass" should not affect the Global Strategy (which is logical for it would be one of its sub-strategies), or lower the agreed level of ambition (which would indeed be the opposite of what is required). Only the next step is certain: during the German Presidency in the second half of 2020, member states will launch an assessment of the threats and challenges facing the EU. The end of the exercise is expected only during the French Presidency, in the first half of 2022. The reasons why this should take so long are not clear, other than to obtain French agreement by providing Paris with the opportunity to shape the final product. Whatever shape the "Strategic Compass" will take, it thus cannot influence the strategic review of PESCO now. Alternative ways have to be found, therefore, of giving PESCO a sense of purpose.

5. Making it work (I): Focus on a concrete objective

One of the PESCO projects from the first batch in 2017 is the EUFOR Crisis Response Operation Core (CROC). The CROC seeks to "decisively contribute to the creation of a coherent full spectrum force package, which could accelerate the provision of forces. [...] It should fill in progressively the gap between the EU Battlegroups and the highest level of ambition within the EU Global Strategy."⁸ This ambitious view, which the EUMS shares, inspired the initial Franco-German food-for-thought paper on the CROC (September 2017), which envisaged a force package of one division or three brigades plus the required strategic enablers, as a first step towards the Headline Goal, which would ultimately require a corps headquarters, three divisions, and nine to 12 brigades.

⁸ PESCO website: *EUFOR Crisis Response Operation Core (EUFOR CROC)*, <https://pesco.europa.eu/?p=322>



The building blocks of the CROC would thus be national brigades, the largest army unit that with a few exceptions every EU member state is able to field. But just a very few member states still possess the full range of combat support and combat service support units that should frame a brigade's manoeuvre units, hence in many operational scenarios many brigades cannot be used. A brigade without an air defence unit, for example, can be deployed in hardly any expeditionary scenario, as even irregular opponents now have access to commercial drones that are easily weaponised. When it comes to the strategic enablers for force projection (transport, command and control, intelligence, field hospitals, etc.), hardly any member state has significant capability.

Looking beyond the food-for-thought paper, a truly integrative CROC could become the core purpose of PESCO, to which the other PESCO projects could be tailored (Biscop 2019). By combining national brigades into the CROC, member states, first, could pool their support units, thus ensuring that the CROC as a whole would have the full range of required support capabilities. Second, within the CROC they could maximally harmonise all future equipment. That objective should thus inform the selection of PESCO projects. It would only be logical, for example, if all armoured units within the CROC would acquire the same next generation main battle tank, which could be the focus of a PESCO project. Third, PESCO projects should also address the shortfalls qua strategic enablers, so that at least the CROC could be deployed and sustained without having recourse to assets of non-PESCO countries. Similar schemes could be applied to naval and air forces, using frigates and squadrons as the building block, for example.

For the CROC to give PESCO the sense of purpose that it sorely lacks, it has to be sufficiently ambitious. Unfortunately, the five member states that meanwhile participate in the CROC, Cyprus, France, Germany, Italy and Spain, have approved an implementation study (January 2019) that as a first step envisages no more than a brigade-sized force plus enablers. Such a modest level of ambition cannot give renewed impetus to PESCO. As a first step, the CROC could aim at generating brigade-sized *operations*, but the force as a whole even in the first phase surely needs to count at least three brigades as originally proposed by France and Germany. Most member states have one brigade already – they do not need the EU to create one. The good news is that the implementation study proposes to assign pre-identified units to the CROC. That would be a major improvement on the Headline Goal process, because the EU's Force Catalogue only lists theoretically available capabilities without identifying units, hence their readiness cannot be assessed.

An advantage of using the CROC to put PESCO on the right track is that not all 25 PESCO states have to join from the start to make it work. This would offset the inclusion in PESCO of many member states that are not very ambitious, though of course any state should be free to join the CROC at a later stage. One option would be to combine the CROC with France's 2018 European Intervention Initiative (EI2), an initiative outside the EU, aimed at increasing the capacity of now 13 members to act together.⁹ Participating states opt to join one or more working groups (such as on

9 Belgium, Estonia, Finland, France, Denmark, Germany, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and the UK.

the Sahel, the Baltic, the Caribbean, power projection or terrorism) in order to forge a prior common understanding of the action that they might potentially undertake if a crisis occurs in one of these areas. This is a debate that European states urgently need to have, but it ought to be linked up with the EU. If all or most E12 countries would join the CROC with a brigade, they could shape a force package capable of acting upon the scenarios that they have elaborated in the E12 framework. Eventually, E12 and the CROC could be merged under the aegis of PESCO.¹⁰

6. Making it work (II): Prioritise strategically relevant projects

The success of the PESCO projects lies not in quantity but in quality. The member states should bring to PESCO those projects that would not otherwise happen (because they need a large critical mass of participants to make them economically viable), and that address the priority shortfalls identified by the CDP and/or the NDPP (between which there is a lot of overlap). If member states would identify the force package to be built through PESCO, via the CROC or otherwise, its specific needs should also shape the projects. But even if they don't, PESCO needs a sharper focus: a plethora of useful projects will not greatly improve the member states' capacity for military action; a focused set of necessary projects will.

Moreover, the funds for co-financing are limited. The Commission proposed an EDF of 13 billion euro for the period 2021–2027, but the negotiations on the multiannual financial framework (MFF) have already made clear that it will be less. That was before the coronavirus; its impact on the EDF remains to be seen (Fiott 2020). Even in the most positive scenario, the EDF is a substantial enough amount to steer member states' investment decisions in the right direction *only* if it is concentrated on a small set of key projects. If the money is spread out over dozens of projects every year, it will not make much of a difference.

Proposing new projects every two years instead of annually and grouping projects in clusters, as member states have been discussing, are positive steps. A further step could be to distinguish between strategically relevant PESCO projects and others, in the spirit of commitment No. 17,¹¹ and oblige member states to participate in at least one of the former. It would be politically contentious to decide that some projects are more relevant than others, but in this manner the most strategic projects would more easily reach a critical mass of participants, and member states' enthusiasm to propose ever more projects would presumably be curbed if they knew more projects

¹⁰ The precondition is an agreement on third-country participation, so that the UK can stay involved. The UK may remain reticent to join the more integrative parts of the scheme, but it could ensure that its own expeditionary forces are interoperable with the CROC, along the lines of its current cooperation with France in the Combined Joint Expeditionary Force (CJEF) and with Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway and Sweden in the Joint Expeditionary Force (JEF).

¹¹ Commitment No. 17: "Take part in at least one project under the PESCO which develops or provides capabilities identified as strategically relevant by Member States".

does not equal more money. Some of the practitioners involved advocate to go even further and abolish the “PESCO bonus” (30 per cent EDF co-funding instead of 20 per cent for PESCO projects).

What are the “strategically relevant” projects? The High Impact Capability Goals and the strategic enablers prioritised in the CDP must be priority number one, both enhancing the availability of existing capacity by pooling it, and creating new capacity. If member states were to settle on the size of the force package that PESCO should aim at, that would be the basis to quantify the need for enablers. Furthermore, projects to design the next generation of the central platforms for Europe’s armed forces should be brought to PESCO also: the next main battle tank, frigate, fighter aircraft, missile system, etc. The requirements could be decided upon in a core group of just a few states. In a next step, the project could be opened to all PESCO states. These would accept not to have a say on the requirements, which cannot be negotiated at 25, nor is that necessary – one can safely assume, for example, that the specifications for a combat aircraft that suit France and Germany would suit Belgium as well. In return for their commitment to procure the platform, their relevant industries would be included in the consortium that would design and produce it. If all the big projects, such as the Future Combat Air System (FCAS) and the Main Ground Combat System (MGCS), stay outside PESCO, it will never have a big impact on the European defence effort.

Until now, the member states have tabled very few truly “strategically relevant” projects (the Eurodrone project is the exception). member states can obviously not be forced to propose or participate in projects. But what if in key areas no proposals are forthcoming? It would seem advisable to give the High Representative (HR) the right of initiative to put the “missing” proposals on the agenda, in order to steer PESCO in the right direction. The structure to support the HR in this role is already in place: the PESCO Secretariat, made up of staff from the EUMS, the EDA, and the European External Action Service.

7. Making it work (III): Promoting compliance

The ongoing debate between member states is rather procedural, focusing on the selection of projects and on specifying the 20 commitments. There are many redundancies between them, the benchmarks for what constitutes compliance are not clear, and they have not been quantified. Progress has already been made; for example, a project that does not deliver can now be removed from the list. For procedural measures to have an impact, they must set clear-cut rules. For example, why not simply decide that only proposals that address a specific CDP or NDPP priority *and* for which the initiating member states earmark a certain budget can become PESCO projects in the first place? More peer pressure could help too, for example in the shape of a discussion at 25 on the basis of the National Implementation Plans. Yet ultimately, governments are under permanent national scrutiny; a moment of

peer pressure at the EU level passes by quickly and is soon forgotten. In the end, improved procedures alone cannot fill the void left by the absence of a clear purpose and the non-binding nature of the CDP. If a subset of able and willing member states fixes a target and goes for it, they will make the procedures work to reach their goal; if nobody steps forward, procedural tinkering will not change anything.

Ultimately, the nature of the CDP itself has to be changed. One way would be to directly interlock the CDP and the NDPP. An EU level of ambition could be inserted in the NDPP, in between the national targets and the target for NATO as a whole, setting binding collective targets for the group of NATO allies and partners who make up the EU (plus any European state that might wish to associate with it, such as Norway). NATO and the EU would co-decide on these collective targets, the former deriving its input from the overall NATO level of ambition, the latter from its own level of ambition for autonomous operations. Once the collective targets are set, the EU pillar would then decide how to meet them, making full use of PESCO and the EDF. Thus EU and NATO targets would become equally binding, and together steer national defence planning. Such a far-reaching step requires consensus between all EU and NATO members, however, which seems impossible at the moment. But if a group of EU member states launched the CROC, could they not in practice treat their NATO targets as collective targets that in combination with the CDP would shape the force package to be built, as a first step?

Conclusion

PESCO is hampered by commitments that, although binding, are vague enough to allow member states to pretend to comply, and that, more importantly, refer to an even vaguer objective: the non-binding CDP. PESCO as such lacks a sense of purpose; moreover, many member states have joined without any great ambition anyway. If PESCO produces a small step forward, that will be failure. What the PESCO commitments really demand is an integrative defence effort, to create effective freedom of action in the areas that the member states decide upon. PESCO is not an EDF-bis (or light): its aim is not only projects to acquire new platforms, but tailoring those projects to a specific “coherent full spectrum force package”. The member states must disentangle themselves from procedural quarrels and accelerate PESCO now, or the momentum risks being lost forever.

Obviously, capability development takes time. but rather than an excuse for inactivity, the fact that major initiatives may deliver only in 10 or 20 years should enhance the urgency of action today. The coronavirus should not become an excuse to further reduce the EDF, but should be used to underline the urgency of integration. When massive spending for recovery is required, any waste of defence budgets because of unnecessary duplications between PESCO states would be criminal.

To make this happen, a “core within the core” is needed: a subset of the PESCO states that takes the lead and *does* things. There is no need to institutionalise this – that would probably be counterproductive. The leading core will emerge organically,

bringing together the member states that prove more willing to integrate their efforts and to contribute to the big projects. France and Germany must be in that core: they took the initiative to activate PESCO; together they have the scale to initiate major projects in all relevant areas. The countries that make up E12 and the CROC would be the obvious candidates to join them. Working closely together at the highest political level with the High Representative and the Commission, the national leadership of these countries can definitely make PESCO happen. We must get the technicalities right, but it's the politics of PESCO that will make it work – this is *Chefsache*.

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EU Integration and Differentiation
for Effectiveness and Accountability

Differentiation has become the new normal in the European Union (EU) and one of the most crucial matters in defining its future. A certain degree of differentiation has always been part of the European integration project since its early days. The Eurozone and the Schengen area have further consolidated this trend into long-term projects of differentiated integration among EU Member States.

A number of unprecedented internal and external challenges to the EU, however, including the financial and economic crisis, the migration phenomenon, renewed geopolitical tensions and Brexit, have reinforced today the belief that **more flexibility is needed within the complex EU machinery**. A Permanent Structured Cooperation, for example, has been launched in the field of defence, enabling groups of willing and able Member States to join forces through new, flexible arrangements. Differentiation could offer a way forward also in many other key policy fields within the Union, where uniformity is undesirable or unattainable, as well as in the design of EU external action within an increasingly unstable global environment, offering manifold models of cooperation between the EU and candidate countries, potential accession countries and associated third countries.

EU IDEA's key goal is to address **whether, how much and what form of differentiation is not only compatible with, but is also conducive to a more effective, cohesive and democratic EU**. The basic claim of the project is that differentiation is not only necessary to address current challenges more effectively, by making the Union more resilient and responsive to citizens. Differentiation is also desirable as long as such flexibility is compatible with the core principles of the EU's constitutionalism and identity, sustainable in terms of governance, and acceptable to EU citizens, Member States and affected third partners.



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