

# Permanent Structured Cooperation: An Institutional Pathway for European Defence

by Alessandro Marrone

On 13 November, EU member states – with the exception of Denmark, Ireland, Malta, Portugal and the UK – signed a joint notification launching Permanent Structured Cooperation (PESCO) in the defence field.<sup>1</sup> The announcement, made by 23 EU member states, is an important political decision for two reasons. First, it represents a tangible effort to answer the growing demand by EU citizens for more European-level cooperation to address security concerns, ranging from terrorism to instability in the Union's southern and eastern neighbourhoods. Second, it consolidates the EU in a key area such as security and defence vis-à-vis internal centrifugal tendencies

epitomized by the Brexit referendum, the return of secessionist movements and the increased consensus of populist parties in Europe. In so doing, PESCO also exploits modalities of differentiated integration included in the Union's existing treaties, although the broad participation of member states in PESCO weakens this feature of differentiation.<sup>2</sup>

At the same time, the launch of PESCO represents an important policy decision for European defence. It activates Lisbon Treaty provisions dormant since 2009 and establishes a legally binding framework deeply rooted in the EU's institutional landscape. As such, PESCO is qualitatively different

<sup>1</sup> Joint notification by member states to the High Representative and to the Council on PESCO, 13 November 2017, <http://www.consilium.europa.eu/media/31511/171113-pesco-notification.pdf>. For a detailed analysis of PESCO, see: Daniel Fiott, Antonio Missiroli and Thierry Tardy, "Permanent Structured Cooperation: What's in a Name?", in *Chaillot Papers*, No. 142 (November 2017), <https://www.iss.europa.eu/node/2177>.

<sup>2</sup> See Alessandro Marrone, Nicoletta Pirozzi and Paola Sartori, *PESCO: An Ace in the Hand for European Defence*, Rome, IAI, 21 March 2017, <http://www.iai.it/en/node/7469>; Marcin Terlikowsky, "PESCO and Cohesion of European Defence Policy", in *PISM Bulletin*, No. 112 (1052) (17 November 2017), <http://www.pism.pl/publications/bulletin/no-112-1052>.

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## Permanent Structured Cooperation: An Institutional Pathway for European Defence

from declarations favouring increased European defence put forward by EU summits in recent years. Indeed, PESCO contains binding commitments, a mechanism to assess compliance by participating member states (pMS) and the (remote) possibility that single states can be pushed out of PESCO in the event of their non-compliance. Noticeably, this risk of exclusion will likely pressure pMS to follow through on these commitments.<sup>3</sup>

Moreover, EU institutions are strongly involved in PESCO in various ways. The High Representative for Foreign and Security Policy and Vice President of the European Commission is fully involved, having for instance the responsibility of overseeing the yearly evaluation of PESCO results. The European Defence Agency (EDA) has an important supporting role in capability development: pMS are committed “to the use of EDA as the European forum for joint capability development” reads the PESCO notification.<sup>4</sup> EDA will also act as a PESCO secretariat together with the European External Action Service, and particularly the EU Military Committee tasked with supporting the operational aspects of the initiative. Moreover, the Council’s preparatory bodies – such as the Political Security Committee – will gather in a “PESCO format”.<sup>5</sup>

<sup>3</sup> Tomáš Valášek, “The EU’s New Defense Pact: Marginal Gains”, in *Judy Dempsey’s Strategic Europe*, 16 November 2017, <http://carnegieeurope.eu/strategieurope/74760>.

<sup>4</sup> While they consider the OCCAR as the preferred organization for the management of procurement programmes. See Annex II to PESCO notification, point 18.

<sup>5</sup> See Annex III to PESCO notification, point 2.1.

Such a legal and institutional framework is important both as an anchor and a driver for the initiative. The very fact that the apex of EU institutions are legally mandated to work on PESCO with pMS means it will remain anchored in the European agenda, even if national priorities change. Similarly, the involvement of civil and military institutions represents a driver for further initiatives and reviews as happened in a number of EU policy fields, including in the defence sector as a result of the drafting and implementation of the EU Global Strategy (EUGS).<sup>6</sup> Indeed, PESCO’s launch can be considered one of the most important results achieved thus far by the EUGS.

PESCO is also linked in a mutually reinforcing way to other initiatives brought about by the EUGS. One example is the Coordinated Annual Review of Defence (CARD), the regular assessment of military planning at the level of Ministers of Defence, strongly supported by the EDA, to be implemented in 2018 in order to fulfil European level of ambitions and address strategic capability gaps. By launching PESCO, pMS have committed to support CARD “to the maximum extent possible”,<sup>7</sup> which in turn will strengthen PESCO by pressuring national governments to align their military requirements and invest in joint capability development.

<sup>6</sup> On the EUGS process, see: Nathalie Tocci, *Framing the EU Global Strategy. A Stronger Europe in a Fragile World*, Cham, Springer-Palgrave Macmillan, 2017.

<sup>7</sup> Annex II to PESCO notification, point 7.

## Permanent Structured Cooperation: An Institutional Pathway for European Defence

Another EU initiative linked to PESCO is the European Defence Fund (EDF) launched by the European Commission in 2016, which finances military research (90 million euro in 2017-2019 and 500 million per year after 2020) and co-finances development and the acquisition of capabilities (500 million euro in 2019-2020 and up to 1 billion per year after 2020).<sup>8</sup> PESCO participating states are obviously interested in gaining access to such financing. The European Commission has decided that the EDF will co-finance 20 percent of the costs of development and acquisition projects outside PESCO, and 30 percent of projects within it: a 10 percent increase for joint programmes worth hundreds of millions of euro is a significant quantitative incentive for pMS to embark on cooperative projects within PESCO.

Taken together, these initiatives – including the political-institutional framework established by PESCO, the ministerial assessment conducted under CARD and the EDF's first-ever EU funding for military research and procurement – do represent a novel and important pathway for increased defence cooperation and integration, and ultimately towards a real form of European defence.

Once launched, any initiative necessitates sustained political support and commitment in order to ensure progress over time. Here, two important issues immediately come to mind. First, the EU's relationship with NATO

<sup>8</sup> European Commission, *Launching the European Defence Fund* (COM/2017/295), 7 June 2017, p. 4-5, <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:52017DC0295>.

needs to be clearly addressed. The relationship should be mainstreamed into PESCO from day one, underscoring the strong synergy between European defence and the Atlantic Alliance. The gathering of Europeans, North Americans and Turkish allies under an integrated political-military structure like NATO remains a cornerstone of Europe's security, all the more so in light of current international tensions.<sup>9</sup> A consolidation of European defence through PESCO is beneficial for NATO because it addresses the fragmentation of the Old Continent's militaries and Washington's request for increased burden sharing. Awareness that PESCO is a win-win solution for both the EU and NATO should also be mainstreamed into the Atlantic Alliance as a means to mitigate concerns and scepticism. In this regard, ensuring synergy between NATO's Defence Planning Process and the EDA's Capability Development Plan will be crucial. In this context, the EU-NATO partnership signed in Warsaw in 2016 should be implemented but also advanced, deepened and enlarged, in order to maintain momentum and accompany PESCO's development. The fact that the EU and NATO are due to agree on new cooperation areas and initiatives come December represents a further step in the right direction.

A second issue regards PESCO's effectiveness and relevance, which is directly dependent on the balance

<sup>9</sup> In this regards, see, among others: Francesca Bitondo, Alessandro Marrone and Paola Sartori, "Challenges to NATO and Italy's Role: Trump, Brexit, Collective Defence and Neighborhood Stability", in *Documenti IAI*, No. 16|18E (January 2017), <http://www.iai.it/en/node/7060>.

## Permanent Structured Cooperation: An Institutional Pathway for European Defence

between ambitions and inclusiveness.<sup>10</sup> This balance was the subject of intense negotiations between Berlin, Brussels, Madrid, Rome and Paris in the run-up to the launch of PESCO. In particular, within the Franco-German couple, France pushed for more demanding commitments, in order to make PESCO ambitious and relevant for both crisis management operations and defence procurement, and therefore a means to achieve European strategic autonomy. To this end, Paris had no objection to the eventuality that only a few member states join PESCO. Conversely, Berlin aimed for a more inclusive PESCO, one that would not lead to new dividing lines in Europe, a view that was also appreciated by EU institutions with a view to PESCO's aforementioned political value. The current balance is clearly closer to Berlin's stance than that of Paris.

Against this backdrop, the next steps will be crucial to ensure PESCO's ambition, effectiveness and relevance. The envisaged national implementation plans will be a first test of the willingness of pMS to contribute in a meaningful way by launching robust, joint capability development projects. PESCO's official launch date of 11 December will represent a key opportunity to garner the highest political mandate. In this context, avoiding the eventuality that PESCO becomes a mere umbrella for a fragmented ensemble of small projects

<sup>10</sup> On the PESCO commitments, see: Olivier De France, Claudia Major and Paola Sartori, "How to Make PeSCo a Success", in *Ares Group Policy Papers*, No. 21 (September 2017), <http://www.iris-france.org/notes/how-to-make-pesco-a-success>.

is crucial. Such an outcome will not resolve the urgent needs of Europe's armed forces, nor will it address the political demand for security by EU citizens – let alone moving towards real form of European defence.

Some robust and ambitious proposals will be necessary, but a parallel effort to build consensus among the bulk of large and medium pMS to participate in major PESCO projects will also be key. In other words, a political centre of gravity is needed to make PESCO work. This centre of gravity should materialize among those actors able and willing to make PESCO relevant from a political and military point of view, including Berlin, Paris, Rome, Madrid and the Brussels institutions which have been the first supporters of this pathway. It should be inclusive towards those countries with significant defence capabilities and/or budgets which may be willing to join it, like the Netherlands, Poland and Sweden.

PESCO's launch is important because of its political and symbolic value and, above all, because of the opening of an institutional, legally binding pathway towards greater defence cooperation and integration. However, such a pathway necessitates sustained political will in order to convince pMS to embark on this shared journey and deliver results in terms of capabilities, operations and strategic culture – as these are the fundamental deliverables needed to achieve effective European defence.

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