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PESCO: Two Years Later

Marcin Terlikowski

Permanent Structured Cooperation (PESCO), launched by the EU in December 2017, has grown quickly. Yet, its role in developing European defence capacity may turn out to be marginal if a compromise is not found on the issue of the participation of non-EU states in PESCO projects and on the size of the European Defence Fund (EDF). PESCO's importance may be diminished by advances by big, European defence initiatives led outside the EU's legal framework.

There are now 47 military cooperation and defence-industrial projects run under the PESCO framework by 25 EU Member States. In 2020, this pool will not increase as the states agreed to focus on the existing initiatives. Still, by the end of 2020 some crucial decisions need to be taken, namely, on the conditions under which non-EU states may participate and on the scale of co-financing PESCO projects from the EDF.

PESCO and European Military Capacity. According to the Treaty on the EU, PESCO's main goal is to enable the EU to run demanding operations, requiring a broad spectrum of military capabilities. To this aim, the biggest EU Member States were meant to integrate deeper (including defence industries) in the PESCO framework, which was expected to deliver new, joint military capabilities and big, European armaments programmes.

Yet, the majority of PESCO projects do not reflect these assumptions and may strengthen the overall European military capacity only indirectly and to a limited extent. Over one-third of the initiatives include cooperation in education, training, exercises, or in building interoperability of forces by harmonisation of doctrines, procedures, regulations, etc. Their results will be spread out over time and difficult to assess, but some tangible benefits may result from projects implemented by wider groups of states (a dozen or more) and involving logistic cooperation and lifting legal and infrastructural barriers that hamper the movement of troops and equipment within the EU (*military mobility*).

More than half of the PESCO projects involve the development of innovative defence technologies and armaments. Most had been launched or planned before PESCO and were put under this framework to speed them up. Nevertheless, there are some significant undertakings among them, such as the programme to develop a large European drone (*EURODRONE* with Germany, France, Italy, Spain, Czech Republic), expected to become the main platform of this type in the EU after 2025. There are also programmes regarding small, unmanned land and maritime vehicles. These can help increase European technological competences and boost operational cooperation based on the joint acquisition of the same systems, harmonised doctrines, etc.

A clear weakness of PESCO is the lack of projects that directly increase the pool of forces available to the EU. Existing initiatives involve niche capabilities or are relatively small (e.g., a joint divers unit and a command element for special forces) or are meant to help with launching operations only indirectly (such as *CROC*, involving a catalogue of forces best prepared for operational engagement).

In its geographical dimension, PESCO mirrors the existing defence cooperation links in the EU. The pool of 47 projects is dominated by France (leader of 10 projects, participant in 21), Italy (9, 17), Spain (2, 22) and Germany (7, 9). At least two of these countries cooperate (along with other partners) in 30 projects. There is a large group of states (10) that lead one project and take part in 2–10 other undertakings. Poland participates in nine projects and leads one: together with Hungary, it will establish a medical training centre for special forces.

Also, the 20 binding commitments to deepen defence integration with the EU, undertaken by states cooperating in PESCO in 2018, will not have a decisive effect on European defence. This is mainly because of a lack of objective criteria to assess whether a state works towards bringing its defence apparatus in line with its partners, aligns its armament acquisition strategy to help the European defence industry, or provides substantial support to EU operations. National implementation plans regarding these commitments are compulsory but also very general. Consequently, applying a legal and political sanction for not living up to the commitments—suspension in PESCO—seems impossible.

Imminent Challenges. Third-state participation is the most contentious issue as regards PESCO now. Over the last two years, no consensus has been found on this issue. On the one hand, opening PESCO to non-EU NATO members with the greatest military capacity (U.S., UK) might help launch new, likely bigger projects and could enhance EU-NATO cooperation, alleviating transatlantic tensions (in May 2019, the U.S. strongly criticised its European NATO allies for not ensuring special access to PESCO for non-EU NATO members). On the other hand, there are concerns that the participation of non-EU companies in defence-industrial projects run under PESCO could lead to such enterprises receiving EU funds through the EDF. The Council is unlikely to ever agree to that. The Finnish presidency proposed a compromise linking PESCO participation to a number of requirements, including observance of EU fundamental principles (democracy, human rights, etc.), but it found no consensus in the Council, also due to concerns of states seeking an open PESCO.

A further challenge is the potential cut in the EDF budget from the originally planned €13 billion to €6 billion because of a reduced overall EU budget for 2021–2027, proposed by the Finnish presidency in its “negotiating box”, revealed in December 2019. The cuts are meant to force consensus on the contentious issue of the EU’s next budget. If sustained (a decision should come by the end of 2020), the pool of programmes in PESCO and outside it that may be co-financed from the EDF will be much smaller than expected.

Perspectives. PESCO’s role will also be diminished by developments in European defence cooperation initiatives led outside the EU framework. The biggest EU Member States run only relatively small projects within PESCO, while crucial undertakings are implemented in other formats. The French-led European Intervention Initiative (13 states) is meant to directly increase the European capacity to engage in operations. New, joint military units are built in the Franco-German (for instance, a common air transport squadron) and Franco-British (Common Joint Expeditionary Force, CJEF) tandems. Technology for sixth-generation fighters—key to the European defence industry—are being developed in programmes run by two intergovernmental consortiums that will compete with each other: *FCAS* (France, Germany, Spain) and *Tempest* (UK, Italy, Sweden). France and Germany are also planning to develop a new European main battle tank (MGCS).

The development of European defence cooperation outside of the EU is motivated by the relative ease of less formal, smaller formats (bilateral, mini-lateral). Yet, it is coupled with concepts of establishing exclusive diplomatic mechanisms that aim to let the biggest EU Member States and the UK (after Brexit) act without the need for consensus in the EU, and independently of NATO. These ideas are reflected in the (to-date) vague concept of establishing a “European Security Council”. The result may be, however, an escalation of transatlantic tensions and divisions in Europe over the role of NATO (and the EU itself) in European security.

A strong PESCO may prevent this scenario and this could be achieved by opening it to non-EU NATO members, at least partially with regard to projects not co-financed from the EDF (in practice, mostly military cooperation initiatives). A large EDF budget also would be helpful to encourage the EU Member States to launch big, European armament programmes. Finally, PESCO should focus on increasing the general pool of high-readiness forces available to the EU. Poland may promote this vision of a strong PESCO since it is in its interest, particularly given Brexit and the current transatlantic tensions, to use the potential of this cooperation mechanism to strengthen political cohesion and the effectiveness of EU actions and increase the credibility of NATO’s defence and deterrence.