

‘Creating the Permanent Structured Cooperation (PESCO) Framework’

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by Zach Lambert

Global Voices Department of Defence Scholar

The Permanent Structured Cooperation (PESCO) framework is [an initiative by the European Union](#) (EU) designed to address the lack of interoperability and coordination in strategic military capability across EU member states, primarily through facilitating and accelerating defence cooperation. The priorities for PESCO were set by member states in the EU's 2018 Capability Development Plan (CPD). The CPD outlines the Level of Ambition (LoA) required by the EU to generate sufficient military power to demonstrate military strategic autonomy from the North Atlantic Treaty Organisation (NATO) structure and the autonomy to operate without United States (US) approval. It highlights the requirements for high end warfighting capabilities such as heavy transport aircraft, aircraft carriers and ballistic missile defence across 11 domains divided into 38 specific priorities.

Since the launch of PESCO on 14 December 2017, [34 capability projects were established](#) across 25 participating member states, although a third of those projects were established by Germany and France. Additionally, the majority of the projects had already been commenced under individual member state arrangements prior to the development of the PESCO framework. A second round of proposals occurred in late 2018, with a third round scheduled for May 2019.

One of the strengths of PESCO is the commitment of member states to provide assets for common missions and operations under both the EU and NATO, although it is uncertain how this would be determined. This commitment demonstrates intent to the NATO alliance, and provides some assurance to non-NATO members of the EU. One concrete example of this is [improving military mobility](#) within the EU. This is primarily a member state responsibility, optimising border checkpoints and removing blockages, but may contribute to major NATO action in Europe. It does not in and of itself improve European security.

Whilst the goal of PESCO is to expand burden sharing and become a trusted avenue for European procurement, there are several significant challenges and high levels of scepticism, particularly outside the EU. There is also [significant resistance from the US defense industry](#). However, the potential for PESCO to generate significant value to the EU is based on the will of participating member states to move beyond individual political and industrial agendas and jointly develop capabilities that support defence of the EU.

Prioritisation and Project Timelines

PESCO projects are generally aligned with CDP priorities across the 11 domains, but in the majority of cases do not address LoA shortfalls. This indicates that the PESCO priorities are focused on short term 'easy wins' over true longer-term development IAW LoA requirements. There is an argument for easy wins; these may generate interest and involvement, and generate momentum prior to funding becoming available. However, most projects are low-end capabilities that can already be provided by member states to some degree, and tend to consist of projects member states were

already developing. These include examples such as the Helicopter Hot and High Training, or the Joint EU Intelligence School. Whilst this may provide a good 'easy wins' foundation from which to work, they dilute the intent behind PESCO, and may cause more harm than good in the long run.

Credibility is critical to PESCO becoming relevant over the next 36-month period. In the 'easy wins' category, [only six of the 34 projects](#) currently underway will deliver in the next 36 months. The majority of projects have delivery dates that are not yet determined, and the rest are at least 10 years away - effectively aspirations in the EU context. The combination of these two factors indicates that there is a lack of agreement and understanding of what these projects are meant to achieve. Without credible plans or timelines and a common understanding of the end state, there remains a risk that PESCO will lack legitimacy to national governments. This links fundamentally to the need for further funding.

Stakeholders and Resources

One of the critical risks to PESCO is that the majority of projects appear to be waiting for European Defence Fund (EDF) or European Defence Industrial Development Programme (EDIDP) funding to be released, prior to conducting project scoping. This is also a likely contributor to the 'easy wins' concept - avoiding individual exposure to high cost projects. Assuming the [Multiannual Financial Framework 2021–27](#) is approved, the EDF will annually offer approximately €1 billion for capability projects, and up to €500 million in research funding. Even assuming contributing states provide the majority of funding for each project, this is woefully insufficient for major capability development - for example, the defence capability development budget in Australia alone is €10 billion a year on average. This may lead to a situation where capability development is 'penny packeted' across the EU for political gain, instead of focusing on critical capabilities.

The success of PESCO is fundamentally tied to its ability to separate member states from the political and industrial motivators, which limit cooperation across EU borders. This is an issue of state protectionism of local industry limiting the incentives to cooperate within the EU. It also requires the EU to standardise projects across their militaries, and conduct 'bloc' level procurement. Without this bargaining power, the continental defence industry will find it difficult to challenge North American industry dominance. This, however, does not necessarily exclude North America, as bloc purchasing may prove more cost effective than indigenous research and development if appropriately managed.

Strategic Autonomy

A stated aim for PESCO is to increase EU autonomy, which requires development of operational capabilities to provide strategic autonomy. This includes command and control infrastructure, logistic support and high-end warfighting capabilities. At the moment, the EU is incapable at operating outside of NATO in high end warfighting. For example, no EU member state has effective ballistic missile protection systems, or the ability to generate air superiority against any aggressor. The EU will also lose immediate access to a third of its heavy air transport capability [when the UK departs](#). These capabilities are not resident in the EU industrial base, and have not been addressed by individual nations or PESCO projects. Without addressing these issues and prioritising them appropriately, [EU inefficiency and duplication will continue](#).

The biggest issue to address is allowing [US defense industry involvement](#) in PESCO projects. On the face of it, involving the US seems counter to the concept of autonomy. It should be noted that

PESCO does allow limited third-party participation, but critically limits intellectual property transfer outside of Europe. This is a massive policy restriction on external involvement. However, external involvement comes down to the effect desired – if the EU and US policy aligns, utilising the US supply chain is not necessarily restraining autonomy. If the ability to operate independently from US policy restrictions and supply chain is critical to EU self-determination and security policy, this should be made clear in the May 2019 project round.

Is Central Europe ready to shape European defence policy of the future?

In a word, no. The lack of commitment by Germany and France to adequately fund their military development is not offset by the effect that PESCO provides. Whilst Germany continues to increase energy reliance on Russia, and fails to show security policy leadership to the rest of the EU, this will not change. Part of the problem is the fundamental difficulty in achieving a common threat perception by all EU members on security matters; what affects Finland may not affect Ireland. A second problem is the rule of unanimity within the EU – votes can be driven to the lowest common denominator, so a unified response is at risk of being held hostage by minority voices. Having the ‘opt-in’ option to PESCO is a step in the right direction, but the reality is that NATO remains the primary driver of European defence policy.

Recommendations

- The coordination aspect of PESCO should be increased wherever possible. This is not resource intensive, and simply requires contributing nations to improve existing processes and procedures.
- Member states must agree to clearly prioritise and develop projects that directly impact capability gaps and are likely to secure EDF funding. If left in its current state, PESCO will waste resources on low-end capabilities and scoping studies.
- Once priorities are clarified, focus must be maintained on efficient programs. Programs that are underperforming must be cut to make most efficient use of resources. This will likely cause political friction.
- The EU must act as a ‘bloc’ in purchasing defence capability from outside the EU, and in developing capability within the EU. The logical extension of PESCO is to enable the lead nation to determine what capability will be acquired, and coordinate acquisition for all EU members that opt in. This will reduce inefficiency and duplication.
- The EU should not seek to replicate NATO through PESCO. Significantly more investment would be required over decades to achieve this aspiration, and given existing levels of defence funding within EU members, this political will does not exist.
- Consideration on the EU position with respect to US defense industry involvement should be given. It is unclear the outcome desired with regards to strategic autonomy, and without this clarity of purpose, the US defense industry will actively seek to participate in PESCO projects.

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